

Top Contingencies in Real **Estate Contracts:** Negotiation and Waiver Strategies

In the competitive real estate market, understanding how to navigate contingencies in purchase and sales contracts can make or break a deal. This presentation explores the top contingencies often negotiated or waived, providing insights into how buyers and sellers can strategically approach these crucial elements of real estate transactions.



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Home Inspection and Financing Contingencies

Home Inspection

Buyers may negotiate to limit repair requests or waive minor issues. In competitive markets, some buyers waive this contingency entirely, accepting the property "as-is."

Financing

Buyers might shorten the financing contingency period to demonstrate financial strength. Cash buyers or those with strong pre-approvals sometimes waive this contingency to make their offer more appealing.



Appraisal and Earnest Money Contingencies

Appraisal

Buyers may agree to cover a shortfall if the home appraises below the offer price, up to a certain amount. Some buyers waive this contingency in hot markets, risking out-of-pocket expenses if the appraisal is low.

Earnest Money

Buyers might agree to make earnest money "non-refundable" after certain milestones or upfront to signal strong commitment. This can be negotiated or waived depending on market conditions.

Seller Disclosure and Title Contingencies

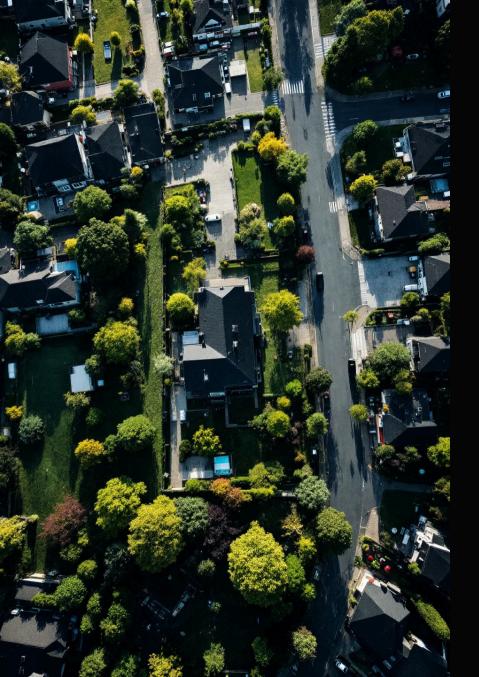
Seller Disclosure

Buyers may limit the scope of objections based on the disclosure form. In highly competitive offers, some buyers waive the right to cancel based on seller disclosures.

Title

Buyers might accept minor title exceptions if they don't pose major issues. While rarely waived entirely, some buyers rely on title insurance for peace of mind instead of a full contingency review.





HOA and Well/Septic System Contingencies



HOA Document Review

Buyers may limit the timeframe for review or focus on specific HOA rules. Some might waive this in competitive scenarios, despite risks regarding fees and restrictions.



Well and Septic System

Buyers might agree to limit testing or accept shared repair costs. Waiving this is rare but possible, especially with recent inspection reports.

Key Takeaways: Balancing Competitiveness and Risk

Strategic Negotiations Carefully negotiate contingencies to make offers

more attractive while protecting interests.

Risk Assessment

Weigh the risks carefully with a real estate agent before waiving any contingencies.

Market Awareness

Understand local market conditions to determine which contingencies to negotiate or waive.

Competitive Edge

Strategic contingency management can significantly improve offer competitiveness.

