



PROMULGATED BY THE TEXAS ASSOCIATION OF BUILDERS (TAB)
FINANCING ADDENDUM

(For Use With Completed Homes Constructed On The Builder's Property)

CONCERNING THE PROPERTY AT

(Street Address and City)

FINANCING: Within ___ days after the effective date of the Contract, Buyer shall apply for all financing specified below in the amount of \$___ and make every reasonable effort to obtain such financing acceptable to Builder (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) the lender determines that Buyer has satisfied all of lender's financial requirements (such as those items relating to Buyer's assets, net worth, income and creditworthiness). If Buyer fails to apply for and obtain Financing Approval within thirty (30) days from the effective date of the Contract, Builder shall have the right and option to terminate the Contract, in which event Builder shall refund to Buyer the Earnest Money (as defined in the Contract) less a \$___ handling fee (Handling Fee) and Buyer shall execute a contract termination agreement. If Buyer is unable to obtain Financing Approval after exhausting every reasonable effort to secure such Financing Approval, Buyer may give written notice (Buyer's Termination Notice) to Builder within thirty (30) days after the effective date of the Contract that Buyer wishes to terminate the Contract due to Buyer's inability to obtain Financing Approval. In such event, Builder and Buyer agree to execute a contract termination agreement and upon execution of such termination agreement, Builder will have fifteen (15) days to refund the Earnest Money less the Handling Fee specified above. If Buyer does not give Buyer's Termination Notice within the time required, the Contract will no longer be contingent upon Financing Approval and will be fully binding on Buyer. Time is of the essence for this paragraph and strict compliance with the time for performance is required. Each note to be executed hereunder must be secured by vendor's and deed of trust liens.

The portion of Total Sales Price not payable in cash will be paid at Closing (as defined in the Contract) as follows: (Check applicable boxes below)

1) THIRD PARTY FINANCING:

- a) The Contract is subject to approval for Buyer of a third party first mortgage loan having a loan-to-value ratio not to exceed ___% as established by such third party (excluding any financed PMI premium, if applicable), due in full in ___ year(s), with interest not to exceed ___% per annum for the first ___ year(s) of the loan. The loan will be ___ with ___ without PMI.
b) The Contract is subject to approval for Buyer of a third party second mortgage loan having a loan-to-value ratio not to exceed ___% as established by such third party (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. The loan will be ___ with ___ without PMI.

2) FHA INSURED FINANCING:

The Contract is subject to approval for Buyer of a Section ___ 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. As required by HUD-FHA, if FHA valuation is unknown, "It is expressly agreed that, notwithstanding any other provisions 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 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." If the FHA appraised value of the Property (excluding closing costs and MIP) is less than the Total Sales Price, Builder may, in its sole discretion, reduce the Total Sales Price to an amount equal to the FHA appraised value (excluding closing costs and MIP) and the parties to the sale shall close the sale of the Property at such lower Total Sales Price with appropriate adjustments.

3) VA GUARANTEED FINANCING:

The Contract is subject to approval for Buyer of a VA guaranteed loan of not less than \$ _____ (excluding any financed Funding Fee), amortizable monthly for _____ year(s) 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 for 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 of 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 the VA. If the VA reasonable value of the Property is less than the Total Sales Price, Builder may reduce the Total Sales Price to an amount equal to the VA reasonable value and the parties to the sale shall close at such lower Total Sales Price with appropriate adjustments.

4) TEXAS VETERAN'S HOUSING ASSISTANCE PROGRAM LOAN:

The Contract is subject to approval for Buyer of a Texas Veteran's Housing Assistance Program Loan (the Program Loan) of \$ _____ for a period of at least _____ years at the interest rate established by the Texas Veterans' Land Board at the time of Closing.

5) BUILDER FINANCING:

a) The Contract is subject to approval for Buyer of a loan from Builder to Buyer in the form of a promissory note in the amount of \$ _____, bearing _____% interest per annum.

b) Within _____ days after the effective date of the Contract, Buyer shall deliver to Builder the following: credit report verification of employment, including salary verification of funds on deposit in financial institutions current financial statement to establish Buyer's creditworthiness for Builder financing and _____. If Buyer's documentation is not delivered within the specified time, Builder may terminate the Contract by notice to Buyer within seven (7) days after expiration of the time for delivery, and the Earnest Money will be paid to Builder. If the Contract is not so terminated, Builder will be deemed to have accepted Buyer's credit. If the documentation is timely delivered, and Builder determines in Builder's sole discretion that Buyer's credit is unacceptable, Builder may terminate the Contract by notice to Buyer within seven (7) days after expiration of the time for delivery and the Earnest Money less the Handling Fee specified above will be refunded to Buyer. If Builder does not so terminate the Contract, Builder will be deemed to have accepted Buyer's credit. Buyer hereby authorizes any credit reporting agency to furnish to Builder at Buyer's sole expense copies of Buyer's credit report.

c) If an owner policy of title insurance is furnished, Buyer shall furnish Builder with a mortgagee policy of title insurance

Executed on _____, 20____.

Buyer

Builder: _____

By: _____

Printed Name: _____

Buyer

Title: _____