



RIDER 8
FHA FINANCING CLAUSE



1 This FHA Financing Clause Rider ("Rider") is made a part of and incorporated into that certain real estate
2 contract between \_\_\_\_\_ ("Buyer") and \_\_\_\_\_
3 \_\_\_\_\_ ("Seller") on \_\_\_\_\_, 20\_\_\_\_ ("Contract") for the purchase and sale
4 of: \_\_\_\_\_ ("Property").
5 (address) (unit #) (city) (state) (zip)

6 I. Except as modified by this Rider, all of the terms and conditions contained in the Contract remain in
7 full force and effect. In the event of any conflict between the terms and conditions of this Rider and the terms
8 and conditions of the Contract, the terms and conditions of this Rider shall prevail. Capitalized terms used and
9 not defined in this Rider shall have the meaning given to such terms in the Contract.

10 II. Seller agrees to deliver to Buyer a written statement issued by the Federal Housing Commissioner or a
11 Direct Endorsement Lender setting forth the appraised value of the Property (excluding closing costs) (the
12 "Appraised Valuation") on or prior to \_\_\_\_\_, 20\_\_\_\_ ("Valuation Contingency Deadline").
13 If Seller does not deliver the Appraised Valuation prior to the Valuation Contingency Deadline or if the
14 Appraised Valuation is less than the Purchase Price, then Buyer may elect to terminate the Contract by
15 delivering written notice to Seller within \_\_\_\_ days after the Valuation Contingency Deadline, in which event
16 the CONTRACT SHALL BECOME NULL AND VOID AND OF NO FURTHER FORCE AND EFFECT AND
17 THE EARNEST MONEY, INCLUDING ALL INTEREST ACCRUED THEREON, IF ANY, SHALL BE
18 RETURNED TO BUYER.

19 III. Any certifications required by the FHA or other governmental authority, including, but not limited to,
20 heating, plumbing, electrical, roofing and termite, shall be paid as follows:\_\_\_\_\_
21 \_\_\_\_\_
22 \_\_\_\_\_

23 Seller agrees to make any repairs or replacements required by the FHA or other governmental authority prior to
24 Closing, provided that the cost of such repairs or replacements do not exceed \$\_\_\_\_\_ ("Cost Cap"). If
25 the costs of completing the repairs or replacements exceeds the Cost Cap, then either party may elect to
26 terminate the Contract by delivering written notice to the other party within \_\_\_\_ days of the Valuation
27 Contingency Deadline, in which event the CONTRACT SHALL BECOME NULL AND VOID AND OF NO
28 FURTHER FORCE AND EFFECT AND THE EARNEST MONEY, INCLUDING ALL INTEREST ACCRUED
29 THEREON, IF ANY, SHALL BE RETURNED TO BUYER. If neither party delivers written notice in the time
30 period specified in the foregoing sentence, then this provision shall be deemed waived, the Contract shall remain
31 in full force and effect and Seller and/or Buyer shall have the option of paying for the costs of any repairs or
32 replacements which exceed the Cost Cap.

33 IV. Seller and Buyer, certify, to the best of their knowledge and belief, that the terms of the Contract are
34 true and that there are no other parties or undisclosed arrangements in connection with this transaction. Seller
35 and Buyer acknowledge and agree that (i) the purpose of the Appraised Valuation is to determine the maximum
36 mortgage amount that the Department of Housing and Urban Development ("HUD") will insure; (ii) HUD does
37 not warrant the value or the condition of the Property; and (iii) Buyer should independently determine whether
38 the Purchase Price and the condition of the Property are acceptable to Buyer.

39 \_\_\_\_\_
40 Buyer's Signature Date Seller's Signature Date

41 \_\_\_\_\_
42 Buyer's Signature Date Seller's Signature Date