

Market Conditions Advisory

Real estate markets are cyclical and what goes up may well come down. It is impossible to predict what the market conditions will be at any given time. The ultimate decision of what amount to offer on any property rests with the BUYER. The BUYER needs to decide what they are willing to pay for a property in light of market conditions and their own financial resources. The BUYER also needs to decide what type of offer they are willing to make in recognition of market conditions existing at the time of their offer. The Broker does not provide advice on property as an investment. The purpose of this Advisory is to bring to the attention of the BUYERS and SELLERS some of the risks attributed to changing market conditions.

Non-Contingent Offers

A non-contingent offer means that the BUYER will proceed with the purchase of the property, regardless of what the BUYER may learn about the condition of the property prior to the close of escrow, regardless of whether the BUYER'S financing is available or approved by the lender and regardless of the appraisal. If the BUYER cancels the contract for whatever reason, under these terms, it is possible that the BUYER will have to pay damages to the SELLER, which may or may not be limited to the amount of their earnest money deposit, or the SELLER could take legal action against the BUYER for specific performance. Some SELLERS are insisting that their contract be non-contingent. Some Byers are choosing to forego certain contingencies so that their offer is more attractive to the SELLER.

BUYER Disapproval

If the BUYER waives their rights under the BUYER Disapproval option and BUYER becomes aware of an aspect of the condition of the property that affects its value or desirability, the BUYER may still be required to proceed with their purchase. If this is a condition that must be repaired after the close of escrow, the BUYER may have to pay to correct the problem. The BUYER then may have no legal recourse against any of the parties in the transaction, including SELLER, the broker(s) or the inspectors. NOTE: Waiving the right under the BUYER Disapproval option does not waive the BUYER'S right to a property inspection. Regardless of whether the BUYER has waived their rights under the BUYER Disapproval option, Broker recommends that the BUYER have the property thoroughly inspected by their own experts prior to the close of escrow.

Financing/Appraisal

The lender's approval of financing includes the lender's determination that (A) BUYER is creditworthy and can afford to make the mortgage payments and (B) that the property appraises for at least the purchase price. Even if the BUYER has obtained a prequalification or pre-approval letter from a lender, the lender may not ultimately approve the loan if the lender's appraiser determines that the property's fair market value is less than the amount of the purchase price or if the BUYER'S financial/employment situation has changed. If there is no financing and/or appraisal contingency and the property does not appraise for the purchase price, the BUYER will be obligated to pay the difference between the loan amount and the purchase price at close of escrow. Under those circumstances, the BUYER may not be able to perform on their contractual obligations.

BUYER should carefully assess their financial situation with their own financial advisor prior to determining whether to waive any rights to have a financing and/or appraisal contingency.

BUYER must, upon careful deliberation, decide how much risk they are willing to assume. BUYER and SELLER understand the risks of eliminating any contingencies. The BUYER assumes all responsibility should the return on investment, tax benefits, or financing methods not meet their expectations. BUYER and SELLER understand and agree that the Broker(s) makes no representation regarding the above items.

THE UNDERSIGNED ACCEPT AND UNDESTAND THE FOREGOING AND ACKNOWLEDGE RECEIPT OF A COPY OF THIS ADVISORY.

BUYER

Date

BUYER

Date

SELLER

Date

SELLER

Date