



# FHA PURCHASE AGREEMENT ADDENDUM

To be part of the Purchase Agreement dated \_\_\_\_\_ . Covering property at \_\_\_\_\_ .

### 1. FHA: Amendatory Clause Regarding Appraised Value

It is expressly agreed that notwithstanding any other provisions of this contract, the purchaser 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 the purchaser has been given, in accordance with HUD/FHA requirements, a written statement issued by the Federal Housing Commissioners or a Direct Endorsement Letter, setting forth the appraised value of the property of not less than \$ \_\_\_\_\_. The purchaser shall have the privilege and option of proceeding with the consummation of the contract without regard to the amount of the appraised valuation. *The appraisal valuation is arrived at to determine the maximum mortgage the Department of Housing and Urban Development will insure. HUD does not warrant the value nor the condition of the property. The purchaser should satisfy himself/herself that the price and condition of the property are acceptable.* (This clause is mandated by FHA regulations and is not optional.)

### 2. FHA: Seller's contribution to Pre-paids, Discount Points, and/or Closing Costs

Seller agrees to pay \$ \_\_\_\_\_ toward the payment of allowable  Pre-paids,  Discount Points, and/or  Closing Costs on behalf of the purchasers, to be applied as determined by purchaser and purchaser's lender. The contribution from seller includes any charges for purchaser's mortgage that FHA restricts purchaser from paying.

\*\*If the seller pays closing costs on an FHA transaction, the maximum mortgage amount may be reduced and may require the purchaser to provide additional cash at closing.

### 3. FHA: Completion and Payment for Repairs

Seller shall complete and pay (check one)  all or  not more than \$ \_\_\_\_\_ for repairs and/or improvements required by the FHA in order to complete this transaction. If said repair costs exceed seller's contribution, purchaser may contribute the excess. In the event purchaser declines to pay for such excess, then seller(s), at their option, may declare this transaction null and void, with the deposit returned to the purchaser, in full.

**NOTICE: All repairs and/or improvements must be completed in a workmanlike manner prior to the transaction closing. However, in the event certain repairs cannot be completed due to weather, or other unforeseen conditions, an escrow for repairs will be created in compliance with FHA requirements. Two estimates for the work will be required and an escrow account at 1½ times the highest estimate will be established to assure completion of the work. (Minimum escrow required is \$500.00)**

### 4. FHA: Pest Inspection

Buyer or  Seller agrees to provide a satisfactory pest inspection prior to closing at their expense.

### 5. FHA: Re-Inspection Fee

Buyer or  Seller agrees to pay for re-inspection fee(s) as a result of FHA repair requirements.

(Initials) Seller \_\_\_\_\_ / \_\_\_\_\_

(Initials) Buyer \_\_\_\_\_ / \_\_\_\_\_

**Real Estate Certification**

**The Purchaser, Seller, and Selling Real Estate Agent or the Broker involved in the sales transaction, hereby certifies that the terms and conditions of the sales contract are true to the best of their knowledge and belief and that any other agreement entered into by any of the parties in connection with the real estate transaction is part of, or attached to, the sales agreement.**

WARNING: Section 1010 of Title 18, U.S.C., "Federal Housing Administration Transaction", provides: "Whoever, for the purpose of - influencing in any way the action of such Administration - makes, passes, utters or publishes any statement, know the same to be false - shall be fined not more than \$5,000.000 or imprisoned not more than two years, or both." Other Federal Statutes provide severe penalties for any fraud as intentional misrepresentation made for the purpose of influencing the issuance of any guaranty of insurance or the making of any loan by the Administrator or Veteran Affairs.

\_\_\_\_\_  
Witness Date Buyer Date

\_\_\_\_\_  
Witness Date Buyer Date

\_\_\_\_\_  
Witness Date Seller Date

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Witness Date Seller Date

\_\_\_\_\_  
Broker Broker

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Date Date

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Real Estate Company Real Estate Company