VA FINANCING CONTINGENCY ADDENDUM

This addendum is made on ___________________, to a Sales Agreement ("Agreement") offered on __________________________________, between ______ ("Purchaser") and ___ ____ ("Seller") for the purchase and sale of the Property: ____ ____.

NOTICE: The parties should avoid adding a separate appraisal contingency to this Agreement, as the federally required appraisal provisions for VA loans are already included in the VA Notice of Value section below.

1. **DEED(S) OF TRUST** The buyer agrees to cover any upfront and monthly mortgage insurance premiums as stipulated by the lender's guidelines. Additionally, the buyer shall pay the VA Funding Fee in accordance with VA regulations. With lender approval, the buyer retains the option to finance the VA Funding Fee, in which case the fee will be included in the total loan amount.

2. **FINANCING CONTINGENCY**

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

   B. If this contingency is not fulfilled by the Financing Deadline, it will remain in effect until the Settlement Date. However, once the Financing Deadline has passed, the Seller may, at their discretion, provide written Notice to the Buyer, granting the Buyer three days to cancel the Agreement. If the Buyer does not cancel the Agreement within three days of receiving the Seller's Notice, the financing contingency will be deemed removed, and the Agreement will continue to be fully enforceable without a Financing Contingency.

   C. This Agreement shall be deemed void if, before fulfilling this contingency, the Buyer receives a written denial from the lender(s) to whom they applied for the Specified Financing under Paragraph 2 and provides a copy of the denial to the Seller on or before the Settlement Date.

   D. The Buyer will be considered in Default, regardless of whether this contingency has been removed, if settlement does not occur on the Settlement Date for any reason other than the Seller's Default.

   E. If this contingency has expired, or has not been removed or fulfilled, any delay in the Settlement Date required to comply with the Buyer's lender's obligations under the TILA-RESPA Integrated Disclosure rule shall not constitute a Default by the Buyer; however, the Seller may choose to void the Agreement in writing.

   F. Nothing in this section prevents the parties from mutually agreeing, in writing, to terms that are acceptable to both parties.

NOTICE: The lender's written commitment shall not be provided until the lender has received a satisfactory appraisal.

Seller: _______/_______ Buyer: _______/_______

3. **APPRAISAL PROVISIONS**

A. VA Notice of Value It is specifically agreed that, regardless of any other terms in this Agreement, the Buyer will not be penalized by losing earnest money or in any other way, nor will they be required to finalize the purchase of the Property if the purchase price or cost surpasses the fair market value as determined by the Department of Veterans Affairs. However, the Buyer retains the right and choice to proceed with completing this Agreement, even if the Department of Veterans Affairs has set a lower reasonable value.

B. If the written appraisal report ("Written Statement") determines that the Property's appraised value is lower than the agreed-upon Sales Price, the Buyer shall provide written Notice to the Seller, choosing one of the following options: (1) confirming their decision to proceed with the purchase at the original Sales Price stated in this Agreement; (2) requesting a reduction in the Sales Price to a specific lower amount that is at least equal to the appraised value ("Buyer's Notice"); or (3) canceling this Agreement due to the low appraisal. The Buyer's Notice must include a copy of the Written Statement. If the Buyer's Notice requests a price adjustment, any further Notices given after its Delivery shall be handled as follows:

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

1) Send a Notice agreeing to the terms outlined in the initial Notice; OR
2) Send a Notice proposing new terms to continue negotiations; OR
3) Send a Notice stating that this Agreement will automatically terminate at 9:00 p.m. on the third day after delivery unless the recipient provides a Notice of acceptance of the most recent offer before that deadline, in which case the Agreement will remain valid and enforceable.

IF NEITHER PARTY RESPONDS WITHIN THREE DAYS OF RECEIVING THE NOTICE, THIS AGREEMENT WILL BE DEEMED NULL AND VOID.

4. **SELLER SUBSIDY** Under the financing terms outlined in this Agreement, the Seller will cover the Seller Subsidy at Settlement, which will go toward the Purchaser's costs, including but not limited to loan origination fees, discount points, buy-down or subsidy fees, prepaid expenses, or other charges permitted by the lender. Any lender-imposed fees that cannot legally or regulatory be charged to the Purchaser will be covered by the Seller. These fees will first be deducted from any Seller credit, with any remaining Seller credit applied to other Purchaser costs. The Purchaser is responsible for paying all outstanding charges. It is the Purchaser's duty to verify with their lender that the full credit can be utilized. If the lender restricts the Seller from covering any portion of this credit, the credit will be adjusted to the maximum amount permitted.

5. **WOOD-DESTROYING INSECT INSPECTION** Fences and outbuildings will be included in the inspection and certification. The Seller will cover the cost of any wood-destroying insect inspection required by this Agreement or the lender.

Seller: ______/______ Purchaser: ______/______

6. **LENDER REQUIRED REPAIRS** If the lender requires repairs to the Property as a condition for financing under this Agreement, the Buyer must notify the Seller of the required repairs. The Seller then has five days from receiving this notice to inform the Buyer whether they agree to complete the repairs. If the Seller declines, the Buyer has five days to notify the Seller whether they will take responsibility for the repairs. If neither party agrees to complete the necessary repairs, this Agreement will be null and void. However, this provision does not relieve the Seller of any obligations outlined in the sections titled UTILITIES, WATER, SEWAGE, HEATING, AND CENTRAL AIR CONDITIONING; PERSONAL PROPERTY AND FIXTURES; WOOD-DESTROYING INSECT INSPECTION; the Private Well and/or Septic System Addendum, or any other specific terms included in this Agreement and its addenda.

7. **DEPOSIT** If this Agreement pertains to a newly built and never-before-occupied residential property or involves the construction of a property within a development where the Department of Veterans Affairs has issued a Notice of Value, the Deposit must be managed in compliance with Title 38, Section 3706 of the U.S. Code.

SELLER:

__________/____________________________
Date Signature

__________/____________________________
Date Signature

PURCHASER:

__________/____________________________
Date Signature

__________/____________________________
Date Signature