

# FHA LOAN EXHIBIT “ \_\_\_\_\_ ”



2011 Printing

This Exhibit is part of the Agreement with an Offer Date of \_\_\_\_\_ for the purchase and sale of that certain Property known as: \_\_\_\_\_, Georgia \_\_\_\_\_.

**1. Application.** Buyer shall have \_\_\_\_\_ days from the Binding Agreement Date (“Mortgage Loan Application Period”) to apply for the Federal Housing Administration (FHA) loan or loans described below (“Loan(s)”) and deliver to Seller either a Good Faith Estimate meeting current HUD requirements for such Loan(s) or a letter from a lender showing the date upon which the buyer completed the loan application. If Buyer has agreed to apply for a mortgage loan with a lender identified below, the Good Faith Estimate or Lender Letter must be from one or more of those lenders.

*[Select A. or A. and B .below. Any box not selected shall not be a part of this Agreement. All Loan terms must be filled in].*

<input type="checkbox"/> A.	<b>FIRST MORTGAGE LOAN</b>	Loan Amount	Term	Interest Rate (at par)	Rate Type	Source Of Loans Term
		_____ % of purchase price	_____ years	_____ % per annum (or initial rate on adjustable loan)	<input type="checkbox"/> Fixed <input type="checkbox"/> Adjustable	<input type="checkbox"/> Institutional
<input type="checkbox"/> B.	<b>SECOND MORTGAGE LOAN</b>	_____ % of purchase price	_____ years	_____ % per annum (or initial rate on adjustable loan)	<input type="checkbox"/> Fixed <input type="checkbox"/> Adjustable <input type="checkbox"/> Interest Only	<input type="checkbox"/> Institutional <input type="checkbox"/> Seller <input type="checkbox"/> Other

**2. Buyer to Apply for Loan Approval with Agreed Upon Mortgage Lender.** Buyer agrees to apply for approval of the Loan(s) with at least one of the mortgage Lenders, if any, identified as below:

\_\_\_\_\_

\_\_\_\_\_

While Buyer is required to apply for approval of the Loan(s) with at least one of the lenders, if any, identified above, nothing herein shall require Buyer to obtain mortgage financing from any such lender. Buyer may also pursue different loans than the Loan(s) described above. However, the denial of such other loans may not be a basis for Buyer to terminate this Agreement. Buyer shall immediately notify Seller of the name of any other lender from whom Buyer has applied for mortgage financing to purchase the Property and the name, address and work telephone number of the loan originator with whom Buyer is working. Notwithstanding any provision to the contrary contained in this Exhibit, Buyer shall be deemed to have the ability to obtain any Loan(s) not being made by an institutional mortgage Lender.

**3. Financing Contingency.** Buyer shall have \_\_\_\_\_ days from the Binding Agreement Date (“Financing Contingency Period”) to determine if Buyer has the ability to obtain the institutional mortgage loan(s) described above. Buyer shall be deemed to have the ability to obtain such Loan(s), the financing contingency shall be satisfied and the Agreement no longer subject to a financing contingency, unless prior to the end of the Financing Contingency Period, Buyer causes to be delivered to Seller a letter from an institutional mortgage lender licensed to do business in Georgia denying one or both of the above-described Loan(s) which letter is based upon the lender’s customary and standard underwriting criteria (“Loan Denial Letter”). The Loan Denial Letter may not be based upon any of the following: (a) Buyer lacking sufficient funds other than the amount of the Loan(s) to close; (b) Buyer not having leased or sold other real property (unless such a contingency is expressly provided for in this Agreement; (c) Buyer not having provided the lender(s) in a timely fashion any required information; or (d) intentionally making material changes in buyer’s financial condition. Buyer shall be responsible for obtaining and providing to the lender(s) all loan documentation, Official Wood Infestation Reports, structural letters, well tests, septic system certifications, flood plain certifications and any other similar information required by lender. Buyer may during the Financing Contingency Period terminate this Agreement without penalty if Buyer notifies Seller of Buyer’s decision to terminate and provides Seller with the Loan Denial Letter meeting the requirements herein.

- 4. Duty to Deliver Evidence of Ability to Close.** If Buyer does not terminate the Agreement in accordance with the Financing Contingency paragraph above, Buyer shall be obligated, prior to the end of the Financing Contingency Period, to deliver to Seller evidence that Buyer has the ability to close on the purchase of the Property through any combination of cash and/or loans. In the event Buyer is obtaining a mortgage or other Loan(s) from a institutional lender, Buyer shall be required to provide Seller with a copy of the loan commitment for each Loan stating the type, amount and terms of the Loan(s) for which Buyer has been approved and that it is only subject to standard conditions which do not require Buyer to take any action or do anything inconsistent with Buyer's obligations in the Purchase and Sale Agreement. The provision of a mortgage loan commitment letter to Buyer meeting the above requirements shall fully satisfy the requirements of Buyer to provide Seller evidence that Buyer has the ability to close on the purchase of the Property. The provision of a Loan Commitment Letter by a mortgage lender is not a guarantee that Buyer will be able to meet all of the standard conditions in the loan commitment. In such an event, Seller acknowledges and accepts the risk that Buyer may not be able to close on the purchase of the Property. In the event Buyer fails to provide Seller with the Required Information within the timeframe set forth above, Seller may terminate this Agreement within seven (7) days thereafter due to Buyer's default upon notice to Buyer. In the event Seller does not terminate this Agreement within that timeframe, the right to terminate on this basis shall be waived.
- 5. Authorization of Buyer to Release Information to Seller and Brokers.** Buyer does hereby authorize Seller and the Brokers identified herein to communicate with the lenders with whom Buyer is working to determine and receive from said lenders any or all of the following information: (a) the status of the loan application; (b) Buyer's financial ability to obtain the Loan(s) or other loans for which Buyer has applied; (c) whether and when Buyer provided the lenders with required information; (d) whether and what conditions may remain to complete the loan application process and issue of a loan commitment; and (e) the basis for any Loan Denial Letter.
- 6. Miscellaneous.** For the purposes of this Exhibit, the term "mortgage loan" shall refer to a secured lending transaction where the loan or promissory note is secured by a deed to secure debt on the Property. Whether such mortgage loan is a first or second mortgage loan is a reference to the legal priorities of the deeds to secure debt relative to each other and other liens and encumbrances.
- 7.** It is expressly agreed that, notwithstanding any other provisions of this Agreement, Buyer shall not be obligated to complete the purchase of Property described herein or to incur any penalty by forfeiture of earnest money deposits or otherwise unless Buyer has been given in accordance with HUD/FHA requirements a written statement by the Federal Housing Commissioner or a Direct Endorsement lender setting forth the appraised value of Property of not less than \$\_\_\_\_\_. 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 condition of the property. The purchaser should satisfy himself/herself that the price and condition of the property are acceptable.
- 8.** The FHA up-front \_\_\_\_\_ percent (%) mortgage insurance premium shall be paid by Buyer as follows: *[select one]*
- A.** in full at closing,
- OR**
- B.** added to the loan amount and financed. (If this box is checked, then the term "loan amount" as used herein shall mean the amount set forth in the Purchase and Sale Agreement plus the FHA mortgage insurance premium so financed; the monthly payments will increase accordingly.)
- 9.** Buyer is aware that a monthly mortgage insurance premium shall be included in the regular monthly mortgage payments.
- 10. Seller shall pay the following lender fees: Tax Service Fees.**  
(These costs  are **OR**  are not included in any closing costs that Seller may have agreed to pay in accordance with the Seller's Contributions at Closing paragraph.)
- 11.** Any repairs required in the FHA Commitment shall be completed and paid for by \_\_\_\_\_ prior to closing provided such repairs do not exceed \$\_\_\_\_\_ in total costs.
- 12.** Seller shall pay the cost of any lender-imposed inspections of the septic tank and/or well systems.
- 13.** If the improvements on Property are less than one year old at the time of closing, Seller shall, if required by FHA, provide a home warranty certificate acceptable to FHA.
- 14.** As required by FHA, both Buyer and Seller agree that if public water or a public sewer system is available at the street, Property must be connected, and that *[select one]*:  \_\_\_\_\_ agrees to pay the cost of said connection not to exceed \$\_\_\_\_\_ **OR**  Buyer to pay \$\_\_\_\_\_ and Seller to pay \$\_\_\_\_\_ for the cost of connection. At the time of closing, Seller shall provide certification from the proper authority that Property is connected to and serviced by the public system.
- 15.** Seller, Buyer, and Broker (and its Affiliated Licensees) certify that the above referenced Purchase and Sale Agreement is true and complete to the best of our knowledge and fully represents the transaction between them. No agreements exist outside this Purchase and Sale Agreement, and any agreements made from this date until closing, shall be revealed to lender.
- 16.** Buyer and Seller certify that *[select one]*:  
 This is an arms length transaction as there is no relationship between the Buyer and Seller **OR**  this is not an arms length transaction because \_\_\_\_\_.

17. This exhibit shall control over a conflicting or inconsistent provision set forth in any other Exhibit to this Agreement.

18. If the Property is a condominium unit, the purchase of the Property shall be contingent upon the condominium in which the unit is located being eligible for and approved by FHA. In the event the Property is not a condominium unit, this paragraph shall not be deemed a part of this Exhibit.

\_\_\_\_\_  
Buyer's Signature

\_\_\_\_\_  
Seller's Signature

\_\_\_\_\_  
Print or Type Name

\_\_\_\_\_  
Print or Type Name

\_\_\_\_\_  
Buyer's Signature

\_\_\_\_\_  
Seller's Signature

\_\_\_\_\_  
Print or Type Name

\_\_\_\_\_  
Print or Type Name

\_\_\_\_\_  
Selling Broker

\_\_\_\_\_  
Listing Broker

By: \_\_\_\_\_  
Broker or Broker's Affiliated Licensee

By: \_\_\_\_\_  
Broker or Broker's Affiliated Licensee

\_\_\_\_\_  
Print or Type Name

\_\_\_\_\_  
Print or Type Name

Member of: \_\_\_\_\_ of REALTORS®

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