# Addendum for Financing Contingency under the U.S. Department of Agriculture (USDA)

This Addendum is made on ___________, to a sales agreement (“Agreement”) offered on _______ ___________________________________, between ________________________________ (“Purchaser”) and ___________________________________________________________ (“Seller”) for the purchase and sale of Property: _____________________________________________________
_________________________________________________________________________________________

1. **DEED(S) OF TRUST** buyer will be responsible for paying the upfront and/or monthly mortgage insurance premiums as stipulated by the lender's requirements.

2. **USDA LOAN TERMS** The terms outlined in the PRICE AND SPECIFIED FINANCING section of this Agreement are revised to incorporate a Rural Housing Guarantee Fee as mandated by the lending institution.

3. **FINANCING CONTINGENCY**

   A. This Agreement is contingent until 9 p.m. ______________ days following the Date of Ratification (“Financing Deadline”), contingent upon the Buyer securing and providing the Seller with a written commitment(s) or conditional commitment(s), as applicable, for the financing outlined in the PRICE AND SPECIFIED FINANCING section of this Agreement.

   NOTICE: The lender’s written commitment will not be provided until the lender has received an acceptable appraisal(s).

   B. If this condition is not met by the Financing Deadline, it will remain in effect until the Settlement Date. However, after the Financing Deadline has passed, the Seller may, at their discretion, provide Notice to the Purchaser, giving them three days to cancel the Agreement. If the Purchaser does not cancel the Agreement within three days of receiving the Seller's Notice, this condition will be waived, and the Agreement will continue in full force without the Financing Condition.

   C. The Agreement will be deemed void if, before this condition is met, the Buyer receives a formal denial from the USDA or the lender(s) to whom the Purchaser applied for the Specified Financing under Paragraph 2, and the Buyer provides the Seller with a copy of the written denial on or before the Settlement Date.

   D. The Purchaser will be considered in Default if Settlement does not take place on the Settlement Date for any reason other than the Seller's Default, regardless of whether the Financing Contingency has been waived.

   E. If this Contingency has expired, or has not been satisfied or waived, any delay in the Settlement Date required to meet the Purchaser's lender obligations under the TILA-RESPA Integrated Disclosure rule will not be considered a Default by the Purchaser. However, the Seller has the option to declare the Agreement void in writing.

F. Nothing in this agreement shall prevent the parties from mutually agreeing to terms that are acceptable to both, provided such terms are documented in writing.

4. **MORTGAGE INSURANCE/RURAL HOUSING GUARANTEE FEE** The Purchaser agrees to pay a Rural Housing Guarantee Fee as mandated by USDA regulations. This fee must be paid at the time of settlement either in cash or as part of the loan amount. Additionally, if required under the loan terms, a Rural Development Annual Premium, calculated as a percentage of the loan amount, must be paid on a monthly basis thereafter.

5. **APPRAISAL CONTINGENCY**

USDA Amendatory Clause: It is explicitly agreed that, despite any other terms in this Agreement, the Purchaser is not required to complete the acquisition of the Property mentioned herein or face any penalty, including the forfeiture of the deposit, unless the Purchaser has received, in compliance with HUD/USDA or VA standards, a written statement from the Federal Housing Commissioner, the Department of Veterans Affairs, or a Direct Endorsement Lender, indicating that the appraised value of the Property is at least $________________________ The Purchaser has the right and option, within five (5) days of receiving the appraisal, to proceed with the closing of this Agreement, regardless of the appraised value, by providing the Seller with written Notice of the Purchaser's intent to do so. The appraised value is determined to establish the maximum mortgage amount the USDA will insure. The USDA does not guarantee the value or condition of the Property. The Purchaser should confirm that the price and condition of the Property are acceptable.

NOTICE: The dollar amount to be included in the Amendatory Clause shall be the purchase price specified in this Agreement. If the Purchaser and Seller mutually agree to modify the purchase price based on an appraised value that is lower than the purchase price, a new Amendatory Clause will not be necessary.

A. Procedure in the Case of a Low Appraisal: If the written statement outlining the appraised value of the Property ("Written Statement") shows a value lower than the Sales Price, the Purchaser must deliver Notice to the Seller, stating (1) the Purchaser's decision to proceed to Settlement at the Sales Price stated in the Agreement; or (2) requesting the Seller to lower the Sales Price to a specified amount not below the appraised value ("Purchaser Notice"); or (3) terminating this Agreement due to the low appraisal. The Purchaser Notice must include a copy of the Written Statement. If the Purchaser Notice requests a reduction in price, any Notices delivered after the Purchaser Notice will be treated as follows:

Within three days of receiving Notice from one party, the other party may:

1) Deliver Notice agreeing to the terms outlined in the other party's Notice; OR

2) Deliver Notice to continue negotiations by presenting a new offer; OR

3) Deliver Notice stating that this Agreement will become void at 9:00 p.m. on the third day after Delivery, unless the recipient delivers a Notice of acceptance of the most recent offer made prior to that date and time, in which case, this Agreement will remain valid and in effect.

6. **WOOD-DESTROYING INSECT INSPECTION** Fences and outbuildings will be part of the inspection and certification process.

7. **SELLER SUBSIDY** At Settlement, the Seller will contribute the Seller Subsidy towards the Purchaser's charges (which may include, but are not limited to, loan origination fees, discount points, buy-down or subsidy fees, prepaids, or other charges) as permitted by the lender(s). It is the Purchaser's responsibility to verify with their lender(s) that the full credit provided can be applied. If the lender(s) prohibit the Seller from paying any part of this credit, the credit will be reduced to the amount allowed by the lender(s).

8. **LENDER REQUIRED REPAIRS** If the USDA/lender(s) require repairs to be made to the Property as a condition of providing financing under this Agreement, the Purchaser will notify the Seller of the required repairs. Within 5 days of receiving this Notice, the Seller will inform the Purchaser whether they will undertake the repairs. If the Seller refuses to make the repairs, the Purchaser will notify the Seller within 5 days of the Seller's Notice as to whether the Purchaser will make the repairs. If neither party agrees to make the repairs, the Agreement will become void. This provision does not relieve the Seller of any responsibilities outlined in the sections 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 specific terms mentioned in this Agreement and its addenda.

| SELLER: | PURCHASER: |
|---|---|
| __________/____________________________ | __________/____________________________ |
| Date Signature | Date Signature |
| __________/____________________________ | __________/____________________________ |
| Date Signature | Date Signature |