

# THIRD (3RD) PARTY FINANCING ADDENDUM

**I. The Parties.** This Third (3rd) Party Financing Addendum ("Addendum") is to be made part of the purchase contract dated \_\_\_\_\_, 20\_\_\_\_ ("Agreement") between \_\_\_\_\_ ("Buyer") and \_\_\_\_\_ ("Seller") for the property located at \_\_\_\_\_, City of \_\_\_\_\_, State of \_\_\_\_\_ ("Property").

**II. Financing.** Type of financing and duty to apply and obtain approval: Buyer shall apply promptly for the financing described below and make every reasonable effort to obtain approval for the financing, including but not limited to furnishing all information and documents required by Buyer's lender.

(Choose One)

**Conventional Financing.** (Choose if First (1st) or Second (2nd) Mortgage)

a.)  A **First (1st) Mortgage Loan** in the principal amount of \$\_\_\_\_\_ (excluding any financed PMI premium), due in full in \_\_\_\_\_  Month(s)  Year(s), with an interest rate (%) not to exceed \_\_\_\_\_% per annum for the initial \_\_\_\_\_  Month(s)  Year(s) of the loan with Origination Charges as shown on the Buyer's Loan Estimate for the loan not to exceed \_\_\_\_\_% of the loan.

b.)  A **Second (2nd) Mortgage loan** in the principal amount of \$\_\_\_\_\_ (excluding any financed PMI premium), due in full in \_\_\_\_\_  Month(s)  Year(s), with an interest rate (%) not to exceed \_\_\_\_\_% per annum for the initial \_\_\_\_\_  Month(s)  Year(s) of the loan with Origination Charges as shown on the Buyer's Loan Estimate for the loan not to exceed \_\_\_\_\_% of the loan.

**USDA Guaranteed Financing.** A USDA-guaranteed loan of not less than \$\_\_\_\_\_ (excluding any financed Funding Fee), amortizable monthly for not less than \_\_\_\_\_  Month(s)  Year(s), with interest not to exceed \_\_\_\_\_% per annum for the initial \_\_\_\_\_  Month(s)  Year(s) of the loan with Origination Charges as shown on Buyer's Loan Estimate for the loan not to exceed \_\_\_\_\_% of the loan.

**Reverse Mortgage Financing.** A reverse mortgage loan (also known as a Home Equity Conversion Mortgage Loan) in the original amount of \$\_\_\_\_\_ (excluding any financed PMI premium or other costs), with interest not to exceed \_\_\_\_\_% per annum for the initial  Month(s)  Year(s) of the loan with Origination Charges as shown on the Buyer's loan Estimate for the loan not to exceed \_\_\_\_\_% of the loan. The reverse mortgage loan  **will**  **will not** be an FHA insured loan.

**FHA Insured Financing.** A section 203(b) FHA insured loan of not less than \$\_\_\_\_\_ (excluding any financed PMI premium), amortized monthly for not less than \_\_\_\_\_  Month(s)  Year(s), with interest not to exceed \_\_\_\_\_% per annum for the initial \_\_\_\_\_  Month(s)  Year(s) of the loan with Origination Charges as shown on the Buyer's Loan Estimate for the loan not to exceed \_\_\_\_\_% of the loan.



**VA Guaranteed Financing.** A VA guaranteed loan of not less than \$ \_\_\_\_\_ (excluding any financed Funding Fee), amortizable monthly for not less than \_\_\_\_  Month(s)  Year(s), with interest not to exceed \_\_\_\_% per annum for the initial \_\_\_\_  Month(s)  Year(s) of the loan with Origination Charges as shown on the Buyer's Loan Estimate for the loan not to exceed \_\_\_\_% of the loan.

**FHA/VA Required Provision.** If the financing described involves FHA or VA financing, it is expressly agreed that, notwithstanding any other provision of this Agreement, 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, the Buyer has been given, in accordance with HUD/FHA or VA requirements a 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 Agreement's purchase price or cost exceeds the reasonable value of the Property established by the Department of Veterans Affairs.

- a.) Buyer shall have the privilege and option of proceeding with consummation of the Agreement without regard to the amount of the appraised valuation or the reasonable value established by the Department of Veterans Affairs.
- b.) If FHA financing is involved, 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. Buyer should satisfy himself/herself that the price and the condition of the Property are acceptable.
- c.) If VA financing is involved and if Buyer elects to complete the purchase at an amount in excess of the reasonable value established by the VA, Buyer shall pay such excess amount in cash from a source which Buyer agrees to disclose to the VA and which Buyer represents will not be from borrowed funds except as provided by the VA. If VA reasonable value of the Property is less than the Sales Price, Seller may reduce the Sales Price to an amount equal to the VA reasonable value and the sale will be closed at the lower Sales Price with proportionate adjustments to the down payment and the loan amount.

**III. Lender's.** Approval for the financing, as described in Section II of this Addendum, shall be:

(Choose One)

**Subject to Lender's Approval.** The Agreement is subject to the Buyer obtaining the Lender's Approval which is described as approving the Buyer's financial credentials in addition to the approval of the Property in accordance with Section IV of this Addendum. If Buyer cannot obtain the Lender's Approval, Buyer is required to give written notice to the Seller by \_\_\_\_\_, 20\_\_\_\_. If the Buyer does not give notice to the Seller, the Agreement will terminate with any earnest money being refunded to the Buyer. In addition, the Buyer shall have the option to give notice that voids the requirements of this Addendum and to pursue the specific performance requirements as written in the Agreement between the Parties.

**Not Subject to Lender's Approval.** This Agreement is not subject to the Buyer obtaining the Lender's Approval of the Property. The Buyer has a pre-qualification letter or an equivalent approval document that has secured the terms of financing as

mentioned in Section II of this Addendum. Nevertheless, the Agreement shall be bound to the terms in the Property Approval in Section IV of this Addendum.

**IV. Property Approval.** Property Approval shall be deemed to have been obtained when the Property has satisfied the Lender's underwriting requirements for the loan, including but not limited to appraisal, insurability, deed search, material defect(s), or any other due diligence process required by the Lender. The Buyer shall have until \_\_\_\_\_, 20\_\_\_\_ to obtain Property Approval from the Lender. If the Buyer does not obtain Property Approval from the Lender, the Agreement will terminate with any earnest money being refunded to the Buyer.

**V. Time is of the Essence.** Time is of the essence for this section and strict compliance with the time for performance is required.

**VI. Security.** Each note for the financing described above must be secured by vendor's and deed of trust lien or equivalent deed type.

**VII. Authorization to Release Information.** Buyer authorizes Buyer's lender to furnish the Seller or Buyer or any of their representatives' information relating to the status of the approval for the financing. Buyer and Seller authorize the Buyer's lender, title company, and escrow agent to disclose and furnish a copy of the closing disclosures provided in relation to the closing of the Property and completion of the transaction in accordance with the Agreement.

**Buyer's Signature** \_\_\_\_\_ **Date** \_\_\_\_\_

Print Name \_\_\_\_\_

**Buyer's Signature** \_\_\_\_\_ **Date** \_\_\_\_\_

Print Name \_\_\_\_\_

**Seller's Signature** \_\_\_\_\_ **Date** \_\_\_\_\_

Print Name \_\_\_\_\_

**Seller's Signature** \_\_\_\_\_ **Date** \_\_\_\_\_

Print Name \_\_\_\_\_

