

Why the mortgage contingency during home buy might be a bad idea



Introduction: The mortgage contingency is a common clause in a home purchase agreement.

A mortgage contingency is a common clause in a home purchase agreement. The purpose of the mortgage contingency is to ensure that the buyer has secured a mortgage from a qualified lender. If the buyer cannot secure a mortgage, the contingency allows them to back out of the purchase agreement without penalty. The mortgage contingency is typically included in offers made by buyers who are not paying cash for the property.

Reasons to have a mortgage contingency:

The National Association of Realtors has stated that 89% of home buyers who used a real estate agent included a mortgage contingency in their offer. There are many reasons why you might want to have this type of clause in your offer.

One reason is that, if you don't already have a mortgage pre-approval, you don't want to be in a position where you are forced to rush the process and wind up with a less-than-ideal mortgage. A mortgage contingency gives you time to shop around for the best rate and terms.

Another reason is that, if your financing falls through, you don't want to be out of luck and lose the house you wanted. With a mortgage contingency, you have the option to back out of the deal without penalty if your loan doesn't go through.

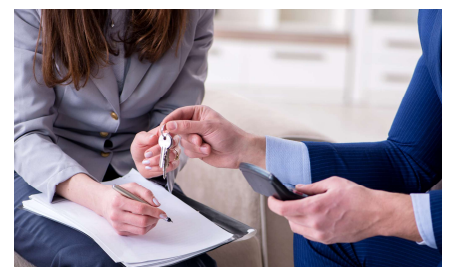
Reasons to not have a mortgage contingency:

There are many reasons to not have a mortgage contingency in your home purchase offer. First, if you're unable to secure a mortgage, you may lose your deposit and forfeit the home. Second, if the seller accepts another offer with a mortgage contingency, they may be less likely to accept yours. Finally, if interest rates rise during the contingencies period, you may not be able to afford the home after all.

Conclusion:

In conclusion, the mortgage contingency during home buy might be a bad idea because:

- 1) It can add time and complexity to the process.
- 2) There's a higher chance of your offer being rejected.



contingency.