



General Addendum (Maryland & DC Only)

HUD Case #: _____

Date: _____

Property Address:

Street City State Zip Code

Agent Name: _____

Buyer Name: _____

Agent Phone: _____

Buyer Phone: _____

Agent Fax: _____

Buyer Fax: _____

PROPERTY CONDITION DISCLAIMER

HUD/HomeSource makes no representations or warranties concerning the condition of this property, including but not limited to, mechanical and operating systems (electrical, plumbing, sewage, appliances, heating and air conditioning) dry basement, roof, structural condition, or compliance with local codes, zoning or building requirements. The Property Condition Report (if any) provided on this property should only be used as supplemental information to the property listing. **HUD/HomeSource does not guarantee that the information contained in the Property Condition Report is correct.** All HUD properties are sold in as-is condition. All repairs are the responsibility of the Purchaser and NO repairs are authorized prior to settlement. Purchasers are encouraged to conduct a Home Inspection to identify possible defects to the property and may finance up to \$200 of the cost to perform the inspection in their mortgage (on FHA loans only).

HOME INSPECTION POLICY

The following are the HomeSource home inspection and utility activation policies in coordination with the policies stated by the U.S. Department of Housing and Urban Development. Upon entering a contract to purchase a property from HUD, it is your right to have a home inspection performed by a qualified inspector to identify **major** defects in the roof, structure, plumbing, electrical, and heating systems. This inspection must be done within fifteen (15) calendar days from the day that **the Purchaser** signs the sales contract. Any request made beyond this timeframe will result in forfeiting the opportunity for a home inspection with utilities activated. If the request for home inspection is made, utilities for the home must be activated in your (Purchaser's) name and they may not remain on for more than 48 hours. Please indicate and sign whether or not you will be requesting a home inspection, and if so please supply the dates for pre-scheduled utility activation.

I (Purchaser) will be conducting a Home Inspection YES NO

Utility Activation Date: ___/___/___ Turn Off Date: (must be 48 hours from activation) ___/___/___

Purchaser's Signature: _____ Date: _____

Purchaser's Signature: _____ Date: _____

CONTRACT CANCELLATION & EARNEST MONEY DEPOSIT

In the event that a home inspection is performed it is my (Purchaser’s) full understanding that neither HUD nor HomeSource will be responsible for the costs associated with the repairs to the property. If the inspection does reveal a major defect, the following provisions will apply:

Policy on Contract Cancellations due to Property Condition

1. Insured Sales/Owner Occupant Purchasers ONLY:

- I (Purchaser) may close the sale as scheduled without repairs being performed.

OR

- I (Purchaser) may request termination of the contract with a full refund of the earnest money, provided that HomeSource, as HUD’s representative, concurs with the inspection report. As a condition to having the contract terminated and the earnest money deposit refunded, I agree to have the inspection completed and to provide my written rejection with a copy of the inspection report to HomeSource within fifteen (15) calendar days from the date that I (Purchaser) signed the sales contract. If this does not occur, HUD and HomeSource will assume the inspection was satisfactory and I (Purchaser) will proceed to closing. The cancellation contingency is limited to roof, foundation, and defective components within the mechanical systems (electrical, plumbing, and heating). Minor appliances, window air conditioning units, light fixtures, receptacles and switch plate covers, leaky faucets, missing showerheads and other similar defects are not considered in the mechanical systems. Equipment age or energy efficiency ratings are also not considered.

2. Uninsured Sales:

No repairs will be authorized. The inspection will not be a basis for canceling the sale. The same provisions listed above will also apply if any of the utilities cannot be turned on due to: code violations, known defects, utility company policy or if the inspection cannot be completed due to a major component defect. Failure to close timely will result in forfeiture of the Earnest Money deposit.

I (Purchaser) also understand fully and hereby agree to cover all expenses associated with the testing of the systems. This includes repair of damage and a \$50 re-winterization fee that must be sent as certified funds prior to utilities being activated. HomeSource will inspect the above mentioned property within 48 hrs. from the “Turn Off” date indicated in PART A. If HomeSource determines that the property was not re-winterized by the **Purchaser (or their representative)** than HomeSource will re-winterize the property at that time and the \$50 re-winterization fee will not be refunded to the Purchaser. If the **Purchaser (or their representative)** does re-winterize the property, within the allotted time frame, then HomeSource will refund the re-winterization fee to the purchaser at the time of settlement and/or contract cancellation.

Purchaser’s Signature: _____ **Date:** _____

Purchaser’s Signature: _____ **Date:** _____

Policy on Contract Cancellations for Reasons OTHER THAN Property Condition

1. Investor Purchasers:

Uninsured Sales – The purchaser will forfeit 100% of the Earnest Money deposit for failure to close, regardless of the reason.

Investor Purchasers (Continued):

Insured Sales – The purchaser will forfeit 50% of the Earnest Money deposit for failure to close if purchaser(s) was pre-approved and is determined by HUD or Direct Endorsement Underwriter to be an unacceptable buyer.

The purchaser will forfeit 100% of the Earnest Money deposit if the sale fails to close for any other reason.

Purchaser’s Signature: _____ **Date:** _____

Purchaser’s Signature: _____ **Date:** _____

2. Owner Occupant Purchasers:

- **The Purchaser(s) will receive 100% refund of the Earnest Money deposit under the following circumstances:**
 1. There has been a death in the family (contract holder, spouse, or children living in the same household).
 2. There has been a recent serious illness in the immediate family that has resulted in significant medical expense or substantial loss of income, thus adversely affecting the purchaser’s financial ability to close the sale.
 3. There has been a loss of job by one of the primary breadwinners, or substantial loss of income through no fault of the purchaser.
 4. On an insured sale, where the purchaser was pre-approved and HUD or a Direct Endorsement underwriter determines that the purchaser is not an acceptable borrower.
 5. On an uninsured sale, the purchaser was pre-approved for mortgage financing in an appropriate amount by a recognized mortgage lender and despite good faith efforts is unable to obtain mortgage financing in a specified dollar amount sufficient to purchase the property.
 6. For other good cause as determined by HomeSource or HUD.

- **ON ALL SALES the purchaser will forfeit 100%** of the deposit in those instances where no documentation is submitted, where the documentation fails to provide an acceptable cause for the buyer’s failure to close, or where documentation is not provided within a reasonable time following contract cancellation. HomeSource must receive the documentation no later than close of business on the tenth day following cancellation of the contract.

Purchaser’s Signature: _____ **Date:** _____

Purchaser’s Signature: _____ **Date:** _____

TO BE COMPLETED BY M&M CONTRACTOR/HOMESOURCE

Utilities may now be turned on in the Purchaser’s name for the dates as indicated above.

Property Management Signature: _____ **Date:** _____

NOTICE TO PURCHASER AND AGENT! As of the date indicated below the sales contract submitted by the above mentioned purchaser has now been executed. Purchaser now has permission to conduct a home inspection if it was requested above. Additionally, Purchaser’s Agent (named above) will receive a copy of the executed contract within 72 hrs. from the date indicated below. CONGRATULATIONS!

Marketing Department Signature: _____ **Date:** _____