

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.
- 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.
- 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"). If 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 Deliver Notice to Seller by the Appraisal Deadline, as follows ("Appraisal Contingency Notice"):

- 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 at the Sales Price; **OR**
- B. Buyer elects to proceed with consummation of this Contract without regard to the Appraisal and this contingency is removed. The parties shall proceed to Settlement at the Sales Price; **OR**
- C. The Appraisal is equal to or greater than the Sales Price but Buyer elects not to proceed with consummation of this Contract because Property either (i) does not satisfy the lender(s) requirements, (ii) the Appraisal does not allow for the Specified Financing, and/or (iii) Property is inadequate collateral. Buyer may void this Contract under this subparagraph by Delivering to Seller Appraisal Contingency Notice accompanied by a written denial of the financing showing evidence of the lender(s)'s decision concerning Property; **OR**
- D. The Appraisal is less than the Sales Price and Buyer elects not to proceed with consummation of this Contract unless Seller elects to lower the Sales Price. Buyer's Appraisal Contingency Notice shall include a copy of the written statement setting forth the appraised value of the Property and Buyer's proposed sales price, which shall not be lower than the appraised value.

Negotiation Period. In the event of this sub-Paragraph 5(D), the parties shall have until 9:00 p.m. _____ days after Buyer's Delivery of Appraisal Contingency Notice to negotiate a mutually acceptable new Sales Price.

At any time during Negotiation Period, Buyer or Seller may make, modify, rescind, or alter as many offers and counter-offers as desired to reach mutually acceptable terms. Buyer and Seller may agree on terms by signing a written addendum describing the agreed upon new Sales Price within Negotiation Period. Otherwise, all offers and/or counteroffers terminate.

Buyer's Election Period. If, at the end of Negotiation Period, the parties are unable to reach an agreement, Buyer shall have the option to void this Contract by Delivering Notice to Seller by 9:00 p.m. _____ days following the end of Negotiation Period, otherwise this appraisal contingency shall be removed, and this Contract will remain in full force and effect at the original Sales Price.

If Buyer has not Delivered Appraisal Contingency Notice by Appraisal Deadline, this appraisal contingency will continue up to, and including, Settlement Date. However, upon expiration of Appraisal 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 appraisal contingency is removed, and the Contract will remain in full force and effect without this appraisal contingency.

- 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 five (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 five (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:

BUYER:

Date / Signature

Date / Signature

Date / Signature

Date / Signature

Date / Signature

Date / Signature

Date / Signature

Date / Signature

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