

# 5 TYPES of CONTINGENCIES

## Contingencies

are provisions that must be met for the home sale transaction to go through, or the buyer is entitled to walk away from the deal with their earnest money. Both buyers and seller should understand how contingencies work. Here are five of the most common contingencies.

Whether you're ready to sell, or purchase, **talk to your REALTOR®** about potential contingencies and how they may affect your sale or offer.



### Home inspection contingency.

This gives the buyer the right to have the home professionally inspected and request repairs by a certain date.



### Appraisal contingency.

For a mortgage lender to approve a home buyer's loan, the home must pass appraisal — a process during which the property's value is assessed by a neutral third party.



### Financing contingency.

Also called a loan contingency or mortgage contingency, a financing contingency protects the buyer in the event their lender doesn't approve their mortgage.



### Sale of current home contingency.

Depending on the buyer's financial situation, their offer may be contingent on the sale of *their* home.



### Title contingency.

Before approving a mortgage, a lender will require the borrower to "clear title" — a process where the buyer's title company reviews any potential easements or agreements that are on public record.

SOURCE: HouseLogic.com