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Conditional offers, explained

Financing, inspection, and status certificate conditions, how waivers work, and the deadline traps that catch buyers.

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Most offers to buy a home in Ontario start out conditional. A condition is a built-in escape hatch: it lets you commit to the deal now but keep a way out if something specific does not check out. Used properly, conditions are the buyer's main protection. Used carelessly, they evaporate, and people lose protection they thought they had. Here is how they actually work.

What a condition does

A condition makes part of your deal depend on something being satisfied within a set time. While the condition is open, the deal is not fully binding. If the condition is not met and you do not waive it, the deal does not go ahead and your deposit generally comes back. If the condition is satisfied or waived, that protection is used up and the deal moves toward firm.

The most common conditions are:

- **Financing.** Your obligation to buy depends on you actually being able to arrange your mortgage. If your financing falls through and the condition is still in place, you have a way out. This protects you from being forced to close a purchase you cannot fund.
- **Home inspection.** You get a window to have the property inspected and to decide whether you are satisfied with its condition. If the inspection turns up something you cannot live with, you can walk.
- **Status certificate review (for condos).** Your lawyer gets to review the condo's status certificate and supporting documents, and you can walk away if something in them is unacceptable. We covered this one in detail in its own article.
- **Sale of your existing home.** Sometimes a buyer's offer is conditional on selling their current home first.

Waiving versus fulfilling a condition

This is where people get confused, so here is the plain version.

- **Waiving a condition** means you are giving up the protection and agreeing to proceed even though you did not need the condition satisfied. For example, you waive your financing condition because you are confident in your mortgage and want the deal to go firm.

- Fulfilling (or satisfying) a condition means the thing the condition required actually happened, for example you delivered the notice confirming your financing is in place.

Either way, once the condition is waived or fulfilled, it is gone. You cannot bring it back. If you waive your inspection condition and then the inspection you do afterward turns up a problem, that is too late. The protection is spent.

The deadline trap

Every condition has a deadline, and the dates are firm. This is where buyers get hurt, so pay attention to it.

In a typical Ontario agreement, a condition has to be dealt with by a specific time and date. Usually the structure is that the condition must be satisfied or waived by the deadline, or the deal is off. That means:

- If you want to proceed, you (through your agent or lawyer) have to deliver the proper signed waiver or notice before the deadline. Not after. A waiver delivered late may be worthless.
- If you let the deadline pass without dealing with the condition, you can lose the deal even if you wanted it, depending on how the condition is written.

So conditions cut in two directions. They protect you, but they also impose hard deadlines you have to actively manage. The clock does not wait for you.

Practical advice

- Know your dates the moment your offer is accepted. Write them down. The condition deadlines are the most important dates in the early life of your deal.
- Line up your work to fit the window. Book the inspection early. Get your mortgage application moving the day your offer is accepted, not three days before the financing deadline. Order the status certificate immediately.
- Need more time? Get a signed extension before the deadline. If your financing or your inspection needs more time, your agent has to negotiate a written extension with the seller, and it has to be signed before the original deadline passes.
- Do not waive a condition until you are genuinely satisfied. Once it is waived, the protection is gone. Take the comfort the condition is there to give you before you give it up.
- Loop in your lawyer early, especially on the condo status certificate condition, where your lawyer is the one reviewing the documents.

A note on firm offers

In competitive situations, buyers are sometimes pressured to make a firm offer with no conditions at all, to make their bid more attractive. Understand what that means: you are giving up all of these protections. No financing escape, no inspection escape. If your financing later falls through, you are

still on the hook to close, and your deposit and more can be at risk. Sometimes a firm offer is a reasonable strategic choice, but go in with clear eyes about the protection you are giving up, and talk to your lawyer or mortgage advisor before you do.

Two of these protections deserve a specific warning, because giving them up is where firm-offer buyers get hurt the most.

On a condo, do not waive the status certificate condition. This is the one we advise against dropping, even in a bidding war. There are two distinct reasons. First, the status certificate is where the real financial risks of the unit are disclosed: an underfunded reserve fund, a looming or levied special assessment, arrears, or litigation, any of which can land significant unexpected costs on you as the new owner. Buy firm and you have no way out if the certificate reveals one of these after you are committed. Second, the certificate can affect your financing itself. Lenders commonly require confirmation that there are no issues with the status certificate before they advance mortgage funds, and details in the certificate can lead a lender to decline or hold back. So a firm condo offer can leave you both exposed to costs you did not see coming and, in a worse case, unable to fund the purchase you are now bound to close. The status certificate condition is the protection we least want a condo buyer to give up.

Waiving the inspection means more than losing an escape hatch. People think of the inspection condition only as a way out, but it does something else: it is your opportunity to have a professional catch problems, the roof, the furnace, the wiring, the plumbing, moisture, and so on, that you would not spot yourself, and to use what is found to negotiate. On a resale home the general rule is buyer beware, so absent a condition or a specific repair term in your agreement, the vendor is usually under no obligation to fix the ordinary defects an inspector would flag. If you waive inspection, you not only give up the right to walk away, you give up the chance to require that those items be addressed before closing or reflected in the price. You may be buying problems you never had the chance to discover, with no recourse.

Bottom line

Conditions let you commit now while keeping a way out if financing, the inspection, or the condo documents do not work out. The protection is real, but it lives and dies by the deadlines, and once a condition is waived it is gone for good. Manage the dates actively, get extensions in writing before deadlines pass, and never waive a condition until you are actually satisfied. If you are buying a condo, our strong advice is not to waive the status certificate condition at all, because it protects you both from undisclosed costs and from a financing problem tied to the certificate. Talk to us early, especially on a condo, so we can review what needs reviewing inside the window.

This is general information about conditional offers in Ontario, not legal advice for your purchase. The exact wording and deadlines in your agreement control. Talk to us about yours.

Questions about your own situation? Book a free consultation at lucianolegal.com/contact.html, call 647-479-4585, or email info@lucianolegal.com.

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