

VA FINANCING CONTINGENCY ADDENDUM

This addendum is made on _____, _____ to a sales contract ("Contract") dated _____, _____ between _____ ("Purchaser") and _____ ("Seller") for the purchase and sale of the property ("Property"): _____

NOTICE: THE PARTIES SHOULD NOT INCLUDE A SEPARATE APPRAISAL CONTINGENCY IN THIS CONTRACT, SINCE THE FEDERALLY MANDATED APPRAISAL LANGUAGE FOR VA LOANS IS CONTAINED IN THE VA NOTICE OF VALUE PARAGRAPH BELOW.

1. **FIRST DEED OF TRUST:** Buyer will obtain a First Deed of Trust loan in the amount of \$_____ amortized over _____ years at a Fixed or an Adjustable rate bearing (initial) interest of _____% per year or market rate available. Buyer shall pay the VA Funding Fee as required by VA regulations. Subject to lender's approval, Buyer reserves the right to finance the VA Funding Fee, in which event such amount shall be added to the loan amount.
2. **FINANCING CONTINGENCY:** This Contract is contingent until 9:00 p.m. _____ Days after Date of Ratification ("Financing Deadline") upon Buyer Delivering Notice to Seller removing the Financing Contingency. This Contingency may only be removed by either (1) ("All Cash Option") Buyer Delivering Form #100 (NVAR - K1331) to Seller with evidence of sufficient funds available to complete Settlement without obtaining financing; or (2) ("Loan Option") Buyer Delivering to Seller Form #100 (NVAR - K1331) which shall or shall not be accompanied by a letter from the lender ("Lender's Letter"). Such Lender's Letter shall include the following statements or statements substantially similar thereto:
 - a) Buyer is approved for the Specified Financing,
 - b) a ratified Contract has been received,
 - c) a written application for the financing has been made,
 - d) income, asset, and liability documentation on Buyer has been received,
 - e) Buyer's credit has been reviewed, and
 - f) the application has been reviewed and meets underwriter and investor guidelines

NOTICE: Unless Buyer is removing the Financing Contingency using the All Cash Option, Form #100 (NVAR - K1331) shall not be de-livered prior to lender's receipt of a satisfactory appraisal(s).

If Buyer fails to remove the Financing Contingency by the Financing 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 9:00 p.m. on the third Day following Delivery of Seller's Notice unless, prior to that date and time, Buyer re-moves the Financing Contingency using the All Cash Option or Loan Option described above.

Prior to satisfaction or removal of the Financing Contingency, if Buyer receives a written rejection for the Specified Financing and Delivers a copy of the written rejection to Seller, this Contract will become void.

3. APPRAISAL PROVISIONS:

- A. VA Notice of Value: It is expressly agreed that notwithstanding any other provisions of this Contract, the Buyer shall not incur any penalty by forfeiture of earnest money or otherwise or be obligated to complete the purchase of the Property described herein, if the contract purchase price or cost exceeds the reasonable value of the Property established by the Department of Veterans Affairs. The Buyer shall, however, have the privilege and option to proceed with consummation of this Contract without regard to the amount of reasonable value established by the Department of Veterans Affairs.
- B. Procedure in the event of a low appraisal: In the event that the written statement setting forth the appraised value of the Property (the "Written Statement") indicates a value less than the sales price, Buyer shall Deliver Notice to Seller stating either (1) 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"). 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 3 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.

FAILURE OF EITHER PARTY TO RESPOND WITHIN 3 DAYS OF NOTICE DELIVERY WILL RESULT IN THIS CONTRACT BECOMING VOID.

- 4. **SELLER SUBSIDY/SELLER LOAN CHARGES:** Based upon the financing terms specified in this contract, 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). The total amount of any lender charges which cannot by law or regulation be charged to Buyer will be paid by the Seller. These charges will first be deducted from any Seller credit, and the remaining balance of the Seller credit, if any, will then be applied to Buyer's other charges. Buyer will pay all remaining Buyer's charges. It is Buyer's responsibility to confirm with his lender that the entire credit provided herein may be utilized. If lender prohibits Seller from the payment of any portion of this credit, then said credit shall be reduced to the amount allowed by lender.
- 5. **TERMITE INSPECTION:** Fences and outbuildings shall be included in the inspection and certification, and Seller shall pay for any termite inspection required under the sales contract or by lender.

- 6. LENDER REQUIRED REPAIRS:** If, as a condition of providing financing under this Contract, the lender requires re-pairs to be made to the Property, then Buyer will give Notice to Seller of the lender'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 any paragraphs contained in the Contract dealing with the condition of the Property or termites, or any terms specifically set forth in this Contract and any addenda. If the Property is sold "as is" Buyer will be responsible for all repairs.
- 7. DEPOSIT:** If the Contract involves a newly constructed and previously unoccupied residential property, or is a contract for the construction of a property, in a project for which the Department of Veterans Affairs has issued a Notice of Value, the Deposit shall be handled in accordance with the provisions of Title 38, Section 3706 of the US Code.

SELLER:

_____/_____
Date Signature

_____/_____
Date Signature

_____/_____
Date Signature

PURCHASER:

_____/_____
Date Signature

_____/_____
Date Signature

_____/_____
Date Signature

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