

Real Estate Contingencies

How They Protect Buyers and When They Can Be Waived

Real estate transactions move quickly, but that doesn't mean buyers should rush in unprotected. Contingencies are built-in safeguards that give you time to confirm financing, inspect the home and make sure you're getting what you expect. In a hot market, you may feel pressure to waive them — but it's important to know what's at stake.

COMMON CONTINGENCIES

Most purchase agreements include several standard contingencies. These clauses make the sale dependent on certain conditions being met, and they give buyers a way out if things don't go as planned.

Inspection contingency: Allows the buyer to hire a home inspector and review the results before finalizing the deal. If major issues are discovered, the buyer can request repairs, ask for a price reduction or walk away.

Financing contingency: Protects the buyer in case their loan isn't approved. If financing falls through — even after pre-approval — this contingency allows the buyer to exit without losing their deposit.



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Appraisal contingency: Ensures the home's appraised value matches or exceeds the purchase price. If it comes in low, the buyer can renegotiate or cancel the contract.

Home sale contingency: Gives the buyer time to sell their current home before completing the new purchase. This can be helpful for buyers who need proceeds from one sale to fund the next.

These contingencies usually come with deadlines. Missing those dates may mean the

contingency expires — or worse, the deal falls through.

SHOULD YOU EVER WAIVE A CONTINGENCY?

In a competitive market, some buyers choose to waive one or more contingencies to make their offer more appealing to sellers. This tactic can work — but it comes with risk.

Waiving the inspection contingency means buying the home "as is." If problems are discovered later — such as foundation damage or mold—

those repairs will be your responsibility. In rare cases, buyers may conduct a pre-inspection before submitting an offer, giving them peace of mind without the formal clause.

Giving up the financing contingency can also be risky. Even strong buyers can hit snags during underwriting. If your loan isn't approved and there's no contingency in place, you could lose your earnest money deposit.

Some buyers use creative language, such as setting a threshold for repairs ("We'll waive inspection unless issues exceed \$10,000 in cost"), but these should always be crafted carefully with your agent and possibly an attorney.

Contingencies exist to protect you. While it's tempting to waive them in a seller's market, do so only with full understanding of the risks. A competitive offer is important — but not at the cost of your financial safety.



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REAL ESTATE 101



HOMESWISE GLOSSARY

You Can't Waive All Contingencies Safely

Waiving a contingency may make your offer more attractive, but it also removes protections. Always talk with your agent before waiving key safeguards like the inspection or financing clause.

Contingency: A contingency is a condition written into a real estate contract that must be met for the sale to proceed. Common contingencies include financing, inspection, appraisal and home sale clauses.

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