GUIDES & ANSWERS

Why Your Dream Home Fell Through (And What to Do)

It happens to good buyers. Here is why, what it costs, and what to do next.

By Carter Barstad, Hometown Realty Group · Published November 2026 · Updated November 2026 · 9 min read

> **Quick answer:** A deal falling through hurts, and it happens to good buyers all the time. Most deals die for one of a handful of ordinary reasons: the inspection, the financing, a low appraisal, or a change in the buyer's own situation. What you lose depends on whether you followed your contingency deadlines. The buyers who do best after this get the real reason in writing, fix that one thing, and go back in stronger.

Key takeaways

- Deals fall apart more often than people admit. Redfin's data has put the share of pending sales that fall out of contract at roughly one in seven in recent years.
- Inspection and repair issues are the number one cause by a wide margin, ahead of financing, then a buyer's own home not selling.
- Your WB-11 contingencies are what protect your earnest money. The deadlines and written notices are the whole protection.
- The inspection fee and appraisal fee are gone either way.
- In the first 48 hours, sign nothing until you know why the deal died and where your deadlines stand.
- The second search usually goes better. The expensive lessons are already paid for.

Why do deals actually fall apart?

First, the plain context. In a September 2025 survey of 443 Redfin agents who had handled canceled deals in the previous three months, reported by Redfin, agents named inspection or repair issues in 70.4% of cases, buyer financing falling through in 27.8%, the buyer's current home not selling in 21.0%, and a change in the buyer's financial situation in 14.9%. Agents could name more than one reason, so the numbers overlap. Here are the causes, one at a time.

1. The inspection finds something real

This is the big one, and it is not always a dramatic failure. Sometimes it is a roof at the end of its life, a foundation crack that needs an engineer, or a long list of medium problems that add up to more than you

signed up for. In Wisconsin, the WB-11 inspection contingency runs on a Notice of Defects: you deliver the inspection report and a written list of the defects you object to, inside the deadline in your offer. The seller may have the right to cure, meaning they can agree to fix the defects. If they will not, or cannot, the offer can end there. That is the contingency doing its job, even when it stings.

2. Financing and underwriting

A pre-approval letter is not the finish line. After your offer is accepted, the lender's underwriter goes through your income, assets, debts, and credit again. Loans die in underwriting over things that looked fine at the start: income that does not document the way it was described, a debt that surfaces late, down payment funds that cannot be sourced. This is why the financing commitment contingency matters. If the commitment truly is not available, the WB-11 expects prompt written notice to the seller, backed up with the lender's rejection letter.

3. Your own home does not sell

If your purchase depends on selling the home you are in now, a closing of buyer's property contingency ties the two deals together. When your sale stalls or falls apart itself, the purchase behind it usually follows.

4. A job or income change mid-deal

This one catches people off guard. The lender verifies employment again right before closing. A job change, a move from salary to commission, a cut in hours, or a new car payment during the deal can change the math the loan was approved on. A change in the buyer's financial situation showed up in 14.9% of canceled deals in that survey, and a good share of it is this exact problem.

5. The appraisal comes in low

The lender will only lend against what the home appraises for. If the appraisal lands below your purchase price, somebody covers the gap: the seller drops the price, you bring more cash, or you meet in the middle. The WB-11 appraisal contingency exists for exactly this. Used on time, with the appraisal report and a written objection delivered to the seller, it lets the offer end if the seller will not adjust the price. FHA, VA, and USDA loans have their own rules on top of it.

6. Title problems

The title search can turn up liens, old judgments, boundary issues, or ownership questions. Most are fixable given time. The ones that kill deals usually cannot be cleared inside the closing timeline, or they change what you are actually buying.

7. Cold feet

It happens, and I am not going to pretend otherwise. A buyer gets close to the biggest purchase of their life, the payment becomes real instead of theoretical, and they freeze. Cold feet is the one cause here with no contingency behind it, which is why it is also the most expensive one. More on that next.

What do I lose when a deal falls through?

It depends on one question: are you ending the deal inside a contingency, or outside one?

In Wisconsin, most residential offers are written on the WB-11 Residential Offer to Purchase. It builds in the protections above: the inspection, financing commitment, and appraisal contingencies, and the closing of buyer's property contingency. End the deal under one of them, on time, with the written notices the form requires, and your earnest money is generally protected. The flip side is blunt. Deadlines in the WB-11 are time of the essence. A contingency you let expire is gone, and an amendment asking for repairs is not a Notice of Defects.

Walk away outside a contingency, and the picture changes. Under the WB-11's default provisions, a buyer who defaults gives the seller options: sue for specific performance, or end the offer and ask for the earnest money as liquidated damages, or sue for actual damages. In the real world, the fight is usually over the earnest money. And know this: the firm holding that money does not decide who is right. If the deal does not close, the money moves on a written disbursement agreement signed by both sides, or through the other routes the form lists. Small claims court has jurisdiction over these disputes on one-to-four family homes. Follow your contingencies and you should be fine. Improvise, and getting your deposit back can become a project.

Either way, two costs are already spent. Your **inspection fee** and your **appraisal fee** do not come back. The work was done, and the inspection may have just saved you from a very expensive mistake. Those fees bought you the truth about the house.

And if you are wondering whether you still owe your agent anything when a deal dies, Understanding Real Estate Commission in Wisconsin walks through exactly that.

What should I do in the first 48 hours?

Get the reason in writing. Not the rumor, not the summary. The actual denial letter, the actual appraisal number, the actual inspection items that ended it. You cannot fix a cause you have not seen on paper, and sometimes the stated reason is not the real one.

Talk to your lender and your agent before you sign anything. Releases, cancellations, and earnest money agreements look routine when you are emotional and tired. Some are. Some are not. A half hour of conversation first costs nothing and can protect your deposit.

Watch your remaining deadlines like they are closing dates. Because they are. An open deadline is still protection.

Then take a breath. One evening of being mad is reasonable. Feel it, then get practical.

How do I make the next offer stronger?

Fix the actual cause. That is the whole strategy.

- **If it was financing:** get underwritten before you write again. A full underwriting pre-approval, where the lender has already verified your income, assets, and credit, is a different animal from a quick pre-qual letter. Ask your lender exactly what failed, and what fixes it.
- **If it was the appraisal:** build a gap plan before you need one. Know the most cash you would bring, so the ceiling is decided before you are negotiating at the worst moment.
- **If it was the inspection:** keep the contingency, and get smarter inside it. Shorter timelines, a focus on health, safety, and big-ticket defects, and a fast inspector you trust make you easier to say yes to, without leaving you unprotected. Strong and reckless are not the same thing.
- **If it was your own home sale:** be honest about pricing and timing on the selling side, or look at whether a longer closing window makes the next pairing workable.
- **Either way:** keep your finances frozen during the deal. No new debt, no unplanned job moves, no big purchases on a card. Boring is good, mid-transaction.

The second search usually goes better

Here is the part nobody believes on day one. Almost every buyer I work with who loses a house and buys the next one says the second search was calmer. You know your real budget now, not your hoped-for budget, and you know your lender's questions before they ask them. The lessons were expensive, but they are already paid for.

My take

> I would rather a buyer lose a house on an inspection than buy a problem they cannot afford to fix. A fell-through deal feels like failure, but half the time it is the process working the way it was built to work. The deals I worry about are not the ones that die for a documented reason. They are the ones where a buyer gets talked out of their own contingencies and closes on a house they already know is wrong for them.
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Common questions

Do I get my earnest money back if the deal falls through?

Usually yes, if you ended the deal inside a contingency and delivered the required written notices on time. Outside a contingency, the seller may be able to keep it as liquidated damages under the WB-11.

How much money am I actually out?

Most buyers are out the inspection fee and the appraisal fee, plus any optional testing they ordered. Those services were performed, so they are not refunded.

Will this hurt my chances on the next house?

No. Sellers do not see a record of your canceled deal. What carries forward is your financing strength, and that is fixable.

How long should I wait before looking again?

There is no required cooling-off period. If the cause was a fixable document or income issue, sort that first. If the cause was the house itself, you can be back out looking the same weekend.

Can the seller keep my earnest money just because they are upset?

No. Feelings are not a contract term. Disbursement follows the offer: a signed written agreement between buyer and seller, or the other routes in the form, with small claims court as the backstop.

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