



## **Title: 5 Important Real Estate Contract Terms Every Buyer & Seller Should Understand**

Real estate contracts can feel overwhelming, full of legal language and fine print. But understanding a few key terms can make a huge difference in protecting your money, timeline, and peace of mind.

Here are **five essential contract terms** every buyer and seller should know before signing on the dotted line.

### **1. Contingencies**

#### **What it means:**

Conditions that must be met before the sale becomes final.

#### **Common examples:**

- Home inspection contingency
- Financing (mortgage approval) contingency
- Appraisal contingency
- Sale of buyer's current home

**Why it matters:**

Contingencies protect you. If a condition isn't met, you can renegotiate or walk away without losing your earnest money.

**Agent tip:**

Strong offers often limit contingencies, but removing them increases risk. Balance competitiveness with protection.

## 2. Earnest Money Deposit (EMD)

**What it means:**

A good-faith deposit showing the buyer is serious about purchasing the property.

**Typical amount:**

1%–3% of the purchase price (varies by market)

**Why it matters:**

If the deal falls through due to unmet contingencies, buyers usually get this money back. If they walk away without cause, sellers may keep it.

**Agent tip:**

A higher EMD can strengthen an offer in competitive markets.

## 3. Purchase Price & Financing Terms

**What it means:**

The agreed sale price and how the buyer will pay, mortgage type, down payment, closing timeline.

**Includes:**

- Loan amount
- Interest rate type (fixed/adjustable)
- Cash vs financed purchase
- Deadlines for loan approval

**Why it matters:**

Delays or financing issues can cancel deals if terms aren't met by contract deadlines.

**Agent tip:**

Pre-approval letters help ensure smoother closings and stronger offers.

## 4. Closing Date & Possession

**What it means:**

When ownership officially transfers and when the buyer can move in.

**Key points:**

- Closing day
- Possession (immediate or delayed)
- Rent-back agreements if seller stays temporarily

**Why it matters:**

Misunderstandings here can cause serious stress, moving issues, or legal disputes.

**Agent tip:**

Always confirm whether possession is “at recording” or after closing.

## 5. Repair Requests & Credits

**What it means:**

Negotiations after the inspection regarding property condition.

**Options include:**

- Seller makes repairs
- Seller offers a credit at closing
- Price reduction
- No action taken

**Why it matters:**

This is where many deals are renegotiated and sometimes fall apart.

**Agent tip:**

Focus on major safety or structural issues, not minor cosmetic fixes.

## Why Understanding These Terms Matters

Knowing these basics helps you:

- ✓ Avoid costly surprises
- ✓ Negotiate confidently
- ✓ Protect your investment
- ✓ Reduce stress during closing

A great real estate agent will walk you through every clause — but being informed puts you in control.