02-13-06

PROMULGATED BY THE TEXAS REAL ESTATE COMMISSION (TREC)

**THIRD** **PARTY** **FINANCING** **CONDITION** **ADDENDUM** TO CONTRACT CONCERNING THE PROPERTY AT

(Street Address and City)

Buyer shall apply promptly for all financing described below and make every reasonable effort to obtain approval for the financing (Financing Approval). Buyer shall furnish all information and documents required by lender for Financing Approval. Financing Approval will be deemed to have been obtained when (1) the terms of the loan(s) described below are available and (2) lender determines that Buyer has satisfied all of lender's financial requirements (those items relating to Buyer's assets, income and credit history). If Buyer cannot obtain Financing Approval, Buyer may give written notice to Seller within days after the effective date of this contract and this contract will terminate and the earnest money will be refunded to Buyer. **If** **Buyer** **does** **not** **give** **such** **notice** **within** **the** **time** **required,** **this** **contract** **will** **no** **longer** **be** **subject** **to** **Financing** **Approval.** **Time** **is** **of** **the** **essence** **for** **this** **paragraph** **and** **strict** **compliance** **with** **the** **time** **for** **performance** **is** **required.**

*NOTE:* *Financing* *Approval* *does* *not* *include* *approval* *of* *lender's* *underwriting* *requirements* *for* *the* *Property,* *as* *specified* *in* *Paragraph* *4.A.(1)* *of* *the* *contract.*

Each note must be secured by vendor’s and deed of trust liens.

**CHECK** **APPLICABLE** **BOXES:**

A. CONVENTIONAL FINANCING:

(1) A first mortgage loan in the principal amount of $ (excluding any financed PMI premium), due in full in year(s), with interest not to exceed % per annum for the first year(s) of the loan with Loan Fees (loan origination, discount, buy-down, and commitment fees) not to exceed

% of the loan.

(2) A second mortgage loan in the principal amount of $ (excluding any financed PMI premium), due in full in year(s), with interest not to exceed % per annum for the first year(s) of the loan with Loan Fees (loan origination, discount, buy-down, and commitment fees) not to exceed

% of the loan.

B. TEXAS VETERANS HOUSING ASSISTANCE PROGRAM LOAN: A Texas Veterans Housing Assistance Program Loan of $ for a period of at least years at the interest rate established by the Texas Veterans Land Board.

C. FHA INSURED FINANCING: A Section FHA insured loan of not less than $ (excluding any financed MIP), amortizable monthly for not less than

years, with interest not to exceed % per annum for the first year(s) of the loan with Loan Fees (loan origination, discount, buy-down, and commitment fees) not to exceed % of the loan. As required by HUD-FHA, if FHA valuation is unknown, *"It* *is* *expressly* *agreed* *that,* *notwithstanding* *any* *other* *provision* *of* *this* *contract,* *the* *purchaser* *(Buyer)* *shall* *not* *be* *obligated* *to* *complete* *the* *purchase* *of* *the* *Property* *described* *herein* *or* *to* *incur* *any* *penalty* *by* *forfeiture* *of* *earnest* *money* *deposits* *or* *otherwise* *unless* *the* *purchaser* *(Buyer)* *has* *been* *given* *in* *accordance* *with* *HUD/FHA* *or* *VA* *requirements* *a* *written* *statement* *issued* *by* *the* *Federal* *Housing* *Commissioner,* *Department* *of* *Veterans* *Affairs,* *or* *a* *Direct* *Endorsement* *Lender* *setting* *forth* *the* *appraised* *value* *of* *the* *Property* *of* *not* *less* *than* *$*  *.* *The* *purchaser* *(Buyer)* *shall* *have* *the* *privilege* *and* *option* *of* *proceeding* *with* *consummation* *of* *the* *contract* *without* *regard* *to* *the* *amount* *of* *the*

Initialed for identification by Buyer and Seller

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Keller Williams 23240 Westheimer Parkway, Suite A, Katy TX 77494

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(Address of Property)

*appraised* *valuation.* *The* *appraised* *valuation* *is* *arrived* *at* *to* *determine* *the* *maximum* *mortgage* *the* *Department* *of* *Housing* *and* *Urban* *Development* *will* *insure.* *HUD* *does* *not* *warrant* *the* *value* *or* *the* *condition* *of* *the* *Property.* *The* *purchaser* *(Buyer)* *should* *satisfy* *himself/herself* *that* *the* *price* *and* *the* *condition* *of* *the* *Property* *are* *acceptable."*

NOTE: HUD 92564-CN "For Your Protection: Get a Home Inspection" must be signed and dated by Buyer and attached to this Addendum.

D. VA GUARANTEED FINANCING: A VA guaranteed loan of not less than $

(excluding any financed Funding Fee), amortizable monthly for not less than years, with interest not to exceed % per annum for the first year(s) of the loan with Loan Fees (loan origination, discount, buy-down, and commitment fees) not to exceed

% of the loan.

VA NOTICE TO BUYER: *"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* *of* *proceeding* *with* *the* *consummation* *of* *this* *contract* *without* *regard* *to* *the* *amount* *of* *the* *reasonable* *value* *established* *by* *the* *Department* *of* *Veterans* *Affairs."*

If Buyer elects to complete the purchase at an amount in excess of the reasonable value established by VA, Buyer shall pay such excess amount in cash from a source which Buyer agrees to disclose to the VA and which Buyer represents will not be from borrowed funds except as approved by VA. If VA reasonable value of the Property is less than the Sales Price, Seller may reduce the Sales Price to an amount equal to the VA reasonable value and the sale will be closed at the lower Sales Price with proportionate adjustments to the down payment and the loan amount.

Buyer hereby authorizes any lender to furnish to the Seller or Buyer or their representatives information relating only to the status of Financing Approval of Buyer.

Buyer Seller

Buyer Seller

This form has been approved by the Texas Real Estate Commission for use with similarly approved or promulgated contract forms. Such approval relates to this form only. TREC forms are intended for use only by trained real estate licensees. No representation is made as to the legal validity or adequacy of any provision in any specific transactions. It is not intended for complex transactions. Texas Real Estate Commission, P.O. Box 12188, Austin, TX 78711-2188, 1-800-250-8732 or (512) 459-6544 (http://www.trec.state.tx.us) TREC No. 40-2. This form replaces TREC No. 40-1.

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