



THE STEEL CITY AGENT

Amanda Tihey | Keller Williams Exclusive



BUYER & SELLER PERSPECTIVES

Contingencies

What They Are, How to Negotiate Them, and When to Walk Away

Contingencies are the conditions inside a purchase agreement that must be satisfied before a sale can close. For buyers, they are protection. For sellers, they are risk. Understanding them — from both sides of the table — is one of the most important skills in a real estate transaction.

This guide covers every major contingency type, what each one means in practice, how to negotiate them, and the real trade-offs involved in keeping or waiving them. Whether you're buying or selling in the Pittsburgh market, this is the information you need before you sign.



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Protection vs. Competitiveness.
Know the difference before you sign.

The Major Contingencies — What Each One Actually Does

A contingency is a clause in the purchase agreement that says: "This sale happens — unless this specific thing doesn't work out." Here are the ones that appear in almost every Pittsburgh-area transaction.

Inspection Contingency

Also called: Due Diligence Contingency

BUYER'S PERSPECTIVE

Allows the buyer to have the home professionally inspected within a set timeframe (typically 7–15 days). If the inspection reveals issues, the buyer can request repairs, ask for a price reduction, or walk away entirely — with their earnest money returned.

SELLER'S PERSPECTIVE

The inspection period is where deals most often wobble. Buyers discover things sellers didn't know about (or did). It opens a renegotiation window that sellers did not ask for. A seller who has done a pre-listing inspection knows what's coming and is far better positioned.

🕒 7–15 days from acceptance ⚡ Waivable: Yes

Financing Contingency

Also called: Mortgage Contingency

BUYER'S PERSPECTIVE

Protects the buyer if their mortgage loan falls through. If the lender declines to fund — for any reason — the buyer can exit the contract without losing their earnest money. This is one of the most important protections a buyer can have.

SELLER'S PERSPECTIVE

A financing contingency means the sale is not truly final until the lender says yes — which can happen days before closing. Sellers in competitive markets favor pre-approved buyers, and some ask for proof of underwriting approval rather than just pre-approval. Cash offers eliminate this entirely.

🕒 Typically 21–30 days (loan commitment date) ⚡ Waivable: Yes

Appraisal Contingency

Also called: Appraisal Gap Contingency

BUYER'S PERSPECTIVE

If the home appraises below the agreed purchase price, the buyer can renegotiate, make up the difference in cash, or exit the contract. Without this contingency, the buyer is obligated to pay the agreed price regardless of appraised value — meaning they'd need extra cash or a different loan structure.

SELLER'S PERSPECTIVE

In a rising market, appraisals sometimes lag behind actual prices. A low appraisal can blow up a deal unless the buyer agrees to cover the gap — or the seller reduces the price. Sellers often negotiate appraisal gap coverage clauses in competitive markets.

🕒 Tied to financing timeline, typically 14–21 days ⚡ Waivable: Yes

Home Sale Contingency

Also called: Sale of Existing Home Contingency

BUYER'S PERSPECTIVE

Allows the buyer to back out — or delays the purchase — if they cannot sell their current home within a set timeframe. This protects buyers from owning two homes simultaneously but makes their offer significantly less attractive to sellers.

SELLER'S PERSPECTIVE

This is the contingency sellers dread most. It introduces a variable they cannot control: will another buyer purchase the buyer's current home in time? Most sellers in competitive markets will not accept a home sale contingency without a kick-out clause — which allows them to continue marketing and accept a better offer.

🕒 Typically 30–60 days; varies widely ⚡ Waivable: Yes

Title Contingency

Also called: Clear Title Contingency

BUYER'S PERSPECTIVE

Allows the buyer to exit if the title search reveals problems — liens, encumbrances, boundary disputes, easements, or ownership disputes — that cannot be cleared before closing. Title insurance protects against post-closing issues, but a title contingency protects against known pre-closing problems.

SELLER'S PERSPECTIVE

Sellers should address title issues before listing. Unexpected liens (unpaid contractors, tax liens, old mortgages) discovered during title search can delay or kill a deal. A good listing agent will flag potential title issues early.

🕒 Typically resolved during the financing period ⚡ Waivable: Rarely waived

Negotiating Contingencies — Strategy for Both Sides

Contingencies aren't binary — they're negotiable. The terms, timelines, and scope of every contingency are on the table from the moment an offer is submitted.

BUYER NEGOTIATION STRATEGY

Shorten the timeline, not the contingency

Instead of waiving an inspection contingency entirely, offer a 5-day inspection window instead of 14. The seller gets speed and certainty; you keep your protection. In Pittsburgh's market, this is often the right middle ground.

Include an appraisal gap clause with a cap

Instead of full appraisal contingency protection, offer to cover a gap up to a specified dollar amount — e.g., 'buyer will cover up to \$10,000 in appraisal shortfall.' This shows strength without unlimited exposure.

Pre-underwrite, not just pre-approve

Getting fully underwritten approval before making offers gives you the credibility to shorten or modify the financing contingency. Sellers respond to buyers who've done more than a five-minute online form.

Use an escalation clause alongside contingencies

In competitive situations, pair a strong contingency set with an escalation clause. It signals commitment and financial strength — you're not just protecting yourself, you want the home.

Know which contingencies are truly non-negotiable for you

If you cannot afford a surprise \$30,000 repair, do not waive your inspection contingency to win a bidding war. Understand your actual risk tolerance before you sit down to make an offer.

SELLER NEGOTIATION STRATEGY

Do a pre-listing inspection

Know your home's issues before buyers do. When you disclose everything upfront and price accordingly, buyers have less leverage during the inspection period — and fewer reasons to renegotiate. It also projects confidence.

Include a kick-out clause for home sale contingencies

If you accept an offer with a home sale contingency, require a kick-out clause: you retain the right to continue marketing and accept a better offer, giving the first buyer a short window (typically 48–72 hours) to remove their contingency or step aside.

Counter with compressed contingency windows

If you like the buyer and the price but want more certainty, counter with shorter timelines: 5-day inspection, 21-day loan commitment. Fewer days in contingency means fewer days of uncertainty for you.

Request proof of strong pre-approval

Don't settle for a generic pre-approval letter. Ask for a fully underwritten pre-approval letter from a reputable lender, or in competitive situations, proof of funds for the down payment and reserves.

Consider the total picture, not just the price

An offer \$5,000 higher with a home sale contingency, no pre-approval, and a 21-day inspection window may be worth less than a slightly lower offer that is clean, pre-approved, and closes in 30 days. Certainty has value.

The Kick-Out Clause — Worth Understanding in Detail

A kick-out clause (also called a release clause or right-of-first-refusal clause) allows the seller to continue marketing after accepting an offer with a home sale contingency. If a better offer arrives, the original buyer is given a fixed window — typically 24–72 hours — to either remove their home sale contingency and proceed, or exit the deal. It's a reasonable compromise: the buyer gets the home under contract, the seller keeps flexibility. Amanda routinely negotiates these in both directions.

IN A SELLER'S MARKET (LOW INVENTORY)

Buyers face pressure to waive or compress contingencies to compete. This is when mistakes happen. Amanda's guidance: shorten timelines rather than eliminate protection. Know which contingencies are negotiable for you and which aren't before you get emotional about a house.

IN A BUYER'S MARKET (HIGH INVENTORY)

Sellers face pressure to accept more contingencies with longer timelines. This is when sellers need to evaluate the total quality of an offer — not just the price. A buyer who can't actually close is worse than a buyer offering slightly less with rock-solid financing.

Pros, Cons & the Waiver Question

Every contingency is a trade-off. Here's an honest accounting of what you gain, what you give up, and what the data says about waiving them.

The Trade-Off for Each Contingency

CONTINGENCY	KEEPING IT — PROS	WAIVING IT — RISK	WAIVE?
Inspection	Reveals structural, mechanical, safety issues before you're legally bound. Enables price renegotiation. Can save tens of thousands of dollars.	You buy the home blind. Major undisclosed issues — roof, foundation, HVAC, plumbing — become your problem at full purchase price. No recourse.	Rarely
Financing	Protects your earnest money if the loan falls through. Essential for any buyer who isn't paying cash.	If the lender declines, you lose your earnest money — typically 1–3% of the purchase price. This is real money.	Cash only
Appraisal	Protects you from overpaying. If the home appraises low, you can renegotiate or exit without penalty.	You're obligated to pay agreed price regardless of appraised value. You'll need extra cash to cover the gap or a different loan product.	With cap
Home Sale	Prevents owning two homes simultaneously. Critical protection for buyers who haven't sold yet.	Makes your offer significantly less competitive. Most sellers in a competitive market will not accept without a kick-out clause.	If needed
Title	Protects against liens, legal encumbrances, boundary disputes that could make ownership legally complicated.	You could inherit title problems that are expensive or impossible to resolve. Title insurance covers future claims, not pre-existing known issues.	Never

The Waiver Reality Check

When Waiving Can Make Sense

- ✓ Inspection waiver: Home is newly built or recently fully renovated with permits
- ✓ Inspection waiver: You are an experienced contractor who inspects the home yourself
- ✓ Financing waiver: You are a cash buyer with verified funds
- ✓ Appraisal waiver: You have ample cash reserves and have done your own valuation research
- ✓ All waivers: You understand the risks completely and accept them eyes wide open

When Waiving Is a Mistake

- ✗ You waive inspection because you're afraid of losing a bidding war — not because the home is sound
- ✗ You waive financing while only pre-approved, not pre-underwritten
- ✗ You waive appraisal without the cash reserves to cover a potential gap
- ✗ Your agent encourages waivers primarily to win the deal, not because it fits your situation
- ✗ You haven't actually read what you're waiving or understood the consequences

AMANDA'S TAKE ON CONTINGENCIES

"I've seen buyers waive inspection contingencies and regret it. I've also seen buyers lose 10 homes because they refused to shorten their inspection window by five days. The answer is almost never 'waive everything' or 'keep everything.' It's 'understand each one, know your risk tolerance, and make a deliberate choice.' My job is to make sure you're making that choice with all the information — not out of panic, not out of pressure, and not because you didn't know what you were agreeing to."

— Amanda Tihey, The Steel City Agent

QUESTIONS ABOUT YOUR SPECIFIC OFFER OR TRANSACTION?

Contingencies Are Negotiable. Let's Build Your Strategy Together.

The right contingency structure depends entirely on your situation: your finances, the home's condition, the competition level, and your own risk tolerance. There is no universal right answer — but there is a right answer for you, and Amanda can help you find it.

Whether you're a buyer trying to win in a competitive market without exposing yourself to unnecessary risk, or a seller evaluating offers with different contingency profiles — this is exactly the kind of nuanced conversation Amanda has every day.

Reach Amanda



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How Amanda Helps With Contingencies:

- ✓ Reviewing every contingency in a purchase offer — in plain language
- ✓ Crafting competitive offers that protect you without unnecessary risk
- ✓ Advising sellers on which contingency profiles to accept or counter
- ✓ Negotiating inspection responses — repairs, credits, or walk-aways
- ✓ Appraisal gap strategy for buyers in competitive markets
- ✓ Kick-out clause negotiation for home sale contingency situations
- ✓ Clear guidance on what waiving something actually means for you



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Moving you from where you are now... to where you want to be!™

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