

THIRD-PARTY FINANCING ADDENDUM

THIS THIRD PARTY FINANCING ADDENDUM (this “**Addendum**”) is made and entered into as of _____, and is by and between _____, with a mailing address of _____ (“**Buyer**”), and _____, with a mailing address of _____ (“**Seller**”).

RECITALS

WHEREAS, Buyer and Seller are parties to that certain contract or agreement dated as of _____ (the “**Agreement**”) for the purchase and sale of real estate for the property known by street address as _____ (the “**Property**”)

WHEREAS, upon the terms and conditions set forth in this Addendum, Buyer and Seller agree that promptly upon execution of the Agreement, Buyer shall seek and pursue third party financing for its purchase of the Property.

NOW, THEREFORE, in consideration of the foregoing, and for other valuable considerations, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Financing Application. Promptly following execution of the Agreement, Buyer shall apply for financing for its purchase of the Property. Buyer shall seek and pursue such financing in good faith and commercial best efforts and shall make every reasonable effort to obtain loan approval, including, without limitation, providing all documents and information as may reasonably be required by the applicable proposed lender(s). Buyer shall keep Seller apprised of the status of Buyer’s loan application from time to time and as requested by Seller.

2. Type of Financing. Buyer and Seller agree that Buyer shall pursue the following financing:

Conventional Financing.

First priority (senior) mortgage, deed of trust, or deed to secure debt (as the case may be, “**Mortgage**”), in the approximate original principal amount of \$ _____.

Second (subordinate) Mortgage in the approximate principal amount of \$ _____.



- USDA Guaranteed Mortgage, in the approximate amount of \$_____.
- Reverse Mortgage Financing, in the approximate amount of \$_____.
- FHA Insured Financing, in the approximate amount of \$_____.
- VA Guaranteed Financing, in the approximate amount of \$_____.
- Other. Describe: _____.

3. FHA/VA Required Provision. If the financing described above involves FHA or VA financing, it is expressly agreed that, notwithstanding any other provision of the Agreement or this Addendum to the contrary, 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. Notwithstanding the foregoing, Buyer shall have the right to proceed with the Closing without regard to the amount of the appraised valuation or the reasonable value established by the Department of Veterans Affairs; *provided, however*, if FHA financing is involved, the appraised valuation is arrived at to determine the maximum mortgage the HUD will insure. Buyer and Seller acknowledge that HUD does not warrant the value or the condition of the Property. Buyer shall satisfy himself or herself that the price and the condition of the Property are acceptable. If VA financing is involved and if Buyer elects to close on the purchase of the Property for 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's reasonable value of the Property is less than the purchase price under the Agreement, Seller may reduce the purchase price to an amount equal to the VA reasonable value, and the sale will be closed at such reduced purchase price, with proportionate adjustments to the Deposit and any loan amount.

4. Inability to Obtain Financing. If, despite Buyer's good faith and commercial best efforts, Buyer is unable to obtain the third-party financing as contemplated herein, Buyer shall have the right to terminate the Agreement and receive a full refund of the Deposit. In such an event, the Agreement shall terminate, and neither party shall have any further duties or liabilities to the other, except as to any liabilities which expressly survive the termination of the Agreement as provided in the Agreement.

5. Miscellaneous. This Addendum shall be governed by, and construed in accordance with, the laws of the jurisdiction governing the Agreement. This Addendum may be executed simultaneously or in counterparts, each of which counterpart shall be deemed an original, but all of which together shall constitute one and the same Addendum. Facsimile signatures and/or electronically transmitted pdf files of this Addendum are valid and carry the same effect as an original signature. This Addendum shall be deemed a part of the Agreement as if fully set forth



therein. Any notice provided under this Addendum shall be provided in the same manner and under the same terms as set forth in the Agreement.

WITNESS WHEREOF, the parties hereto have executed this Addendum as of the date set forth above.

BUYER:

SELLER:

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

