FHA FINANCING CONTINGENCY ADDENDUM

This Addendum is made on _____, to a sales contract ("Contract") offered on _____ ___, between_____ ____("Purchaser") and _____ _____ ("Seller") for the purchase and sale of the Property: _____ _____ _____

NOTICE: The parties should not include a separate appraisal contingency in this Contract, since the federally mandated appraisal language for FHA loans is contained in the FHA Amendatory Clause below.

1. **DEED(S) OF TRUST** Purchaser shall pay upfront and monthly mortgage insurance premiums ("MIP") as required by FHA regulations. Subject to lender's approval, Purchaser reserves the right to finance any upfront MIP, in which event such amount shall be added to the loan amount.

2. **FINANCING CONTINGENCY**

   A. This Contract is contingent until 9 p.m. _____ Days after Date of Ratification ("Financing Deadline") upon Purchaser obtaining and delivering to Seller a written commitment or commitments, as the case may be, for the financing described in the PRICE AND SPECIFIED FINANCING paragraph of this Contract. Purchaser agrees to make written application for such financing (including the payment of any required fees) within 7 days of the Date of Ratification and to diligently pursue obtaining a commitment for such financing.

   B. If this contingency has not been satisfied by the Financing Deadline, this contingency will continue up to and including Settlement Date, unless Seller at Seller's option Delivers Notice to Purchaser that this Contract will become void. If Seller Delivers such Notice, this Contract will become void at 9 p.m. on the third Day following Delivery of Seller's Notice unless, prior to that date and time, Purchaser Delivers to Seller the written commitment or a Notice removing this contingency and evidence of the availability of funds necessary to settle without such financing.

   C. This Contract will become void if, prior to satisfaction of this contingency, Purchaser receives a written rejection from the lender or lenders to whom Purchaser has applied pursuant to Paragraph 2.A. for the Specified Financing and Delivers a copy of the written rejection to Seller on or before Settlement Date.

   D. Purchaser will be in Default whether or not this contingency has been removed if Settlement does not occur on Settlement Date for any reason other than Default by Seller.

NOTICE: Lender's written commitment shall not be Delivered prior to lender's receipt of a satisfactory appraisal(s).

3. **APPRAISAL PROVISIONS**

   A. FHA Amendatory Clause It is expressly agreed that notwithstanding any other provisions of this Contract, Purchaser shall not be obligated to complete the purchase of the Property or to incur any penalty by forfeiture of deposit or otherwise unless Purchaser has been given in accordance with HUD/FHA or VA requirements a written statement by the Federal Housing Commissioner, Department of Veterans Affairs, or a Direct

Endorsement Lender setting forth the appraised value of the Property of not less than $_____. Purchaser shall have the privilege and option to proceed with consummation of this Contract without regard to the amount of the appraised value. The appraised value is arrived at to determine the maximum mortgage the Department of Housing and Urban Development ("HUD") will insure. HUD does not warrant the value or the condition of the Property. Purchaser should satisfy himself/herself that the price and condition of the Property are acceptable.

NOTICE: The dollar amount to be inserted in the Amendatory Clause is the purchase price as stated in this Contract. If Purchaser and Seller agree to adjust the purchase price in response to an appraised value that is less than the purchase price, a new Amendatory Clause is not required.

B. Procedure in the event of a low appraisal In the event that the written statement setting forth the appraised value of the Property (the "Written Statement") indicates a value less than the Sales Price, Purchaser shall Deliver Notice to Seller (1) stating that Purchaser elects to proceed to Settlement at the Sales Price in the Contract; or (2) requesting that Seller change the Sales Price to a specified lower amount of not less than the appraised value ("Purchaser's Notice") or (3) voiding this Contract based on the low appraisal. Purchaser's Notice shall include a copy of the Written Statement. In the event Purchaser's Notice requests a price reduction, Notices delivered subsequent to the delivery of Purchaser's Notice shall be treated as follows:

Within 3 Days after Notice Delivery from one party, the other party may:

1) Deliver Notice accepting the terms contained in the other party's Notice; **OR**
2) Deliver Notice continuing negotiations by making another offer; **OR**
3) Deliver Notice that this Contract shall become void at 9:00 p.m. on the third Day following Delivery, unless the recipient Delivers to the other party Notice of acceptance of the last Delivered offer prior to that date and time, in which case, this Contract will remain in full force and effect.

FAILURE OF EITHER PARTY TO RESPOND WITHIN 3 DAYS OF NOTICE DELIVERY WILL RESULT IN THIS CONTRACT BECOMING VOID.

4. SELLER SUBSIDY Based upon the financing terms specified in this Contract, Seller will pay at Settlement $_____ toward Purchaser's charges (including but not limited to loan origination fees, discount points, buy down or subsidy fees, prepaids or other charges as allowed by lender). The total amount of any lender charges which cannot by law or regulation be charged to Purchaser will be paid by Seller. These charges will first be deducted from any Seller credit, and the remaining balance of Seller credit, if any, will then be applied to Purchaser's other charges. Purchaser will pay all remaining Purchaser's charges. It is Purchaser's responsibility to confirm with his lender that the entire credit provided herein may be utilized. If lender prohibits Seller from the payment of any portion of this credit, then said credit shall be reduced to the amount allowed by lender.

5. WOOD-DESTROYING INSECT INSPECTION Fences and outbuildings shall be included in the inspection and certification.

6. LENDER REQUIRED REPAIRS If, as a condition of providing financing under this Contract, the lender requires repairs to be made to the Property, then Purchaser will give Notice to Seller of the lender's required repairs. Within 5 Days after such Notice, Seller will give Notice to Purchaser as to whether Seller will make the repairs. If Seller will not make

the repairs, Purchaser will give Notice to Seller within 5 Days after Seller's Notice as to whether Purchaser will make the repairs. If neither Seller nor Purchaser will make the repairs, then this Contract will become void. This clause will not release Seller from any responsibilities set forth in the paragraphs titled UTILITIES WATER, SEWAGE, HEATING AND CENTRAL AIR CONDITIONING; PERSONAL PROPERTY AND FIXTURES; or WOOD-DESTROYING INSECT INSPECTION; or in the Private Well and/or Septic System Addendum or any terms specifically set forth in this Contract and any addenda.

7. **CERTIFICATION** Seller, Purchaser and Broker(s) hereby certify that the terms of this Contract to which this Addendum is attached are true to the best of their knowledge and belief. Any other agreement(s) entered into between the parties with respect to the purchase and sale of the Property has been fully disclosed and is attached to the Contract.

8. **FHA REQUIRED NOTICE** Purchaser acknowledges receipt of HUD form #92564-CN entitled: For Your Protection: Get a Home Inspection.

PURCHASER'S INITIALS: _____ /_____

SELLER:	**PURCHASER:**
_____/_____	_____/_____
Date Signature	Date Signature
_____/_____	_____/_____
Date Signature	Date Signature
_____/_____	_____/_____
Date Signature	Date Signature
_____/_____	_____/_____
Date Signature	Date Signature

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AGENT/BROKER:	**AGENT/BROKER**:
_____/_____	_____/_____
Date Signature	Date Signature

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