

VI. INSPECTION NOTICE (MSC-2050) AND CONTINUATION OF INSPECTION NOTICE (MSC-2050A)

The Inspection Notice is designed to coordinate with and implement the procedures set forth in Section 7 of the Contract regarding inspections of the Property, and the resolution of disputes pertaining thereto. MSC-2050A should only be used in connection with the RES, LND and FRM series MAR form contracts. If COM-2000 is the subject Contract form used, then the separate Commercial form Inspection Notice (COM-2050) should be used. The particulars of the Inspection Notice and Continuation form are discussed below.

A	Complete the Reference (identification) line in a manner consistent with the Contract.
B	List the full name(s) of the Seller(s).
C	List the full name(s) of the Buyer(s).
D-E	Insert the Effective Date of the Contract at “D”; and the address of the subject Property at “E.”
<u>Part A</u>	<p>Part A is to be completed by the Buyer to initiate the resolution process. As mentioned in Article I (regarding Section 7 “Inspections” under the Contract), a Buyer may unilaterally elect to terminate the Contract if dissatisfied with the inspection results. In such case, Box 3 should be checked and the signed Inspection Notice delivered to the Seller along with complete copies of all inspection reports to establish that inspections were in fact conducted, and a Mutual Release form (MSC-4050).</p> <p>If a Seller does <u>not</u> want/require that inspection reports be provided to it, then the reference to those reports in the last sentence of the Inspection Notice (at line 18) should be deleted in advance of accepting the Contract. This can be accomplished pursuant to Section 3(f) of the Counter Offer form (discussed above) or by physically modifying this form and attaching it to the Contract as a rider, with appropriate explanation in the “Special Agreements” section and cross-reference at Section 21 of the Contract. Similar revisions should also be made to line 112 of the Contract in such cases.</p> <p>Note: The subject MAR form contracts provide (<i>See, e.g., RES-2000 at lines 121-22</i>) that “<i>Failure to obtain any inspection shall constitute a waiver and acceptance by Buyer of any condition any inspection may have disclosed.</i>” If a Seller does not receive the Inspection Notice from a Buyer on a timely basis (<i>i.e., by the end of the “Inspection Period” set forth at Section 7</i>), then the Buyer is deemed to be satisfied with the results of such inspection(s) and the contingency is therefore effectively waived. Nevertheless, Box 1 can be checked and the signed Inspection Notice sent to the Seller in order to “speed things up” when it is possible and desired to do so. Copies of the inspection reports need not be provided if Box 1 is checked.</p> <p>Box 2 should be checked and completed (by specifying the unacceptable conditions which the Buyer requests Seller correct and/or a monetary adjustment to be provided at Closing) if the Buyer seeks to negotiate a resolution rather than terminate the Contract or take the property “as-is.” All inspection reports should be provided in this situation.</p>
F-G	Obtain the signature(s) of the Buyer (at “F”) and the date(s) thereof (at “G”). This helps establish the date of delivery of the Inspection Notice and (if applicable) commencement of the “Initial Response Period” (further discussed below).

Part B	<p>Part B is to be completed and returned by a Seller to the Buyer within the “Initial Response Period” established at Section 7 of the Contract (<i>i.e.</i>, within 7 days after Seller’s receipt of the Inspection Notice, unless specified otherwise). The date of the Buyer’s Inspection Notice should be completed at “H.” Box 1 should be checked if the Seller is willing to satisfy all items objected to by Buyer on the Inspection Notice.</p> <p>Note: All repairs agreed to are to be performed by the Seller in a workmanlike manner, at Seller’s expense, prior to or as of Closing. If the walk-through establishes that such repairs have not been timely or properly performed, and a mutually acceptable extension of the Closing Date or other resolution is not reached, then Realtors should encourage their clients to seek legal advice. The Contract provides in this regard that Closing does not relieve Seller of any obligation to complete repairs agreed upon or required by the Contract (see line 279). A “punch list” and separate written agreement calling for completion of the same post-closing may suffice, but Realtors should not attempt to draft any such agreement.</p> <p>Box 3 should be checked if the Seller does not agree to satisfy any items Buyer objected to, or to a monetary adjustment at Closing. Box 2 should be checked if Seller elects to satisfy only some (but not all) of the items objected to by Buyer. In such case, the lines at “I” should list each specific item which Seller is willing to satisfy prior to Closing. In conjunction therewith, a Seller may also elect to provide the Buyer with a monetary adjustment at the Closing. If so, check the boxes marked “AND” and “<i>further items</i>” (at line 29) and insert the amount of the adjustment Seller is willing to provide at “J.”</p> <p>In lieu of agreeing to perform <u>any</u> repairs (or if Buyer only sought a monetary adjustment to begin with) a Seller may elect to provide the Buyer a monetary adjustment only. If so, check the boxes marked “OR” and “<i>any</i>,” and insert the acceptable amount of the adjustment at “J.” If the amount inserted by Seller at “J” is the same amount requested by Buyer in Part A2, then the contingency is resolved. Otherwise, the negotiation process may continue as further described below.</p>
K-L	<p>Obtain the signature(s) of the Seller(s) (at “K”) and the date(s) thereof (at “L”) before returning the Seller’s Response to the Buyer.</p>
Part C	<p>Part C should be completed by Buyer following receipt of the Seller’s Response (if Part B2 thereof was checked). The date of the Seller’s Response should be inserted at “M.” Box 1 should be checked if the Seller’s Response is acceptable (in which case the contingency is resolved). Box 2 should be checked if Buyer is willing to accept the Seller’s rejection under the Seller’s Response proposal pursuant to Part B3. Box 3 should be checked if Buyer does not accept Seller’s proposal under option B2, but desires to continue negotiations. In this case, MSC-2050A (Continuation of Inspection Notice) should be completed and returned to the Seller. Box 4 should be checked if Buyer does not accept Seller’s proposal under option B2.</p> <p>Other than for lapse of time, there is no limitation on the number of proposals and counter-proposals the parties may make in an effort to resolve disputes regarding inspection matters. Realtors are reminded that home owner warranties and service agreements can often assist the parties in reaching an agreement.</p>
N-O	<p>Obtain the signature(s) of the Buyer (at “N”) and the date(s) thereof (at “O”) before returning the Buyer’s Reply to the Seller.</p>

Seller's Response To Inspection Notice

(To be completed if Buyer selected option A2 above Note: Any repairs or replacements which Seller agrees to make are to be completed in a workmanlike manner at Seller's expense prior to or as of Closing)

Part B: Seller acknowledges receipt of the Inspection Notice from Buyer dated _____ (H), 20____, and a copy of the inspection report(s). Seller hereby responds as follows: (check one)

1: Seller will satisfy all items listed on Inspection Notice prior to scheduled Closing date. (Contingency is resolved)

2: Seller will satisfy only the following items prior to the scheduled Closing date: _____ (I)

(check if applicable) AND OR Seller agrees that Buyer shall be entitled to a credit at Closing equal to \$_____ (J) in lieu of Seller satisfying (check one) any, or further items Buyer found to be unacceptable. In consideration thereof, Seller shall not be required to satisfy said items and Buyer shall accept them in their present condition. **Note: A monetary adjustment may affect the terms of Buyer's loan.**

3. Seller declines to satisfy any items listed on the Inspection Notice and/or does not agree that Buyer shall be entitled to a monetary adjustment at Closing.

Seller _____ (K) Date _____ (L) Seller _____ (K) Date _____ (L)

**Buyer's Reply To Seller's Response To Inspection Notice
(To be completed if Seller selected option B2 above)**

Part C: Buyer acknowledges receipt of Seller's Response to Inspection Notice dated _____ (M), 20____. Buyer hereby replies as follows: (check one)

1. Buyer accepts Seller's proposal under option B2 above. (Contingency is resolved)

2. Buyer accepts Seller's rejection under option B3 above. (Contingency is resolved without satisfaction of Buyer's request)

3. Buyer does not accept Seller's proposal under option B2 above. (See Continuation of Inspection Notice, MSC-2050A)

4. Buyer does not accept Seller's proposal under option B2 above.

Buyer _____ (N) Date _____ (O) Buyer _____ (N) Date _____ (O)

CONTINUATION OF INSPECTION NOTICE (MSC-2050A)

The Continuation of Inspection form was created for use in those situations where MSC-2050 has run its course without resolution of all items objected to, but Buyer wishes to continue negotiations. As noted above, there is no limitation (other than time constraints) on the number of proposals a party can make in an effort to reach agreement on inspection matters. It must be kept in mind, however, that (unless a different timeframe is set forth at line 126 of the Contract) the parties only have a total of 3 days after Buyer’s receipt of the initial Seller’s Response to Inspection Notice to reach an agreement.

A-E	These portions of the Continuation form should be completed in the same manner as set forth above with respect to MSC-2050.
9-13	This portion of the Continuation form is to be completed in essentially the same manner as Part A of MSC-2050. If Buyer marked Option C3 on MSC-2050 and wishes to continue negotiations, its counterproposal (<i>i.e.</i> , the scope of repairs and/or monetary adjustment still demanded) should be set forth at lines 9-12. The Buyer(s) signature(s) should be affixed at “P” and the date thereof at “Q.”
Part D	<p>This part of the Continuation form follows the same structure as Part B of the Inspection Notice and should be completed in the same fashion. The date of the Buyer’s Continuation of Inspection Notice should be completed at “R.” Box 1 should be checked if the Seller is willing to satisfy all items objected to by Buyer on the Continuation of Inspection Notice.</p> <p>Box 3 should be checked if the Seller does not agree to satisfy any items Buyer still objects to or to a monetary adjustment at Closing. Box 2 should be checked if Seller elects to satisfy only some (but not all) of the items still objected to by Buyer. In such case, the lines at “S” should list each specific item which a Seller is willing to satisfy prior to Closing. In conjunction therewith, a Seller may also elect to provide the Buyer with a monetary adjustment at the Closing. If so, check the boxes marked “AND” and “<i>further items</i>” (at lines 25 and 26) and insert the amount of the adjustment Seller is willing to provide at “T.”</p> <p>In lieu of agreeing to perform <u>any</u> repairs (or if Buyer only sought a monetary adjustment to begin with) a Seller may elect to provide the Buyer a monetary adjustment only. If so, check the boxes marked “OR” and “<i>any</i>”, and insert the acceptable amount of the adjustment at “T.” If the amount inserted by Seller at “T” is the same amount requested by Buyer in lines 9-12, then the contingency is resolved. Otherwise, the negotiation process may continue as further described below.</p> <p>Obtain the signature(s) of the Seller(s) (at “U”) and the date(s) thereof (at “V”) before returning the Seller’s Response to Continuation of Inspection Notice to Buyer.</p>



This document has legal consequences. If you do not understand it, consult your attorney.
Continuation of Inspection Notice

The use of any capitalized terms not otherwise defined herein shall be given the same meaning as set forth in the Contract pursuant to which this Continuation of Inspection Notice is given. To the extent not specifically amended hereby, the terms and conditions of the Contract shall remain in full force and effect; provided, however, that in the event of any inconsistency between the terms set forth herein and the terms set forth in the Contract, the terms set forth herein shall control.

TO: Seller _____ (B)
 FROM: Buyer _____ (C)
 CONTRACT Dated: _____ (D), 20____, on Property commonly described as: _____ (E)

Buyer's counter proposal under **Part C: option C3** of MSC-2050 is as follows: _____

Buyer _____ (P) Date _____ (Q) Buyer _____ (P) Date _____ (Q)

Part D: If Buyer selected option C3 under MSC-2050, then Seller responds as follows: (check one)

Seller's Response to Continuation of Inspection Notice

(To be completed if Buyer selected option C3 on MSC-2050. Note: Any repairs or replacements which Seller agrees to make are to be completed in a workmanlike manner at Seller's expense prior to or as of Closing)

Part D: Seller acknowledges receipt of the Continuation of Inspection Notice from Buyer dated _____ (R), 20____, Seller hereby responds as follows: (check one)

1. Seller will satisfy all items listed on Continuation of Inspection Notice prior to scheduled Closing date. (Contingency is resolved)

2. Seller will satisfy only the following items prior to the scheduled Closing date:

_____ (S)

(check if applicable) AND OR Seller agrees that Buyer shall be entitled to a credit at Closing equal to \$ _____ (T) in lieu of Seller satisfying (check one) any, or further items Buyer found to be unacceptable. In consideration thereof, Seller shall not be required to satisfy said items and Buyer shall accept them in their present condition. **Note: A monetary adjustment may affect the terms of Buyer's loan.**

3. Seller declines to satisfy any items listed on the Continuation of Inspection Notice and/or does not agree that Buyer shall be entitled to a monetary adjustment at Closing.

Seller _____ (U) Date _____ (V) Seller _____ (U) Date _____ (V)

Buyer's Reply to Seller's Response to Inspection Notice

(To be completed if Seller selected option D2 above)

Part E: Buyer acknowledges receipt of Seller's Response to Continuation of Inspection Notice dated _____ (W), 20____. Buyer hereby replies as follows: (check one)

1. Buyer accepts Seller's proposal under option D2 above. (Contingency is resolved)

2. Buyer does not accept Seller's proposal under option D2 above.

3. Buyer accepts Seller's rejection in option D3. (Contingency is resolved without satisfaction of Buyer's request)

Buyer _____ (X) Date _____ (X) Buyer _____ (X) Date _____ (X)

Seller's/Buyer's Commitment in Lieu of Agreement

Part F: Whereas prior negotiations between Seller and Buyer regarding the Inspection Notice initially delivered by Buyer to Seller regarding the Property have failed to produce an agreement: (check one, as applicable)

1. Seller agrees to satisfy all items originally listed by Buyer in Part A2 of the Inspection Notice prior to or as of the scheduled Closing date. (Contingency is resolved)

Seller _____ (Y) Date _____ (Y) Seller _____ (Y) Date _____ (Y)

2. Buyer agrees to accept the Property without satisfaction of any items originally listed by Buyer as "unacceptable" in Part A2 of the Inspection Notice. (Contingency is resolved)

Buyer _____ (Z) Date _____ (Z) Buyer _____ (Z) Date _____ (Z)

Part E	<p>This part of the Continuation form generally follows the same structure as Part C of the Inspection Notice. Part E should be completed by a Buyer following receipt of the Seller's Response to Continuation of Inspection Notice (if Part D2 thereof was checked). The date of the Seller's Response should be inserted at "W." Box 1 should be checked if the Seller's Response under Option D2 is acceptable (in which case the contingency is resolved). Box 2 should be checked if Buyer does <u>not</u> accept the Seller's Response proposal. Box 3 should be checked if Buyer is willing to accept the Seller's refusal to make any repairs or monetary adjustments that were requested by the Buyer in the Continuation of Inspection Notice (in which case the contingency is resolved without satisfaction of Buyer's request). Obtain the signature(s) of the Buyer and the date(s) thereof (at "X") before returning the Buyer's Reply to the Seller.</p>
Part F	<p>If the parties still do not reach a written agreement within 3 days (or such other time as was inserted at line 126 in the Contract) after the Initial Response Period as to who will complete and pay for correction of the defects Buyer objected to, or upon a monetary adjustment at Closing in lieu thereof, then the Contract will automatically terminate. Either party may avoid this result (even after earlier negotiation failed to produce an agreement) if (i) Seller agrees to timely satisfy <u>all</u> items originally objected to by the Buyer; or (ii) Buyer agrees to accept the Property without satisfaction of <u>any</u> items it originally objected to. In such case, the Seller or Buyer (as the case may be) should check the applicable box above its name, affix its signature(s) and the date(s) thereof (at "Y" or "Z" as applicable), and return the form to the other party <u>before expiration of the 3 day (or other specified) time period.</u></p> <p>Note: If a Buyer rejects an earlier proposal made in a Seller's Response, (s)he <u>cannot</u> thereafter force a Seller to make any such repairs which the Seller was previously willing to perform. <u>All</u> objections originally made by a Buyer must be waived in order to take advantage of this "agreement by capitulation."</p>



This document has legal consequences. If you do not understand it, consult your attorney.

Continuation of Inspection Notice

The use of any capitalized terms not otherwise defined herein shall be given the same meaning as set forth in the Contract pursuant to which this Continuation of Inspection Notice is given. To the extent not specifically amended hereby, the terms and conditions of the Contract shall remain in full force and effect; provided, however, that in the event of any inconsistency between the terms set forth herein and the terms set forth in the Contract, the terms set forth herein shall control.

TO: Seller _____ (B)

FROM: Buyer _____ (C)

CONTRACT Dated: _____ (D), 20____, on Property commonly described as: _____ (E)

Buyer's counter proposal under **Part C: option C3** of MSC-2050 is as follows: _____

Buyer _____ (P) Date _____ (Q) Buyer _____ (P) Date _____ (Q)

Part D: If Buyer selected option C3 under MSC-2050, then Seller responds as follows: (check one)

Seller's Response to Continuation of Inspection Notice

(To be completed if Buyer selected option C3 on MSC-2050. Note: Any repairs or replacements which Seller agrees to make are to be completed in a workmanlike manner at Seller's expense prior to or as of Closing)

Part D: Seller acknowledges receipt of the Continuation of Inspection Notice from Buyer dated _____ (R), 20____, Seller hereby responds as follows: (check one)

1. Seller will satisfy all items listed on Continuation of Inspection Notice prior to scheduled Closing date. (Contingency is resolved)

2. Seller will satisfy only the following items prior to the scheduled Closing date:

_____ (S)

(check if applicable) AND OR Seller agrees that Buyer shall be entitled to a credit at Closing equal to \$ _____ (T) in lieu of Seller satisfying (check one) any, or further items Buyer found to be unacceptable. In consideration thereof, Seller shall not be required to satisfy said items and Buyer shall accept them in their present condition. **Note: A monetary adjustment may affect the terms of Buyer's loan.**

3. Seller declines to satisfy any items listed on the Continuation of Inspection Notice and/or does not agree that Buyer shall be entitled to a monetary adjustment at Closing.

Seller _____ (U) Date _____ (V) Seller _____ (U) Date _____ (V)

Buyer's Reply to Seller's Response to Inspection Notice

(To be completed if Seller selected option D2 above)

Part E: Buyer acknowledges receipt of Seller's Response to Continuation of Inspection Notice dated _____ (W), 20____. Buyer hereby replies as follows: (check one)

1. Buyer accepts Seller's proposal under option D2 above. (Contingency is resolved)

2. Buyer does not accept Seller's proposal under option D2 above.

3. Buyer accepts Seller's rejection in option D3. (Contingency is resolved without satisfaction of Buyer's request)

Buyer _____ (X) Date _____ (X) Buyer _____ (X) Date _____ (X)

Seller's/Buyer's Commitment in Lieu of Agreement

Part F: Whereas prior negotiations between Seller and Buyer regarding the Inspection Notice initially delivered by Buyer to Seller regarding the Property have failed to produce an agreement: (check one, as applicable)

1. Seller agrees to satisfy all items originally listed by Buyer in Part A2 of the Inspection Notice prior to or as of the scheduled Closing date. (Contingency is resolved)

Seller _____ (Y) Date _____ (Y) Seller _____ (Y) Date _____ (Y)

2. Buyer agrees to accept the Property without satisfaction of any items originally listed by Buyer as "unacceptable" in Part A2 of the Inspection Notice. (Contingency is resolved)

Buyer _____ (Z) Date _____ (Z) Buyer _____ (Z) Date _____ (Z)