

OKLAHOMA REAL ESTATE COMMISSION

Financing Supplemental Agreement to the Contract of Sale of Real Estate

FHA INSURED LOAN

This financing agreement attached to a certain Sale of Real Estate Contract (the "Contract") relating to the following described real estate; which street address is:

Buyer acknowledges that all explanations, representations and disclosures relating to the terms and conditions of the loan(s) below are the responsibility of the Lender and not the Seller or Listing and Selling Brokers and its affiliated licensees. This financing agreement is made an integral part of the Contract. All provisions of the Contract shall remain in full force and effect.

1. **LOAN:** The Contract is contingent upon Buyer qualifying for an FHA Insured Loan in the amount of \$ _____ plus Mortgage Insurance Premium (MIP). If the Buyer is unable to secure financing, the Earnest Money shall be refunded to Buyer subject to appropriate written authorization from all parties to the Contract.

Within five (5) days from Time Reference Date, Buyer shall either:

- A. Make application for the described loan, or any other such loan Buyer deems acceptable, and proceed diligently to obtain such loan, **or**
- B. Give notice to the Seller that the loan terms are unacceptable, cancel the Contract by delivering written notice of cancellation to Seller and receive refund of Earnest Money.
- C. **Buyer Instructions to Lender:** Buyer shall instruct lender to issue a written statement of loan approval (not final loan commitment) to Seller within ____ days (**10 days if left blank**) of the Time Reference Date regarding the following:
 - 1) Review and Approval of Buyer's credit worthiness, income plus funds necessary to Close.
 - 2) Confirmation that Buyer has paid initial processing fees.
 - 3) Property appraisal, credit report and any other lender or FHA required inspections and/or tests have been ordered.
 - 4) Loan approval is not subject to sale or closing of Buyer's current property unless stated elsewhere in this Contract.

If within the time specified above, a written statement of loan approval is not delivered to Seller, Seller may provide Buyer written notice of intent to cancel and terminate the Contract. Upon Seller delivering notice to Buyer of Seller's intent to cancel, the Contract shall become null and void upon the fourth day following delivery of notice. However, if Buyer delivers to Seller written statement of loan approval before the end of the fourth day, the Contract shall remain in full force and effect.

2. **FHA AMENDATORY CLAUSE:** It is expressly agreed that, notwithstanding any other provisions of the Contract and this Agreement, the 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 Lender has delivered to the Buyer a written statement issued by the Federal Housing Commission or Direct Endorsement Lender, setting forth the appraised value of the Property (excluding closing costs) of not less than \$ _____ which statement the Lender hereby agrees to deliver to the Buyer promptly after such appraised value statement is made available to the Lender. The Buyer shall, however, have the privilege and option of proceeding with the 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 (HUD) will insure. HUD does not warrant the value or the condition of the Property. The Buyer should satisfy himself/herself that the price or condition of the Property is acceptable.
3. **FEES AT TIME OF LOAN APPLICATION AND CONFIRMATION:** In the event the loan terms are acceptable, Buyer shall pay initial loan fees including property appraisal, credit report and any other lender or FHA required inspection and/or test fees at the time of application. Buyer shall also instruct lender to immediately begin the loan approval process but may defer ordering property appraisal until Buyer completes Buyer's inspection process per Paragraph 7 of the Contract. If requested by Seller, Buyer shall provide Seller, or Seller's Broker, written confirmation(s) from Buyer's Lender that the property appraisal, credit report and any other lender or FHA required inspections and/or tests have been ordered.

4. BUYER'S FHA DOWN PAYMENT AND LOAN COSTS:

- A.** In addition to any other costs required by the Contract, except as provided in Paragraph 4B, Buyer shall pay at the time of Closing:
 - 1) Down payment (per FHA minimum investment requirements).
 - 2) FHA "allowable" closing costs in connection with the loan.
 - 3) Origination fee, if applicable.
 - 4) Prepaid first year's hazard insurance premium and flood insurance premium, if required.
 - 5) Prepaid tax and insurance escrow deposits as required by Lender.
 - 6) Prepaid interest beginning the day of Closing through the end of the month.

B. Regarding the Specific Loan Costs Referenced above, Seller agrees to pay at time of Closing, on behalf of the Buyer an amount not to exceed \$_____ which must be applied in the following order: prepaids, escrows, origination fee, and "allowable" closing costs.

C. In the event that Seller agrees to pay the Buyer's prepaid expenses and/or escrows, and Seller's current year's portion of the real estate ad valorem taxes are included in the total prepaid expenses on the settlement statement, then such taxes shall not also be paid by Seller as prorated in provision 11 of the Contract.

5. COSTS FHA PROHIBITS BUYER PAYING ["NON-ALLOWABLES"]: In addition to any other charges or expenses required by the Contract, or this supplemental, Seller shall pay at time of Closing, an amount up to \$_____ to be applied in the following order:

- A.** Those costs in which FHA prohibits the Buyer from paying on an FHA loan (non-allowables) or as required by Lender or Title Company.
- B.** Those FHA Lender Appraisal Requirements which FHA prohibits the Buyer from paying.
- C.** If the total estimated cost to the Seller of such FHA costs exceeds the amount stated in this paragraph, Buyer and Seller shall have _____days (5 days if blank) to agree on an arrangement, acceptable to FHA, regarding those costs in excess of the stated amount. If a written agreement is not reached within the time specified in this provision, this Contract is null and void and earnest money returned to Buyer.

6. LOAN DISCOUNT POINTS: Discount points, **if applicable,** not to exceed _____% of the total loan amount, shall be paid _____% by Seller and _____% by Buyer.

7. ADDITIONAL PROVISIONS: _____

Buyer's Initials _____ Seller's Initials _____

FHA REAL ESTATE CERTIFICATION

(To be signed by Buyer and Seller even if counteroffer is attached)

We, the undersigned Seller(s), Buyer(s) and Listing and Selling Real Estate Sales Associate(s) or Broker(s) involved in the sales transaction, each certify that the terms and conditions of the Sale of Real Estate Contract are, to the best of our knowledge, the entire agreement between the parties and that any other agreement(s), Counteroffers or addendum(s) entered into by any of these parties in connection with this real estate transaction is a part of, or attached to, the Contract of Sale of Real Estate.

Buyer: _____ Date _____ Seller: _____ Date _____

Buyer: _____ Date _____ Seller: _____ Date _____

Selling Broker _____ Date _____ Listing Broker _____ Date _____

Note: Buyer is encouraged to obtain a home inspection and, if applicable, a Lead-Based Paint/Hazard Disclosure.