

## Backing Out After an Offer

### A Look at What Happens If You Change Your Mind Mid-Deal

**B**uying a home is a big commitment — and sometimes, buyers get cold feet. Whether it's due to a poor inspection, unexpected financing issues or simply second thoughts, many ask the same question: Can I back out?

The answer depends on timing, contract terms and the reason for canceling. While buyers do have options, walking away isn't always simple — and it could cost you.

#### WHEN IT'S OK TO WALK AWAY

Most real estate contracts include contingency periods, which are built-in protections that allow the buyer to cancel the deal under specific conditions. These typically cover:

- Inspection — If a home inspection reveals major problems, you can walk away or renegotiate
- Financing — If your loan isn't approved in time, a financing contingency lets you exit
- Appraisal — If the home doesn't appraise for the sale price, you may cancel or request a price adjustment
- Title issues — If the title isn't clear or transferable, you don't have to proceed

As long as you cancel within the timelines listed in your



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contract and for reasons covered by contingencies, your earnest money deposit — typically 1 to 3 percent of the sale price — will be refunded.

These protections are designed to give buyers time to investigate the home and finalize financing without being locked in immediately.

#### WHEN BACKING OUT COMES AT A COST

Once the contingency periods expire, it becomes much harder to walk away. If you

decide to cancel for a reason that isn't protected — or simply change your mind — the seller can keep your earnest money as compensation for taking the home off the market.

In rare cases, sellers could also pursue legal action for breach of contract, though most disputes are settled through the loss of the deposit. Common buyer missteps include:

- Missing contingency deadlines
- Assuming an "out" exists

when it doesn't

- Failing to document issues clearly
- Not understanding the terms of the contract

That's why it's crucial to work with a real estate agent or real estate attorney who can help you navigate deadlines and understand your rights before signing anything.

If you're unsure about the purchase — whether due to condition, price, neighborhood or timing — it's better

to address those concerns early. Don't rush through contingencies just to keep the deal moving. Use that time to ask questions and make sure the home truly fits your needs.

Buying a house is a major milestone, but it doesn't have to be a trap. With the right protections in place — and a clear understanding of the contract — you can move forward with confidence or step back if the situation calls for it.



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### REAL ESTATE 101



### HOMESWISE GLOSSARY

#### Contingencies Protect Buyers

Contingency clauses in your purchase contract — such as those for financing, inspection or appraisal — give you the right to cancel under certain conditions without penalty.

**Earnest Money:** Earnest money is a deposit a buyer makes to show serious intent to purchase a home. If the buyer backs out without cause, the seller may keep it.

# AD SPACE