



Home Inspection Related Provisions of the California Residential Purchase Agreement

By Martin Grant, Certified CREIA Inspector

A general understanding of the key inspection related provisions of the California Residential Purchase Agreement (CRPA) helps all parties involved in the transaction (Realtor, Buyer, and Seller) understand their responsibilities, and allows the Home Inspection to proceed in a timely manner to the benefit of all involved.

Listed below are some of the CRPA sections which include Home Inspection related provisions. The relevant provisions are highlighted and then discussed briefly at the end of each section.

7. CONDITIONS AFFECTING PROPERTY:

- A. Unless otherwise agreed: (i) the Property is sold (a) in its PRESENT physical condition as of the date of Acceptance and (b) subject to Buyer's Investigation rights; (ii) the Property, including pool, spa, landscaping and grounds, is to be maintained in substantially the same condition as on the date of Acceptance; and (iii) all debris and personal property not included in the sale shall be removed by Close Of Escrow.
- B. SELLER SHALL, within the time specified in paragraph 14A, DISCLOSE KNOWN MATERIAL FACTS AND DEFECTS affecting the Property, including known insurance claims within the past five years, AND MAKE OTHER DISCLOSURES REQUIRED BY LAW (C.A.R. Form SSD).
- C. NOTE TO BUYER: You are strongly advised to conduct investigations of the entire Property in order to determine its present condition since Seller may not be aware of all defects affecting the Property or other factors that you consider important. Property improvements may not be built according to code, in compliance with current Law, or have had permits issued.
- D. NOTE TO SELLER: Buyer has the right to inspect the Property and, as specified in paragraph 14B, based upon information discovered in those inspections: (i) cancel this Agreement; or (ii) request that you make Repairs or take other action.

Section 7 establishes the Buyer's basic right to have a home inspection performed, and allows the Buyer to cancel the purchase, if desired, based on the findings of the inspection.

9. BUYER'S INVESTIGATION OF PROPERTY AND MATTERS AFFECTING PROPERTY:

- A. Buyer's acceptance of the condition of, and any other matter affecting the Property, is a contingency of this Agreement as specified in this paragraph and paragraph 14B. Within the time specified in paragraph 14B(1), Buyer shall have the right, at Buyer's expense unless otherwise agreed, to conduct inspections, investigations, tests, surveys and other studies ("Buyer Investigations"), including, but not limited to, the right to: (i) inspect for lead-based paint and other lead-based paint hazards; (ii) inspect for wood destroying pests and organisms; (iii) review the registered sex offender database; (iv) confirm the insurability of Buyer and the Property; and (v) satisfy Buyer as to any matter specified in the attached Buyer's Inspection Advisory (C.A.R. Form BIA). Without Seller's prior written consent, Buyer shall neither make nor cause to be made: (i) invasive or destructive Buyer Investigations; or (ii) inspections by any governmental building or zoning inspector or government employee, unless required by Law.
- B. Buyer shall complete Buyer Investigations and, as specified in paragraph 14B, remove the contingency or cancel this Agreement. Buyer shall give Seller, at no cost, complete Copies of all Buyer Investigation reports obtained by Buyer. Seller shall make the Property available for all Buyer Investigations. Seller shall have water, gas, electricity and all operable pilot lights on for Buyer's Investigations and through the date possession is made available to Buyer.

Section 9 further clarifies the Buyer's inspection rights. In addition the final sentence clearly makes it the Sellers responsibility to have utilities on and pilot lights lit. It is particularly important when purchasing a vacant home to make sure the Seller is aware of this requirement to allow a complete Home Inspection to be performed.

10. **REPAIRS:** Repairs shall be completed prior to final verification of condition unless otherwise agreed in writing. Repairs to be performed at Seller's expense may be performed by Seller or through others, provided that the work complies with applicable Law, including governmental permit, inspection and approval requirements. Repairs shall be performed in a good, skillful manner with materials of quality and appearance comparable to existing materials. It is understood that exact restoration of appearance or cosmetic items following all Repairs may not be possible. Seller shall: (i) obtain receipts for Repairs performed by others; (ii) prepare a written statement indicating the Repairs performed by Seller and the date of such Repairs; and (iii) provide Copies of receipts and statements to Buyer prior to final verification of condition.

Section 10 clarifies the basis for any repairs performed by the Seller. The Seller is responsible for ensuring that the repairs are made in accordance with required standards and laws and with materials of comparable quality and appearance. Whether the repairs are performed by the Seller themselves or by others, the Seller is required to provide the necessary documentation for the repairs.



Home Inspection Related Provisions of the California Residential Purchase Agreement (Cont'd)...

11. **BUYER INDEMNITY AND SELLER PROTECTION FOR ENTRY UPON PROPERTY:** Buyer shall: (i) keep the Property free and clear of liens; (ii) Repair all damage arising from Buyer Investigations; and (iii) indemnify and hold Seller harmless from all resulting liability, claims, demands, damages and costs. Buyer shall carry, or Buyer shall require anyone acting on Buyer's behalf to carry, policies of liability, workers' compensation and other applicable insurance, defending and protecting Seller from liability for any injuries to persons or property occurring during any Buyer Investigations or work done on the Property at Buyer's direction prior to Close Of Escrow. Seller is advised that certain protections may be afforded Seller by recording a "Notice of Non-responsibility" (C.A.R. Form NNR) for Buyer Investigations and work done on the Property at Buyer's direction. Buyer's obligations under this paragraph shall survive the termination of this Agreement.

While the Buyer is ultimately responsible to the Seller for any liability arising during the investigations, the Buyer should require the Home Inspector involved in the investigations to carry applicable insurance for the protection of all parties involved in the transaction.

14. **TIME PERIODS; REMOVAL OF CONTINGENCIES; CANCELLATION RIGHTS:** The following time periods may only be extended, altered, modified or changed by mutual written agreement. Any removal of contingencies or cancellation under this paragraph must be in writing (C.A.R. Form CR).
- A. SELLER HAS: 7 (or ____) Days After Acceptance to deliver to Buyer all reports, disclosures and information for which Seller is responsible under paragraphs 4, 5A and B, 6A, 7B and 12.
- B. (1) BUYER HAS: 17 (or ____) Days After Acceptance, unless otherwise agreed in writing, to:
- (i) complete all Buyer Investigations; approve all disclosures, reports and other applicable information, which Buyer receives from Seller; and approve all matters affecting the Property (including lead-based paint and lead-based paint hazards as well as other information specified in paragraph 5 and insurability of Buyer and the Property); and
 - (ii) return to Seller Signed Copies of Statutory and Lead Disclosures delivered by Seller in accordance with paragraph 5A.
- (2) Within the time specified in 14B(1), Buyer may request that Seller make repairs or take any other action regarding the Property (C.A.R. Form RR). Seller has no obligation to agree to or respond to Buyer's requests.
- (3) By the end of the time specified in 14B(1) (or 21 for loan contingency or 2J for appraisal contingency), Buyer shall, in writing, remove the applicable contingency (C.A.R. Form CR) or cancel this Agreement. However, if the following inspections, reports or disclosures are not made within the time specified in 14A, then Buyer has 5 (or ____) Days after receipt of any such items, or the time specified in 14B(1), whichever is later, to remove the applicable contingency or cancel this Agreement in writing: (i) government-mandated inspections or reports required as a condition of closing; or (ii) Common Interest Disclosures pursuant to paragraph 6B.

While the Buyer has the option to change the standard 17-day contingency period, careful consideration should be given to any changes to make sure there is sufficient time to perform the Home Inspection and any additional specialist evaluations (e.g. by engineers or contractors) which may be recommended by the Home Inspector.

Also note (Item B. 2)) that the Seller has no obligation to make any repairs requested by the Buyer.

15. **FINAL VERIFICATION OF CONDITION:** Buyer shall have the right to make a final inspection of the Property within 5 (or ____) Days Prior to Close Of Escrow, NOT AS A CONTINGENCY OF THE SALE, but solely to confirm: (i) the Property is maintained pursuant to paragraph 7A; (ii) Repairs have been completed as agreed; and (iii) Seller has complied with Seller's other obligations under this Agreement.

The final walk-through is normally made by the Buyer without a Home Inspector present. Often, however, a Home Inspector will make recommendations in their inspection report that the Buyer checks specific items and areas which may not have been accessible to inspect during the original Home Inspection due to the Seller's belongings.

Make sure you retain the services of a qualified inspector who is trained and experienced in home inspection. It is also very important that your inspector be a member of a professional association such as CREIA to ensure qualifications and continued education. Since 1976, CREIA, a non-profit voluntary membership organization has been providing education, training, and support services to the real estate inspection profession and to the public. Inspectors must adhere to CREIA's Code of Ethics and follow the Standards of Practice developed and maintained by the Association. These Standards of Practice have been recognized by the State of California, and are considered the source for Home Inspector Standard of Care by the real estate and legal communities.

Martin Grant, owner and operator of Noteworthy Property Inspections, is a Certified CREIA Inspector member of the California Real Estate Inspection Association (CREIA).