

**FINANCING ADDENDUM TO  
PURCHASE & SALE AGREEMENT**

The following is part of the Purchase and Sale Agreement dated \_\_\_\_\_ 1  
between \_\_\_\_\_ ("Buyer") 2  
Buyer Buyer  
and \_\_\_\_\_ ("Seller") 3  
Seller Seller  
concerning \_\_\_\_\_ (the "Property"). 4  
Address City State Zip

**1. LOAN APPLICATION.** 5

**a. Loan Application.** This Agreement is contingent on Buyer obtaining the following type of loan or loans to 6  
purchase the Property (the "Loan(s)"):  Conventional First;  Conventional Second;  Bridge;  VA;  FHA; 7  
 USDA;  Home Equity;  Down Payment Program;  Other \_\_\_\_\_ 8  
(the "Financing Contingency"). In addition to the Loans, Buyer shall make a down payment in the amount of 9  
 \$ \_\_\_\_\_; or  \_\_\_\_\_ % of the Purchase Price. Buyer shall make application for the Loans 10  
to pay the balance of the Purchase Price and pay the application fee, if required, for the subject Property within 11  
\_\_\_\_\_ days (5 days if not filled in) after mutual acceptance of this Agreement. For the purposes of this 12  
Addendum, "application" means the submission of Buyer's financial information for the purposes of obtaining an 13  
extension of credit including Buyer's name, income, social security number (if required), the Property address, 14  
purchase price, and the loan amount. If not waived, the Financing Contingency shall survive the Closing Date. 15

**b. Waiver of Financing Contingency.** If Buyer (i) fails to make application for financing for the Property within the 16  
agreed time; (ii) changes the type of loan at any time without Seller's prior written consent; or (iii) changes the 17  
lender without Seller's prior written consent after the agreed upon time to apply for financing expires, then the 18  
Financing Contingency shall be deemed waived. Buyer's waiver of the Financing Contingency under this 19  
Paragraph 1(b) also constitutes waiver of Paragraph 5 (Appraisal Less Than Sales Price). For purposes of this 20  
Addendum, "lender" means either the party to whom the application was submitted or the party funding the loan. 21  
Buyer authorizes Listing Broker and Seller to inquire about the status of Buyer's loan approval with lender any 22  
time prior to Closing. Buyer will execute an authorization form, if required by lender, to accomplish the same. 23

**2. FINANCING CONTINGENCY.** Select "a" or "b" ("a" if neither is selected). 24

**a.  Seller's Notice to Perform.** 25

**i. Notice to Perform.** At any time \_\_\_\_\_ days (21 days if not filled in) after mutual acceptance, Seller 26  
may give "Notice to Perform" requesting that Buyer waive the Financing Contingency and that Seller may 27  
give notice to terminate the Agreement at any time 3 days after delivery of that notice if Buyer does not 28  
earlier waive the Financing Contingency. NWMLS Form 22AR shall be used for this notice. 29

**ii. Notice of Termination.** If Buyer has not previously waived the Financing Contingency, Seller may give 30  
"Notice of Termination" of this Agreement any time 3 days after delivery of Notice to Perform. If Seller gives 31  
Notice of Termination before Buyer has waived the Financing Contingency, this Agreement is terminated 32  
and the Earnest Money shall be refunded to Buyer. NWMLS Form 22AR shall be used for this notice. 33

**iii. Appraisal Less Than Sales Price.** Buyer's waiver of the Financing Contingency under this Paragraph 2(a) 34  
 will; or  will not (will not, if not filled in) constitute waiver of Paragraph 5 (Appraisal Less Than Sales Price). 35

**b.  Automatic Waiver of Financing Contingency.** 36

**i. Waiver.** The Financing Contingency shall conclusively be deemed waived unless within \_\_\_\_\_ days (21 37  
days if not filled in) after mutual acceptance, Buyer gives notice of termination of this Agreement. If Buyer 38  
gives timely notice of termination, the Earnest Money shall be refunded to Buyer after Buyer delivers written 39  
confirmation from Buyer's lender as required by Paragraph 4. 40

**ii. Appraisal Less Than Sales Price.** Buyer's waiver of the Financing Contingency under this Paragraph 2(b) 41  
 will; or  will not (will not, if not filled in) constitute waiver of Paragraph 5 (Appraisal Less Than Sales Price). 42

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**3. LOAN COST PROVISIONS.** Seller shall pay up to  \$ \_\_\_\_\_; or  \_\_\_\_\_% of the Purchase Price 43  
(\$0.00 if not filled in), which shall be applied to Buyer's Loan(s) and settlement costs, including prepaids, loan 44  
discount, loan fee, interest buy down, financing, closing or other costs allowed by lender. That amount shall include 45  
the following costs that lender is prohibited from collecting from Buyer: (a) up to \$300.00 for Buyer's Loan(s) and 46  
settlement costs for FHA/USDA/VA loans; and (b) unless agreed otherwise below, Buyer's share of the escrow fee 47  
for a VA loan. Seller shall pay the costs for (a) and (b), even if the amount agreed upon in this Paragraph 3 is 48  
insufficient to pay for those costs. If checked,  Buyer shall pay Buyer's share of the escrow fee for the VA loan 49  
(note that VA regulations prohibit Buyer from paying loan and settlement costs exceeding one percent of the amount 50  
of the loan). Buyer's waiver of the Financing Contingency shall not change the parties' obligations under this 51  
Paragraph 3. 52

**4. EARNEST MONEY.** If Buyer has not waived the Financing Contingency, and is unable to obtain financing by 53  
Closing after a good faith effort then, on Buyer's notice, this Agreement shall terminate. The Earnest Money shall 54  
be refunded to Buyer after lender confirms in writing (a) the date Buyer's loan application for the Property was 55  
made, including a copy of the loan estimate that was provided to Buyer; (b) that Buyer possessed sufficient non- 56  
contingent funds to close (e.g. down payment, closing costs, etc.); and (c) the reasons Buyer was unable to obtain 57  
financing by Closing. If Seller terminates this Agreement, the Earnest Money shall be refunded without need for 58  
such confirmation. 59

**5. APPRAISAL LESS THAN SALE PRICE.** 60

**a. Notice of Low Appraisal.** If lender's appraised value of the Property is less than the Purchase Price, Buyer 61  
may, within 3 days after receipt of a copy of lender's appraisal, give notice of low appraisal, which shall include 62  
a copy of lender's appraisal. NWMLS Form 22AN may be used for the notices in this Paragraph 5. 63

**b. Seller's Response.** Seller shall, within 10 days after Buyer's notice of low appraisal, give notice of: 64

i. A reappraisal or reconsideration of value, at Seller's expense, by the same appraiser or another appraiser 65  
acceptable to lender, in an amount not less than the Purchase Price. Buyer shall promptly seek lender's 66  
approval of such reappraisal or reconsideration of value. The parties are advised that lender may elect not 67  
to accept a reappraisal or reconsideration of value; 68

ii. Seller's consent to reduce the Purchase Price to an amount not more than the amount specified in the 69  
appraisal or reappraisal by the same appraiser, or an appraisal by another appraiser acceptable to lender, 70  
whichever is higher. (This provision is not applicable if this Agreement is conditioned on FHA, VA, or USDA 71  
financing. FHA, VA, and USDA financing does not permit the Buyer to be obligated to buy if the Seller reduces 72  
the Purchase Price to the appraised value. Buyer, however, has the option to buy at the reduced price.); 73

iii. Seller's proposal to reduce the Purchase Price to an amount more than the amount specified in the 74  
appraisal and for Buyer to pay the necessary additional funds (the amount the reduced Purchase Price 75  
exceeds the appraised value) to close the sale; or 76

iv. Seller's rejection of Buyer's notice of low appraisal. 77

If Seller timely delivers notice of (i) reappraisal or reconsideration of value; or (ii) consent to reduce the Purchase 78  
Price to an amount not more than the amount specified in the appraisal (except for FHA, VA, or USDA 79  
financing), and lender accepts Seller's response, then Buyer shall be bound by Seller's response. 80

**c. Buyer's Reply.** 81

i. Buyer shall have 3 days from either Seller's notice of rejection of low appraisal or, if Seller fails to respond, 82  
the day Seller's response period ends, whichever is earlier, to (a) waive the Financing Contingency (including 83  
waiver of this Paragraph 5); or (b) terminate the Agreement, in which event the Earnest Money shall be 84  
refunded to Buyer. 85

ii. If Seller proposes to reduce the Purchase Price to an amount more than the appraised value, Buyer shall 86  
have 3 days to (a) accept and represent that Buyer has sufficient funds to close the sale in accordance with 87  
this provision; or (b) terminate the Agreement, in which event the Earnest Money shall be refunded to Buyer. 88

iii. If Seller consents to reduce the Purchase Price to an amount not more than the appraised value for FHA, VA, 89  
or USDA financing, Buyer shall have 3 days to (a) give notice that Buyer will buy at the reduced price; or (b) 90  
terminate the Agreement, in which event the Earnest Money shall be refunded to Buyer. 91

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Buyer's inaction during this reply period shall result in termination of the Agreement and return of the Earnest Money to Buyer. The Closing Date shall be extended as necessary to accommodate the foregoing times for notices. 92  
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**d. Appraisal, Inspection, and Work Orders.** Seller shall permit appraisals and inspections required by lender, including but not limited to structural, pest, heating, plumbing, roof, electrical, septic, and well inspections. Seller is not obligated to pay for such appraisals or inspections unless otherwise agreed. The parties acknowledge that the lender's appraisal may condition the appraised value of the Property on the completion and approval of work orders prior to Closing ("Appraisal Work Order"). Buyer shall, within 3 days of receiving an Appraisal Work Order, give notice to Seller, which notice shall include a copy of the Appraisal Work Order. If Buyer is unable to obtain financing by Closing due to an incomplete Appraisal Work Order then, on Buyer's notice, this Agreement shall terminate. If Buyer has not waived this Paragraph 5, the Earnest Money shall be refunded to Buyer after providing lender's confirmation in compliance with Paragraph 4, including lender's statement that Buyer was unable to obtain financing by Closing due to an incomplete Appraisal Work Order. 95  
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**6. FHA/VA/USDA - APPRAISAL CERTIFICATE.** If this Agreement is contingent on Buyer obtaining FHA, VA, or USDA financing, notwithstanding any other provisions of this Agreement, Buyer is not obligated to complete the purchase of the Property unless Buyer has been given in accordance with HUD/FHA, VA, or USDA requirements a written statement by FHA, VA, USDA or a Direct Endorsement lender, setting forth the appraised value of the Property (excluding closing costs). Seller and Buyer shall execute a document setting forth the prior provision, or similar provision, known as the FHA, VA, or USDA amendatory clause, as required by lender. Buyer shall pay the costs of any appraisal. If the appraised value of the Property is less than the Purchase Price, Buyer may give the notice of low appraisal in Paragraph 5. 105  
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**Purpose of Appraisal.** The appraised valuation is arrived at only to determine the maximum mortgage FHA, VA, or USDA will insure. FHA, VA, or USDA do not warrant the value or the condition of the Property. Buyer agrees to satisfy himself/herself that the price and condition of the Property are acceptable. 113  
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**7. VA AMENDATORY CLAUSE.** If the Buyer is obtaining VA financing, it is expressly agreed that, notwithstanding any other provisions of this contract, the purchaser shall not incur any penalty by forfeiture of earnest money or otherwise 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 purchaser 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. 116  
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**8. EXTENSION OF CLOSING.** If, through no fault of Buyer, lender is required by 12 CFR 1026 to give corrected disclosures to Buyer due to (a) a change in the Annual Percentage Rate ("APR") of Buyer's Loan(s) by .125% or more for a fixed rate loan or .250% or more for an adjustable rate loan; (b) a change in the loan product; or (c) the addition of a prepayment penalty, then upon notice from Buyer, the Closing Date shall be extended for up to 4 days to accommodate the requirements of Regulation Z of the Truth in Lending Act. This Paragraph 8 shall survive Buyer's waiver of this Financing Contingency. 122  
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