



PROMULGATED BY THE TEXAS REAL ESTATE COMMISSION (TREC)

### THIRD PARTY FINANCING ADDENDUM

TO CONTRACT CONCERNING THE PROPERTY AT

(Street Address and City)

A. TYPE OF FINANCING AND DUTY TO APPLY AND OBTAIN APPROVAL: Buyer shall apply promptly for all 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. (Check applicable boxes):

- 1. Conventional Financing:
  - (a) A first mortgage loan in the principal amount of \$ \_\_\_\_\_ (excluding any financed PMI premium), due in full in \_\_\_\_\_ year(s), with interest not to exceed \_\_\_\_\_% per annum for the first \_\_\_\_\_ year(s) of the loan with Origination Charges as shown on Buyer's Loan Estimate for the loan not to exceed \_\_\_\_\_% of the loan.
  - (b) A second mortgage loan in the principal amount of \$ \_\_\_\_\_ (excluding any financed PMI premium), due in full in \_\_\_\_\_ year(s), with interest not to exceed \_\_\_\_\_% per annum for the first \_\_\_\_\_ year(s) of the loan with Origination Charges as shown on Buyer's Loan Estimate for the loan not to exceed \_\_\_\_\_% of the loan.
- 2. Texas Veterans Loan: A loan(s) from the Texas Veterans Land Board of \$ \_\_\_\_\_ for a period in the total amount of \_\_\_\_\_ years at the interest rate established by the Texas Veterans Land Board.
- 3. FHA Insured Financing: A Section \_\_\_\_\_ FHA insured loan of not less than \$ \_\_\_\_\_ (excluding any financed MIP), amortizable monthly for not less than \_\_\_\_\_ years, with interest not to exceed \_\_\_\_\_% per annum for the first \_\_\_\_\_ year(s) of the loan with Origination Charges as shown on Buyer's Loan Estimate for the loan not to exceed \_\_\_\_\_% of the loan.
- 4. VA Guaranteed Financing: A VA guaranteed loan of not less than \$ \_\_\_\_\_ (excluding any financed Funding Fee), amortizable monthly for not less than \_\_\_\_\_ years, with interest not to exceed \_\_\_\_\_% per annum for the first \_\_\_\_\_ year(s) of the loan with Origination Charges as shown on Buyer's Loan Estimate for the loan not to exceed \_\_\_\_\_% of the loan.
- 5. USDA Guaranteed Financing: A USDA-guaranteed loan of not less than \$ \_\_\_\_\_ (excluding any financed Funding Fee), amortizable monthly for not less than \_\_\_\_\_ years, with interest not to exceed \_\_\_\_\_% per annum for the first \_\_\_\_\_ year(s) of the loan with Origination Charges as shown on Buyer's Loan Estimate for the loan not to exceed \_\_\_\_\_% of the loan.
- 6. Reverse Mortgage Financing: A reverse mortgage loan (also known as a Home Equity Conversion Mortgage loan) in the original principal amount of \$ \_\_\_\_\_ (excluding any financed PMI premium or other costs), with interest not to exceed \_\_\_\_\_% per annum for the first \_\_\_\_\_ year(s) of the loan with Origination Charges as shown on 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.

Initialed for identification by Buyer \_\_\_\_\_ and Seller \_\_\_\_\_

(Address of Property)

B. APPROVAL OF FINANCING: Approval for the financing described above will be deemed to have been obtained when Buyer Approval and Property Approval are obtained.

1. Buyer Approval:

- This contract is subject to Buyer obtaining Buyer Approval. If Buyer cannot obtain Buyer Approval, Buyer may give written notice to Seller within \_\_\_\_\_ days after the effective date of this contract and this contract will terminate and the earnest money will be refunded to Buyer. If Buyer does not terminate the contract under this provision, the contract shall no longer be subject to the Buyer obtaining Buyer Approval. Buyer Approval will be deemed to have been obtained when (i) the terms of the loan(s) described above are available and (ii) lender determines that Buyer has satisfied all of lender's requirements related to Buyer's assets, income and credit history.
- This contract is not subject to Buyer obtaining Buyer Approval.

2. Property Approval: Property Approval will be deemed to have been obtained when the Property has satisfied lender's underwriting requirements for the loan, including but not limited to appraisal, insurability, and lender required repairs. If Property Approval is not obtained, Buyer may terminate this contract by giving notice to Seller before closing and the earnest money will be refunded to Buyer.

3. Time is of the essence for this paragraph and strict compliance with the time for performance is required.

C. SECURITY: Each note for the financing described above must be secured by vendor's and deed of trust liens.

D. FHA/VA REQUIRED PROVISION: If the financing described above involves FHA insured or VA financing, it is expressly agreed that, notwithstanding any other provision of this contract, the purchaser (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: (i) 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 \$ \_\_\_\_\_; or (ii) if the contract purchase price or cost exceeds the reasonable value of the Property established by the Department of Veterans Affairs.

- (1) The Buyer shall have the privilege and option of proceeding with consummation of the contract without regard to the amount of the appraised valuation or the reasonable value established by the Department of Veterans Affairs.
- (2) 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. The Buyer should satisfy himself/herself that the price and the condition of the Property are acceptable.
- (3) 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 approved by VA. If VA reasonable value of the Property is less than the Sales Prices, 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.

E. AUTHORIZATION TO RELEASE INFORMATION:

- (1) Buyer authorizes Buyer's lender to furnish to Seller or Buyer or their representatives information relating to the status of the approval for the financing.
- (2) Seller and Buyer authorize 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 this sale to the parties' respective brokers and sales agents identified on the last page of the contract.

[Empty signature box for Buyer]

Buyer

[Empty signature box for Seller]

Seller

[Empty signature box for Buyer]

Buyer

[Empty signature box for Seller]

Seller

This form has been approved by the Texas Real Estate Commission for use with similarly approved or promulgated contract forms. Such approval relates to this form only. TREC forms are intended for use only by trained real estate license holders. No representation is made as to the legal validity or adequacy of any provision in any specific transactions. It is not intended for complex transactions. Texas Real Estate Commission, P.O. Box 12188, Austin, TX 78711-2188, (512) 936-3000 (http://www.trec.texas.gov) TREC No. 40-7. This form replaces TREC No. 40-6.