

Dear (Insert Buyer Name)

You have asked me to prepare an offer to purchase property with no contingencies in the offer. As we discussed, a contingency allows you to get out of a contract and obtain a refund of your earnest money deposit under certain conditions. In a typical real estate market, a buyer will usually include several contingencies with their offer such as financing, inspection, title, etc.

- A financing contingency allows a buyer to get out of the contract if they are unable to obtain a loan.
- An inspection contingency allows a buyer to get out of the contract or ask for seller concessions if a buyer is dissatisfied with the condition of the property based on an inspection.
- A title contingency allows a buyer to review title to ensure there are no easements or covenants that affect the buyer's use of the property.

These are just a few of the more commonly used contingencies. There are many other contingencies in addition to these. If a buyer is unable or refuses to close an agreement with no contingencies the buyer is likely to forfeit their earnest money. While removal of contingencies may be attractive to a seller and aid in the buyer's offer being accepted in a multiple offer situation, buyers are advised to consider the risks they are taking by not including contingencies in their offer.

Sincerely,

WAR Legal Symposium May 25, 2016
Lars Neste
Demco Law Firm