

## CONVENTIONAL FINANCING AND APPRAISAL CONTINGENCY ADDENDUM

This Addendum is made on \_\_\_\_\_, to a sales contract ("Contract") offered on \_\_\_\_\_, between \_\_\_\_\_ ("Buyer") and \_\_\_\_\_ ("Seller") for the purchase and sale of Property: \_\_\_\_\_.

1. **SPECIFIED FINANCING** "Specified Financing" means the terms set forth in Paragraphs 2A and 2B of this Contract and the following loan terms:
  - A. **First Trust.** Buyer will  **Obtain OR**  **Assume** a  **Fixed OR** an  **Adjustable** rate First Deed of Trust loan amortized over \_\_\_\_\_ years. The interest rate for this loan is at an (initial) interest rate not to exceed \_\_\_\_\_% per year.
  - B. **Second Trust.** Buyer will  **Obtain OR**  **Assume** a  **Fixed OR** an  **Adjustable** rate Second Deed of Trust loan amortized over \_\_\_\_\_ years. The interest rate for this loan is at an (initial) interest rate not to exceed \_\_\_\_\_% per year.
2. **ALTERNATIVE FINANCING.** This financing contingency shall not apply to any Alternative Financing. "Alternative Financing" means any change to the financing terms in the Specified Financing, including but not limited to Down Payment amount, the amount financed, loan type (i.e., Conventional, FHA, VA, USDA or Other), term of any loan, interest rate, or loan program (i.e., assumption, fixed or adjustable rate).

Buyer may substitute Alternative Financing for the Specified Financing. However, Buyer shall obtain Seller's written consent and shall execute a new financing addendum (if applicable) if Buyer wishes to retain the protection of a financing contingency. Should Buyer pursue Alternative Financing without Seller's written consent, Buyer shall waive the protection of this financing contingency.

Buyer's substitution of lender(s) to which written application has been made under Paragraph 2D of this Contract shall not: (a) constitute a change in the Specified Financing; or (b) constitute Buyer Default provided there is no additional expense to Seller and Settlement Date is not delayed.

(Select Paragraph 3 OR 4)

### 3. FINANCING CONTINGENCY WITH AUTOMATIC EXTENSION.

- A. This Contract is contingent on Buyer Delivering to Seller by 9 p.m. \_\_\_\_\_ Days after Date of Ratification ("Financing Deadline") written conditional commitment(s) for Specified Financing.
- B. If Buyer has not Delivered the written conditional commitment(s) by Financing Deadline, this contingency will continue up to, and including, Settlement Date. However, upon expiration of Financing Deadline, Seller may at Seller's option Deliver Notice to Buyer that Buyer has three (3) days to void the Contract. If Buyer does not void the Contract within three (3) days following Delivery of Seller's Notice, this financing contingency is removed and the Contract will remain in full force and effect without this financing contingency.
- C. Buyer may void this Contract by Delivering to Seller, prior to the satisfaction or removal of this contingency, a written rejection from the lender(s) to whom Buyer has applied for Specified Financing. However, Buyer will be in Default whether or not this financing contingency has been removed if Settlement does not occur on Settlement Date for any reason other than Default by Seller.

D. Nothing herein shall prohibit the parties from mutually agreeing to terms acceptable to both parties in writing.

**4. FINANCING CONTINGENCY WITH AUTOMATIC EXPIRATION.**

A. This Contract is contingent on Buyer Delivering to Seller by 9 p.m. \_\_\_\_\_ Days after Date of Ratification (“Financing Deadline”) written conditional commitment(s) for Specified Financing.

B. If the Buyer has not Delivered the written conditional commitment(s) by Financing Deadline, this financing contingency will expire.

C. Buyer may void this Contract by delivering to Seller, prior to the satisfaction or expiration of this contingency, a written rejection from the lender(s) to whom Buyer has applied for Specified Financing. However, Buyer will be in Default whether or not this financing contingency has been removed if Settlement does not occur on Settlement Date for any reason other than Default by Seller.

D. Nothing herein shall prohibit the parties from mutually agreeing to terms acceptable to both parties in writing.

**5. APPRAISAL CONTINGENCY.** This Contract  is contingent **OR**  is not contingent upon an Appraisal pursuant to this paragraph. Buyer shall have until 9 p.m. \_\_\_\_\_ Days (minimum of 21 days recommended) following the Date of Ratification to obtain an Appraisal (“Appraisal Deadline”). In the event that neither box is checked, this Contract is contingent upon an Appraisal pursuant to this paragraph and the Appraisal Deadline is the Financing Deadline set forth above. Buyer shall provide Notice to Seller by the Appraisal Deadline, as follows:

A. The Appraisal is equal to or greater than the Sales Price. This contingency has been satisfied and removed. The parties shall proceed to Settlement; **OR**

B. The Appraisal is equal to or greater than the Sales Price. However, Buyer elects not to proceed with consummation of this Contract because Property does not satisfy the lender(s) requirements, the Appraisal does not allow for the Specified Financing or Property is inadequate collateral. Such Notice must be accompanied by a written denial of the financing showing written evidence of the lender(s)’s decision concerning Property. Buyer must provide such written evidence concurrently with Buyer’s Notice of election not to proceed; **OR**

C. The Appraisal is not equal to or greater than the Sales Price and Buyer elects not to proceed with consummation of this Contract unless Seller elects to lower the Sales Price to the appraised value. Buyer’s Notice shall include a copy of the written statement setting forth the appraised value of Property. It will be Seller’s option to lower the Sales Price to the appraised value and the parties shall proceed to Settlement at the lower Sales Price. If Seller does not make this election, the parties may agree to mutually acceptable terms. Each election must be made by Notice within 3 Days after Notice from the other party. The parties will immediately sign any appropriate amendments. If the parties fail to agree, this Contract will become void; **OR**

D. Buyer elects to proceed with consummation of this Contract without regard to the Appraisal. The parties shall proceed to Settlement.

If Buyer fails to give Seller Notice by the Appraisal Deadline, this contingency will continue, unless Seller at Seller’s option gives Notice to Buyer that this Contract will become void. If Seller delivers

such Notice, this Contract will become void at 9 p.m. on the third day following Delivery of Seller's Notice, unless prior to such date and time Buyer delivers the required Notice.

**6. LENDER REQUIRED REPAIRS.** If, as a condition of providing financing under this Contract, the lender(s) requires repairs to be made to Property, then Buyer will give Notice to Seller of the lender(s)'s required repairs. Within 5 Days after such Notice, Seller will give Notice to Buyer as to whether Seller will make the repairs. If Seller will not make the repairs, Buyer will give Notice to Seller within 5 Days after Seller's Notice as to whether Buyer will make the repairs. If neither Seller nor Buyer will make the repairs, then this Contract will become void. This clause will not release Seller from any responsibilities set forth in the paragraphs titled UTILITIES WATER, SEWAGE, HEATING AND CENTRAL AIR CONDITIONING; PERSONAL PROPERTY AND FIXTURES; WOOD-DESTROYING INSECT INSPECTION; or in the Private Well and/or Septic System Addendum or any terms specifically set forth in this Contract and any addenda.

**SELLER:**

\_\_\_\_\_/\_\_\_\_\_  
Date      Signature

\_\_\_\_\_/\_\_\_\_\_  
Date      Signature

\_\_\_\_\_/\_\_\_\_\_  
Date      Signature

\_\_\_\_\_/\_\_\_\_\_  
Date      Signature

**BUYER:**

\_\_\_\_\_/\_\_\_\_\_  
Date      Signature

\_\_\_\_\_/\_\_\_\_\_  
Date      Signature

\_\_\_\_\_/\_\_\_\_\_  
Date      Signature

\_\_\_\_\_/\_\_\_\_\_  
Date      Signature

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