

**US DEPARTMENT OF AGRICULTURE (USDA) 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 the Property: _____

1. **DEED(S) OF TRUST** Buyer shall pay upfront and/or monthly mortgage insurance premiums as required by lender guidelines.
2. **USDA LOAN TERMS** The terms of the PRICE AND SPECIFIED FINANCING paragraph of this Contract are amended to include a Rural Housing Guarantee Fee of \$_____.

3. FINANCING CONTINGENCY

A. This Contract is contingent until 9 p.m. _____ days after Date of Ratification (“Financing Deadline”) upon Buyer obtaining and delivering to Seller a written commitment(s) or conditional commitment(s), as the case may be, for the financing described in the PRICE AND SPECIFIED FINANCING paragraph of this Contract.

NOTICE: Lender’s written commitment shall not be delivered prior to lender’s receipt of satisfactory appraisal(s).

B. If this contingency has not been satisfied by the Financing Deadline, this contingency will continue up to and including Settlement Date. However, upon expiration of the Financing Deadline, Seller may at Seller’s option Deliver Notice to Buyer that Buyer has three days to void the Contract. If Buyer does not void the Contract within three days following Delivery of Seller’s Notice, this contingency is removed and the Contract will remain in full force and effect with no Financing Contingency.

C. This Contract will become void if, prior to satisfaction of this contingency, Buyer receives a written rejection from the USDA or lender(s) to whom Buyer has applied pursuant to Paragraph 2 for the Specified Financing and Delivers a copy of the written rejection to Seller on or before Settlement Date.

D. Buyer will be in Default whether or not the Financing Contingency has been removed if Settlement does not occur on Settlement Date for any reason other than Default by Seller.

E. If this Contingency has expired, or not been removed or satisfied, any delay of the Settlement Date necessary to comply with Buyer’s lender’s obligations pursuant to the TILA-RESPA Integrated Disclosure rule, is not a Default by Buyer; but, Seller may declare the Contract void in writing.

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

4. **MORTGAGE INSURANCE/RURAL HOUSING GUARANTEE FEE** Buyer agrees to pay a Rural Housing Guarantee Fee as required by USDA regulations. The Rural Housing Guarantee Fee must be paid at the time of settlement in cash or included in the loan amount; and in addition, a Rural Development Annual Premium equal to a percentage of the loan amount must be paid monthly thereafter if required under the terms of the loan.

5. APPRAISAL CONTINGENCY

A. **USDA Amendatory Clause.** It is expressly agreed that, notwithstanding any other provisions of this Contract, Buyer shall not be obligated to complete the purchase of the Property described herein or incur any penalty by forfeiture of deposit or otherwise unless Buyer has been given in accordance with HUD/USDA or VA requirements a written statement by the Federal Housing Commissioner, the 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 for five (5) days after receipt of the appraisal to proceed with the consummation of this Contract without regard to the appraised value by giving Seller written Notice of Buyer's intention to do so. The appraised value is arrived at to determine the maximum mortgage that the USDA will insure. The USDA does not warrant the value or condition of the Property. Buyer should ensure that the price and condition of the Property are acceptable to Buyer.

NOTICE: The dollar amount to be inserted in the Amendatory Clause is the purchase price as stated in this 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.

B. **Procedure in the event of a low appraisal.** In the event that the written statement setting forth the appraised value of the Property ("Written Statement") indicates a value less than the Sales Price, Buyer shall Deliver Notice to Seller (1) stating that Buyer elects to proceed to Settlement at the Sales Price in the Contract; or (2) requesting that Seller change the Sales Price to a specified lower amount of not less than the appraised value ("Buyer's Notice"); or (3) voiding this Contract based on the low appraisal. Buyer's Notice shall include a copy of the Written Statement. In the event Buyer's Notice requests a price reduction, Notices delivered subsequent to the delivery of Buyer's Notice shall be treated as follows:

Within three Days after Notice Delivery from one party, the other party may:

- 1) Deliver Notice accepting the terms contained in the other party's Notice; **OR**
- 2) Deliver Notice continuing negotiations by making another offer; **OR**
- 3) Deliver Notice that this Contract shall become void at 9:00 p.m. on the third Day following Delivery, unless the recipient Delivers to the other party Notice of

acceptance of the last Delivered offer prior to that date and time, in which case, this Contract will remain in full force and effect.

- 5. **WOOD-DESTROYING INSECT INSPECTION** Fences and outbuildings shall be included in the inspection and certification.
- 6. **SELLER SUBSIDY** Seller will pay at Settlement \$_____ toward Buyer's charges (including but not limited to loan origination fees, discount points, buy down or subsidy fees, prepaids or other charges) as allowed by lender(s). It is Buyer's responsibility to confirm with his lender(s) that the entire credit provided herein may be utilized. If lender(s) prohibits Seller from the payment of any portion of this credit, then said credit shall be reduced to the amount allowed by lender(s).
- 7. **LENDER REQUIRED REPAIRS** If, as a condition of providing financing under this Contract, the USDA/lender(s) requires repairs to be made to the 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

AGENT/BROKER:

_____/_____
 Date Signature

AGENT/BROKER:

_____/_____
 Date Signature



Educational Version

