

## **Third Party Financing Condition Addendum**

This Third Party Financing Condition Addendum is hereby made part of a Real Estate Purchase Agreement (the "Agreement") between \_\_\_\_\_, the "Seller" and \_\_\_\_\_, the "Buyer" concerning the Property located at \_\_\_\_\_.

### **Instructions to the Buyer and Seller:**

- a. Fill in the blank areas and check off the applicable boxes accordingly.
- b. Complete and sign a copy of this form prior to the closing of the Real Estate Sales Agreement.

The Buyer must promptly, and make every reasonable effort to apply for the financing described in this addendum. Upon the lender determining the financial requirements of the Buyer are satisfactory (e.g. Buyer's items relating to assets, income and credit history), financial approval will be deemed valid. If the Buyer cannot obtain adequate financing within thirty days of the Effective Date of the Agreement, the Buyer must furnish a written notice to the Seller, upon which, either party may cancel the Agreement and the earnest money will be refunded to the Buyer within ten days. If a written notice and cancellation is not furnished to the Seller at the designated time, the Agreement will no longer be subject to the Buyer being able to acquire the financing described in this addendum. Time is of the essence and strict compliance within the time frame stipulated is required.

Each note must be secured by mortgages or deeds of trust. The financing conditions are as follows:

### **General Financing**

- a. The principal amount of the first mortgage (excluding any PMI premium) valued at \$ \_\_\_\_\_ is payable in full in \_\_\_\_\_ month(s). For the first \_\_\_\_\_ month(s), the interest rate is not to exceed \_\_\_\_\_% per annum and the loan origination, discount, buy-down and commitment fees (the "Loan Fees") are not to exceed \_\_\_\_\_% of the loan.
- b. The principal amount of the second mortgage (excluding any PMI premium) valued at \$ \_\_\_\_\_ is payable in full in \_\_\_\_\_ month(s). For the first \_\_\_\_\_ month(s), the interest rate is not to exceed \_\_\_\_\_% per annum and the loan origination, discount, buy-down and commitment fees (the "Loan Fees") are not to exceed \_\_\_\_\_% of the loan.

### **FHA Financing**

Initial of Seller \_\_\_\_\_ and Buyer \_\_\_\_\_

The FHA insured loan, excluding any MIP, valued at \$ \_\_\_\_\_ is payable in full in \_\_\_\_\_ month(s). For the first \_\_\_\_\_ month(s), the interest rate is not to exceed \_\_\_\_\_ % per annum and the loan origination, discount, buy-down and commitment fees (the "Loan Fees") are not to exceed \_\_\_\_\_ % of the loan.

*It is expressly agreed that, notwithstanding any other provision of this contract, the Buyer shall not be obligated to complete the purchase of the Property described herein or to incur any penalty by forfeiture of earnest money deposits or otherwise unless written statement issued 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 \$ \_\_\_\_\_. The Buyer shall have the privilege and option of proceeding with consummation of the contract without regard to the amount of the appraised valuation. The appraised valuation is arrived at to determine the maximum mortgage the Department of Housing and Urban Development will insure. HUD does not warrant the value or the condition of the Property. The Buyer should satisfy himself/herself that the price and the condition of the Property are acceptable.*

### **VA Financing**

The VA guaranteed loan, excluding any Funding fee, valued at \$ \_\_\_\_\_ is due in full in \_\_\_\_\_ month(s). For the first \_\_\_\_\_ month(s), the interest rate is not to exceed \_\_\_\_\_ % per annum and the loan origination, discount, buy-down and commitment fees (the "Loan Fees") are not to exceed \_\_\_\_\_ % of the loan.

*It is expressly agreed that, notwithstanding any other provisions of this contract, the Buyer shall not incur any penalty by forfeiture of earnest money or otherwise or be obligated to complete the purchase of the Property described herein, if the contract purchase price or cost exceeds the reasonable value of the Property established by the Department of Veterans Affairs. The Buyer shall, however, have the privilege and option of proceeding with the consummation of this contract without regard to the amount of the reasonable value established by the Department of Veterans Affairs.*

Initial of Seller \_\_\_\_\_ and Buyer \_\_\_\_\_

If the Buyer elects to proceed with the Agreement at an amount greater than the reasonable value of the Property as established by the Federal Housing Commissioner, U.S. Department of Veterans Affairs, or Direct Endorsement Lender, the Buyer must pay the excess amount in cash and disclose to the Seller and any lender the source of the cash. If the Property's said reasonable value is less than the Sales Price, the Seller may reduce the Sales Price to the established reasonable value and the Agreement will be closed with the reduced price.

The Buyer agrees to assume all necessary costs in relation to the obtaining of the loan(s) with the exception of certain costs associated with FHA/VA loans in which the Buyer is prohibited to pay.

\_\_\_\_\_  
Date                      Signature of Seller

\_\_\_\_\_  
Date                      Signature of Seller

\_\_\_\_\_  
Date                      Signature of Buyer

\_\_\_\_\_  
Date                      Signature of Buyer

Initial of Seller \_\_\_\_\_ and Buyer \_\_\_\_\_