

FHA FINANCING ADDENDUM

ADDENDUM dated _____ to Contract of Sale
between Buyer _____
and Seller _____
for Property known as _____.

The Contract is contingent upon Buyer obtaining a mortgage insured by the Federal Housing Administration (FHA) and secured by the Property as follows:

1. LOAN DETAILS:

Mortgage Insurance Premium (MIP)	\$ _____	Loan Program _____
Base Loan Amount	\$ _____	TERM OF LOAN _____ Years
TOTAL LOAN AMOUNT	\$ _____	INITIAL INTEREST RATE _____%

Buyer agrees to pay to Lender loan origination/loan discount fees of _____% of the loan amount and Seller agrees to pay loan origination/loan discount fees of _____% of the loan amount. Buyer shall receive the benefit of any reduction in said fees. All loan insurance premiums as required by Lender shall be paid by Buyer.

BY ACCEPTING A LOAN AGREEMENT WHEREBY THE INTEREST RATE AND LOAN DISCOUNT FEES ARE NOT BEING LOCKED IN, BUYER AGREES TO ACCEPT THE RATE AS CHARGED BY LENDER AT THE TIME OF LOCK-IN AND THE RESPONSIBILITY FOR ANY ADDITIONAL FEES CHARGED. BUYER SHALL REMAIN BOUND TO PERFORM UNDER THE CONTRACT, NOTWITHSTANDING ANY SUCH CHANGES IN THE RATE AND/OR FEES.

2. MONTHLY PAYMENT: Payments to Lender shall include monthly principal and interest, plus one-twelfth of the annual real estate taxes, ground rent, special assessments or charges, if any, hazard (fire) insurance premium, flood insurance, private mortgage insurance where required, and FHA MIP payment.

3. LOAN UNDERWRITING: Buyer and Seller understand that the Lender will have to resubmit the loan to underwriting if, from the time Buyer's loan application was approved to the time of settlement, there are any increases to the interest rate and/or the loan origination/discount fees. To the extent such changes do not conflict with the conditions of the Contract, Buyer agrees to comply with Lender's request for additional or updated information as required to approve the loan.

4. FHA AMENDATORY CLAUSE: It is expressly agreed that notwithstanding any other provisions of the Contract, Buyer shall not be obligated to complete the purchase of the Property described herein or to incur any penalty by forfeiture of deposit or otherwise unless Buyer has been given in accordance with HUD/FHA or VA requirements a written statement 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 \$ _____. Buyer shall have the privilege and option to proceed with consummation of the Contract without regard to the amount of the appraised value. **The appraised value 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 condition of the Property are acceptable.** **NOTICE:** The dollar amount to be inserted in the amendatory clause is the purchase price as stated in the Contract. If Buyer and Seller agree to adjust the purchase price in response to an appraised value that is less than the purchase price, a new amendatory clause is **not** required. However, the loan application package must include the original Contract with the same purchase price as shown in the amendatory clause, along with the revised or amended Contract.

5. MORTGAGE INSURANCE: Buyer agrees to pay mortgage insurance premiums (MIP) as required by FHA regulations. MIP must be paid at the time of settlement in cash or included in the loan amount; **AND IN ADDITION**, a mortgage insurance premium equal to a percentage of the loan amount must be paid monthly thereafter.

6. TERMITE INSPECTION: In all transactions involving FHA financing, fences and outbuildings shall be included in the inspection and certification.

