

## Contingency Checklist

There are several common contingencies that most every purchase agreement will have. You can also add virtually anything you'd like to your offer as well. Just remember, the more things you ask for, the less likely your offer will get accepted.

Contingencies are the way that you would be able to cancel the sale and walk away. Almost no purchase agreement can force you to buy the home. The most common penalty is that you'll lose your "earnest money" or "good faith deposit" which is a deposit of 1% to 3% of the purchase price that you submit with your offer. Most contingencies allow you to end the transaction and get your earnest money back but read the agreement carefully and ask your Buyers Agent!

### Common Contingencies

- Loan approval. Most sale agreements have this clause that allows you time to get full loan approval. If you are unable to get a loan due to job loss or other valid reasons, you may be able to cancel the sale and get your earnest money back.
- Appraisal. If the lender orders an appraisal and it does not show a value of at least what you are paying for the home, you'll almost always be able to renegotiate the price or end the deal.
- Home inspection. Typically you'll have 7 to 10 days to have a home inspection and negotiate any repairs with the seller.
- Insurance. More and more states are adding a clause that says you need to be able to get home owners insurance on the home. If a home is in very poor condition or on a severe slope, many insurance companies will not provide insurance for it.
- Property survey. Depending on your local area, some forms allow you to have a professional survey to determine the exact boundaries of the property.
- Water & Sewer. If the home has a well or septic system, there is typically a clause discussing the duties and rights of the buyer and seller.
- Disclosures. Sellers are required to disclose serious defects in most every state. The forms vary, but you'll almost always have disclosures to review. Common types would be property disclosures describing defects in the home, zoning, flood zone, lead based paint, and more.
- Variations of offer forms. Depending on what type of property you want to buy there may be a specific offer form for you. Common types would be for new construction, vacant land, resale of a home, manufactured home, condominium, etc.

### Some possible contingencies that may be added

- Review of paperwork by a professional (financial advisor, accountant, attorney)
- Need for a family member to travel to your area to approve of the home.
- Completion of some sort of subdividing of the land
- Completion of building a new home
- Approval by local government for a specific use such as a home office, remodeling addition, etc.