



GOVERNMENT FINANCING ADDENDUM

SELLER: \_\_\_\_\_

BUYER: \_\_\_\_\_

PROPERTY: \_\_\_\_\_

CONTRACT DATE: \_\_\_\_\_

This Contract is contingent upon BUYER obtaining the financing described in this Financing Addendum as follows:

1. TYPE OF LOAN. BUYER will obtain a [ ] FHA/ [ ] DVA/ [ ] \_\_\_\_\_ loan in the principal amount of \$ \_\_\_\_\_ plus financed mortgage insurance premiums or DVA funding fee, if any, according to the provisions described in this Addendum (the "Loan"). The Loan shall be secured by a mortgage/deed of trust on the Property or as otherwise required by lender.

2. PAYMENT TERMS. The principal balance of the Loan will be amortized over \_\_\_\_\_ years, be repayable in monthly installments and bear interest at: (check one)
[ ] an initial rate not exceeding \_\_\_\_\_ % per annum, or
[ ] the prevailing rate at closing.

BUYER has the option to "lock in" the foregoing interest rate or to "float" the interest rate. If BUYER locks in a rate, BUYER agrees to accept the "locked" rate and terms even if different than those stated in this Addendum. If BUYER floats the rate, BUYER agrees to accept the rate and terms available from BUYER'S lender for which BUYER qualifies ("Prevailing Rate") at closing. BUYER may obtain a loan on different terms than those described above, provided that the terms of the loan do not result in additional cost to SELLER.

3. LOAN APPLICATION. (Check applicable paragraph).
[ ] BUYER IS PRE-APPROVED (Attach Pre-Approval Letter) BUYER made written application for the Loan at \_\_\_\_\_ on \_\_\_\_\_, paid the fees required by lender and BUYER is approved for a loan in an amount equal to or greater than the Loan contemplated in this Contract, subject to satisfactory appraisal of the Property and such other conditions set forth in the ATTACHED PRE-APPROVAL LETTER.
[ ] BUYER TO MAKE APPLICATION. BUYER shall complete a written application for the Loan and PAY THE FEES REQUIRED BY LENDER and authorize said services, (credit report, appraisal, etc.) within \_\_\_\_\_ calendar days (SEVEN DAYS IF LEFT BLANK) after the Effective Date of the Contract. BUYER agrees to promptly provide lender with all information requested.

4. LOAN APPROVAL. BUYER agrees to make a good faith effort to obtain a commitment for the Loan within \_\_\_\_\_ days (thirty days if left blank) from the Effective Date of this Contract (the "Loan Approval Period") or by the Closing Date, whichever is earlier. A loan commitment which is conditioned on the sale of BUYER'S property will not satisfy this condition without Seller's written approval. If BUYER is unable to obtain a commitment for the Loan within the Loan Approval Period, BUYER or SELLER may cancel this Contract.

Anytime after expiration of the Loan Approval Period, SELLER may cancel this Contract any time prior to BUYER'S obtaining of financing by giving BUYER or BUYER'S Agent written notice of SELLER'S intent to cancel. If BUYER is unable to provide SELLER with a written loan commitment containing terms satisfactory to BUYER and sufficient to permit BUYER to close on this Contract, within three (3) days after BUYER'S or BUYER'S Agent's receipt of SELLER'S written notice, but in no event after the Closing Date, this Contract shall be cancelled and BUYER'S earnest money shall be returned subject to terms and conditions of Paragraph #6 of the Contract.

If BUYER is unable to obtain the financing described herein and desires to cancel this Contract, BUYER shall notify SELLER or SELLER'S Agent in writing, and if requested by SELLER, shall provide satisfactory written evidence of rejection, and this contract shall be cancelled and BUYER'S earnest money shall be returned subject to terms and conditions of Paragraph #6 of the Contract.

Approved 4/09

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Approved by KAR Legal Counsel

**5. LOAN COSTS.** BUYER agrees to pay all customary costs necessary to obtain the Loan (excluding origination fees, discounts or buy-down) unless otherwise agreed as follows: *(Check and complete applicable sections below.)*

- **FHA Mortgage Insurance Premium (MIP).** BUYER will pay any upfront MIP and annual renewal premiums, or shall finance MIP as a part of BUYER'S loan.
- **DVA Funding Fee** as required by Lender shall be paid at the time of closing by the BUYER or financed as a part of the BUYER'S Loan.
- **Costs Not Payable by BUYER.** FHA/DVA rules prohibit a BUYER from paying certain closing-related costs. SELLER agrees to pay all costs associated with obtaining the BUYER'S loan which the FHA/DVA/ \_\_\_\_\_ rules will not permit the BUYER to pay, provided said costs do not exceed \$ \_\_\_\_\_ (\$350 if left blank).
- Additional Costs Paid by SELLER.** In addition to any other costs SELLER agreed to pay herein (including those which BUYER cannot pay), SELLER agrees to pay other allowable BUYER'S closing costs (excluding prepaid items) not to exceed \$ \_\_\_\_\_ (zero if left blank).
- Flood Insurance.** BUYER agrees to pay for flood insurance if required by lender.
- Origination Fee** not to exceed \_\_\_\_\_ % of the loan amount shall be paid by \_\_\_\_\_.
- Discount Fee** not to exceed \_\_\_\_\_ % of the loan amount shall be paid by \_\_\_\_\_.
- Other** \_\_\_\_\_.

**6. APPRAISED VALUE.** It is expressly agreed that, notwithstanding any other provisions contained in this Contract, the purchaser (BUYER) shall not be obligated to complete the purchase of the Property described herein, nor to incur any penalty by forfeiture of earnest money deposits or otherwise, unless the purchaser has been given in accordance with HUD/FHA or V/A requirements a written statement by the Federal Housing Commissioner, Veterans Administration, or a Direct Endorsement lender, setting forth the appraised value of the property of not less than \$ \_\_\_\_\_ (the Purchase Price). The purchaser 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 nor the condition of the Property. The purchaser should satisfy himself/herself that the price and condition of the Property are acceptable.

**7. APPRAISAL/LENDER REQUIREMENTS.** In addition to any other costs or sums to be paid by SELLER pursuant to this Contract, SELLER agrees to pay an amount not to exceed \$ \_\_\_\_\_ (zero if left blank) for requirements contained in the Lender's appraisal. Appraisal/Lender requirements shall include inspections and/or repairs, but not any for which BUYER has agreed to be responsible elsewhere in this Contract. If appraisal/lender requirements exceed the amount in this blank and if SELLER and BUYER have not agreed in writing to a resolution of the excess appraisal/lender requirements prior to closing, or within the time period (no less than 5 days) specified in a written demand by either party, this Contract shall be cancelled and BUYER'S earnest money deposit shall be refunded subject to terms and conditions of Paragraph #6 of the Contract.

***Required on FHA Transactions Only***

**FHA CERTIFICATION:** SELLER, BUYER and Brokers each hereby certify, to the best of their knowledge, that the terms of this Contract are true and that any other agreement entered into by any of the parties to this transaction is attached to this contract.

(SIGNATURE OF BROKERS APPLIES TO THIS PARAGRAPH ONLY)

\_\_\_\_\_  
Listing Broker

\_\_\_\_\_  
Selling Broker

**CAREFULLY READ THE TERMS HEREOF BEFORE SIGNING. WHEN SIGNED BY ALL PARTIES, THIS GOVERNMENT FINANCING ADDENDUM BECOMES PART OF A LEGALLY BINDING CONTRACT. IF NOT UNDERSTOOD, CONSULT AN ATTORNEY BEFORE SIGNING.**

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SELLER

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DATE

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BUYER

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DATE

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SELLER

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