

## Contingencies

A contingency allows the buyer to back out of a contract if certain conditions are not met within a certain period of time. Some of the most common contingencies include the following:

- **Inspection** – Almost all home contracts have a contingency requiring the home to satisfactorily pass inspections. The buyer pays an inspector to examine the home and find any potential problems. The buyer and seller then agree on what has to be fixed and when. This must be done prior to closing.
- **Financing** – Usually, home sale contracts also have a contingency involving financing. The buyer must be able to get the mortgage specified in the contract. If this cannot happen, the contract is void.
- **Appraisal** – Many buyers make a contingency that the home must appraise for at least the selling price. Since the financing is dependent on this, it is important. Either the buyer or your REALTOR® will arrange for the appraisal.

Once all the contingencies are met, the sale can go forward. Your REALTOR® will provide you with all closing documentation, including the settlement statement or HUD-1. This lists out all the costs of the sale to the buyer and the seller. Read over the settlement statement carefully to make sure everything in the contract is indeed reflected in the actual sale. If the document is correct, all that's left is to sign the paperwork and hand over the keys to the new owner.

Information Courtesy of: LendingTree.com

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