



# ***Home-Buying Process***

## ***Limits of Liability***

# Home-Buying Process: Limits of Liability

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If the inspection meets your satisfaction and you choose to purchase the house, you and the seller will agree on the limit of liability. A limit of liability states a dollar amount the seller agrees to pay for repairs prior to the purchase. Your inspection report will state which repairs are needed. The seller will pay for repairs up to the liability cap. If the repairs needed exceed the cost of the liability cap, the seller is not obligated to pay for repairs. At the same time, you, as a buyer are not obligated to purchase the house. This is why it is important that you do your homework when choosing a home inspector and make sure you are informed of all repair expenses. Also, be certain that all details of "What ifs..." are stated in the contract.

## References:

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*This resource is one in a series on the Home-Buying Process which include:*

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### **Financial Readiness**

What Creditors Look For  
Finding Mortgage Money  
Types of Financial Institutions  
Mortgage Options  
Down Payment and Closing Costs  
Pre-Qualification or Pre-Approval

### **Factors to Consider in Housing Selection**

Personal Needs and Wants  
Location  
Type and Style of House  
Type of Construction  
Interior and Exterior Space  
Special Needs  
Building as an Option

### **Locating a House**

Finding the House  
Using Real Estate Professionals  
Buying Direct From Owner

### **The Sales Contract**

Components  
Acceptance

### **Home Inspections**

Reasons for Home Inspections  
Locating an Inspector  
What Inspections Include  
Limits of Liability

### **The Mortgage Process**

Loan Application Process  
Approval or Rejection  
The Mortgage Payment

### **Purchasing Homeowners Insurance**

Before You Start Looking for a Home  
Stability of the Insurance Company  
Costs and Coverage  
Customer Service

### **Warranties**

### **The Closing**

Preparation for Closing  
Final Walk Through  
Closing Day Procedures

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