



**PURCHASE AGREEMENT**

FHA Loans — One-to-Four Units

Prepared by: Agent \_\_\_\_\_  
Broker \_\_\_\_\_

Phone \_\_\_\_\_  
Email \_\_\_\_\_

**NOTE:** This form is used by a buyer's agent when preparing an offer for their buyer to purchase one-to-four unit residential property, the price to be financed with a Federal Housing Administration (FHA)-insured mortgage.

**DATE:** \_\_\_\_\_, 20\_\_\_\_\_, at \_\_\_\_\_, California.  
*Items left blank or unchecked are not applicable.*

**FACTS:**

1. Received from \_\_\_\_\_, as the Buyer(s),
  - 1.1 the sum of \$ \_\_\_\_\_, evidenced by  personal check, or  \_\_\_\_\_, payable to \_\_\_\_\_, for deposit only on acceptance of this offer.
  - 1.2 Deposit to be applied toward Buyer's obligations under this agreement to purchase property
  - 1.3 situated in the City of \_\_\_\_\_, County of \_\_\_\_\_, California,
  - 1.4 referred to as \_\_\_\_\_,
  - 1.5 including personal property,  see attached Personal Property Inventory. [See **RPI** Form 256]
  - 1.6 The interest acquired will be fee simple, unless  leasehold or  \_\_\_\_\_.
2. This agreement is comprised of this five-page form and \_\_\_\_\_ pages of addenda/attachments.

**FHA PURCHASE TERMS:**

3. **Total Purchase Price is** ..... \$ \_\_\_\_\_
4. The total cash payment to be deposited in escrow including the above deposit ..... \$ \_\_\_\_\_
5. Buyer and property to qualify for a new maximum FHA # \_\_\_\_\_ loan in the amount of ..... \$ \_\_\_\_\_ payable monthly in installments amortized over \_\_\_\_\_ years, plus impounds for taxes and insurance. Interest at closing to be at or below the rate of \_\_\_\_\_. On failure of Buyer to qualify, Seller may terminate this agreement.
6. Other financing in the amount of ..... \$ \_\_\_\_\_  
Terms \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**7. FHA Loan Conditions:**

- 7.1 Buyer to pay impound deposits, prepaid interim interest and Buyer's recurring closing costs.
- 7.2 Buyer's non-recurring closing costs to be paid by  Seller, or  Buyer.
- 7.3 MIP to be paid by  Seller, or  Buyer, or  Buyer to finance by adding MIP to loan.
- 7.4 Loan appraisal fee to be paid by  Seller, or  Buyer.
- 7.5 Seller to pay Lender \_\_\_\_\_ loan discount points. Buyer to pay no more than \_\_\_\_\_ loan discount points.
- 7.6 In the event the FHA conditional commitment requires work to be done, or building permits, compliance letters, or the like, Seller to complete same promptly and satisfactorily to FHA and pay any costs incurred.
- 7.7 Should the FHA appraisal set a value below the Total Purchase Price, Buyer may increase the cash payment to adjust to the new loan, or alternatively terminate the agreement within five days after Buyer's receipt of appraisal. [See **RPI** Form 183]

**8. ACCEPTANCE AND PERFORMANCE:**

- 8.1 This offer to be deemed revoked unless accepted in writing  on presentation, or  within \_\_\_\_\_ days after date, and acceptance is personally delivered or faxed to Offeror or Offeror's Broker within this period.
- 8.2 After acceptance, Broker(s) are authorized to extend any performance date up to one month.
- 8.3 On the inability of Buyer to obtain or assume financing as agreed by the date scheduled for closing, Buyer may terminate the agreement.
- 8.4 Buyer's close of escrow is conditioned on Buyer's prior or concurrent closing on a sale of other property, commonly referred to as \_\_\_\_\_.
- 8.5 Any termination of the agreement will be by written Notice of Cancellation timely delivered to the other party, the other party's Broker or escrow, with instructions to escrow to return all instruments and funds to the parties depositing them. [See **RPI** Form 183]

- 8.6 Both parties reserve their rights to assign and agree to cooperate in effecting an Internal Revenue Code §1031 exchange prior to close of escrow on either party's written notice. [See **RPI** Forms 171 or 172]
- 8.7 Before any party to this agreement files an action on a dispute arising out of this agreement which remains unresolved after 30 days of informal negotiations, the parties agree to enter into non-binding mediation administered by a neutral dispute resolution organization and undertake a good faith effort during mediation to settle the dispute.
- 8.8 If Buyer breaches the agreement, Buyer's monetary liability to Seller is limited to  \$ \_\_\_\_\_, or  the deposit received in Section 1.

**9. PROPERTY CONDITIONS:**

- 9.1 Seller to furnish prior to closing:
  - a.  a structural pest control inspection report and certification of clearance of corrective conditions.
  - b.  a home inspection report prepared by an insured home inspector showing the land and improvements to be free of material defects.
  - c.  a one-year home warranty policy:  
 Insurer \_\_\_\_\_  
 Coverage \_\_\_\_\_
  - d.  a certificate of occupancy, or other clearance or retrofitting, required by local ordinance for the transfer of possession or title.
  - e.  a certification by a licensed contractor stating the sewage disposal system is functioning properly, and if it contains a septic tank, is not in need of pumping.
  - f.  a certification by a licensed water testing lab stating the well supplying the property meets potable water standards.
  - g.  a certification by a licensed well-drilling contractor stating the well supplying the property produces a minimum of \_\_\_\_\_ gallon(s) per minute.
  - h.  Energy Audit Report stating the rating for the property's improvements is no greater than \_\_\_\_\_.
  - i.  \_\_\_\_\_
  - j.  \_\_\_\_\_
  - k.  \_\_\_\_\_
- 9.2 Seller's Condition of Property Disclosure – Transfer Disclosure Statement (TDS) [See **RPI** Form 304]
  - a.  is attached; or
  - b.  is to be handed to Buyer on acceptance for Buyer's review. Within ten days after receipt, Buyer may either cancel the transaction based on a reasonable disapproval of the disclosure or deliver to Seller or Seller's Broker a written notice itemizing any material defects in the property disclosed by the statement and unknown to Buyer prior to acceptance. [See **RPI** Form 269] Seller to repair, replace or correct noticed defects prior to closing.
  - c. On Seller's failure to repair, replace or correct noticed defects under §9.2b or §9.4a, Buyer may tender the purchase price reduced by the cost to repair, replace or correct the noticed defects, or close escrow and pursue available remedies. [See **RPI** Form 183]
- 9.3 Seller's Transfer Fee Disclosure Statement [See **RPI** Form 304-2]
  - a.  is attached; or
  - b.  is to be handed to Buyer on acceptance for Buyer's review. Within ten days after receipt, Buyer may terminate this agreement based on a reasonable disapproval of the Transfer Fee Disclosure.
  - c. Seller to pay any transfer fees arising out of the transaction.
- 9.4 Buyer to inspect the property twice:
  - a. An **initial property inspection** is required on acceptance to confirm the property's condition is substantially the same as observed by Buyer and represented by Seller or Seller's Agents prior to acceptance, and if not substantially the same, Buyer to promptly notify Seller in writing of undisclosed material defects discovered. [See **RPI** Form 269] Seller to repair, replace or correct noticed defects prior to closing; and
  - b. A **final walk-through inspection** is required within five days before closing to confirm the correction of any noticed defects under §11.2b and §9.4a and maintenance under §9.14. [See **RPI** Form 270]
- 9.5 Seller's Natural Hazard Disclosure Statement (NHD) [See **RPI** Form 314]  is attached, or  is to be handed to Buyer on acceptance for Buyer's review. Within ten days of Buyer's post-acceptance receipt of the NHD, Buyer may terminate the agreement based on a reasonable disapproval of hazards disclosed by the statement and unknown to Buyer prior to acceptance. [See **RPI** Form 182 and 183]

- 9.6 Buyer acknowledges receipt of a booklet and related Seller disclosures containing  *Environmental Hazards: A Guide for Homeowners, Buyers, Landlords and Tenants* (on all one-to-four units) [See **RPI** Form 316-1],  *Protect Your Family from Lead in Your Home* (on all pre-1978 one-to-four units) [See **RPI** Form 313], and  *The Homeowner's Guide to Earthquake Safety* (on all pre-1960 one-to-four units). [See **RPI** Form 315]
- 9.7 The property is located in:  an industrial use area,  a military ordnance area,  a rent control area,  airport, farmland, San Francisco Bay or mining operation area, see attached Notice Addendum [See **RPI** Form 308] or  \_\_\_\_\_
- 9.8 On acceptance, Seller to hand Buyer the following property operating information:
- a.  Property Expense Report for Buyer's review within ten days of receipt; Buyer may terminate the agreement during the review period based on a reasonable disapproval of the information received. [See **RPI** Form 306]
  - b.  See attached Leasing and Operating Addendum for additional conditions. [See **RPI** Form 275]
- 9.9  The property is located in a Homeowners' Association (HOA) community. The Homeowners' Association (HOA) Addendum [See **RPI** Form 309]:
- a.  is attached, or
  - b.  is to be handed to Buyer on acceptance for Buyer's review.
  - c. Within ten days of Buyer's post-acceptance receipt of the association documents, Buyer may terminate the agreement based on a reasonable disapproval of the documents. [See **RPI** Form 183]
- 9.10  A solar equipment lease lien exists on the property for the solar equipment located on the property payable \$ \_\_\_\_\_ monthly, expiring \_\_\_\_\_, 20 \_\_\_\_.
- a. On acceptance, Seller to hand Buyer all documentation concerning the solar bond lien on the property and solar equipment lease. Within ten days after receipt, Buyer may terminate the agreement based on Buyer's reasonable disapproval of the documents. [See **RPI** Form 183]
  - b. Solar equipment lease to be assumed by Buyer and pro rated to close of escrow.
- 9.11 Seller's Neighborhood Security Disclosure [See **RPI** Form 321]
- a.  is attached, or
  - b.  is to be handed to Buyer on acceptance for Buyer's review. Within ten days after receipt, Buyer may terminate this agreement based on a reasonable disapproval of the Criminal Activity and Security Disclosure Statement.
- 9.12 Complying smoke detector(s) and water heater bracing exist, and if not, Seller to install.
- 9.13 If this property or an adjoining property contains a solar collector authorized by the Solar Shade Control Act (California Public Resources Code §25980 et seq.) and notice of its existence has been sent or received by Seller, then on acceptance, Seller to hand Buyer copies of the notices sent or received by Seller or provided to Seller by prior Owners of the property for Buyer's review. Buyer may, within ten days after receipt, terminate this agreement based on a reasonable disapproval of the conditions disclosed by the solar shade control notices.
- 9.14 Possession of the property and keys/access codes to be delivered: on close of escrow, or as stated in the attached Occupancy Agreement. [See **RPI** Forms 271 and 272]
- 9.15 Seller to maintain the property in good condition until possession is delivered.
- 9.16 Fixtures and fittings attached to the property include, but are not limited to: window shades, blinds, light fixtures, plumbing fixtures, curtain rods, wall-to-wall carpeting, draperies, hardware, antennas, air coolers and conditioners, trees, shrubs, mailboxes and other similar items.
- 9.17 Notice: Pursuant to Section 290.46 of the Penal Code, information about specified registered sex offenders is made available to the public via an Internet Web site maintained by the Department of Justice at [www.meganslaw.ca.gov](http://www.meganslaw.ca.gov). Depending on an offender's criminal history, this information will include either the address at which the offender resides or the community of residence and ZIP code in which he or she resides.
- 9.18 Any appraisal of the property is required to be unbiased, objective, and not influenced by improper or illegal considerations, including, but not limited to, any of the following: race, color, religion (including religious dress, grooming practices, or both), gender (including, but not limited to, pregnancy, childbirth, breastfeeding, and related conditions, and gender identity and gender expression), sexual orientation, marital status, medical condition, military or veteran status, national origin (including language use and possession of a driver's license issued to persons unable to provide their presence in the United States is authorized under federal law), source of income, ancestry, disability (mental and physical, including, but not limited to, HIV/AIDS status, cancer diagnosis, and genetic characteristics), genetic information, or age. If a buyer or seller believes that the appraisal has been

influenced by any of the above factors, the seller or buyer can report this information to the lender or mortgage broker that retained the appraiser and may also file a complaint with the Bureau of Real Estate Appraisers at <https://www2.brea.ca.gov/complaint/> or call (916) 552-9000 for further information on how to file a complaint.

**10. CLOSING CONDITIONS:**

- 10.1 This transaction to be escrowed with \_\_\_\_\_.  
Parties to deliver instructions to escrow as soon as reasonably possible after acceptance.
  - a.  Escrow holder is authorized and instructed to act on the provisions of this agreement as the mutual escrow instructions of the parties and to draft any additional instructions necessary to close this transaction. [See **RPI** Form 401]
  - b.  Escrow instructions, prepared and signed by the parties, are attached to be handed to escrow on acceptance. [See **RPI** Form 401]
- 10.2 Escrow to be handed all instruments needed to close escrow on or before \_\_\_\_\_, 20\_\_\_\_\_, or within \_\_\_\_\_ days after acceptance. Parties to hand Escrow all documents required by the title insurer, lenders or other third parties to this transaction prior to seven days before the date scheduled for closing.
  - a. Each party to pay its customary escrow charges. [See **RPI** Forms 310 and 311]
- 10.3 Buyer's title to be subject to covenants, conditions, restrictions, reservations and easements of record.  
\_\_\_\_\_.
- 10.4 Title to be vested in Buyer or Assignee free of encumbrances other than those set forth herein. Buyer's interest in title to be insured under a policy issued by \_\_\_\_\_ title company on a(n)  Homeowner(s) policy (one-to-four units),  Residential ALTA-R policy (vacant or improved residential parcel),  Owner's policy (other than one-to-four units),  CLTA Joint Protection policy (also naming Carryback Seller or purchase-assist lender), or  Binder (to insure resale or refinance within two years).
  - a. Endorsements \_\_\_\_\_
  - b.  Seller, or  Buyer, to pay the title insurance premium.
- 10.5 Buyer to furnish a new fire insurance policy covering the property.
- 10.6 Taxes, assessments, insurance premiums, rents, interest and other expenses to be pro rated to close of escrow, unless otherwise provided.
- 10.7 Bill of Sale to be executed for any personal property being transferred.
- 10.8 If Seller is unable to convey marketable title as agreed, or if the improvements on the property are materially damaged prior to closing, Buyer may terminate the agreement. Seller to pay all reasonable escrow cancellation charges. [See **RPI** Form 183]

**11. NOTICE OF YOUR SUPPLEMENTAL PROPERTY TAX BILL:**

California property tax law requires the Assessor to revalue real property at the time the ownership of the property changes. Because of this law, you may receive one or two supplemental tax bills, depending on when your loan closes.

The supplemental tax bills are not mailed to your lender. If you have arranged for your property tax payments to be paid through an impound account, the supplemental tax bills will not be paid by your lender. It is your responsibility to pay these supplemental bills directly to the Tax Collector.

If you have any questions concerning this matter, please call your local Tax Collector's Office.

**12. NOTICE REGARDING GAS AND HAZARDOUS LIQUID PIPELINES:**

This notice is being provided simply to inform you that information about the general location of gas and hazardous liquid transmission pipelines is available to the public via the National Pipeline Mapping System (NPMS) Internet Web site maintained by the United States Department of Transportation at <http://www.npms.phmsa.dot.gov/>. To seek further information about possible transmission pipelines near the property, you may contact your local gas utility or other pipeline operators in the area. Contact information for pipeline operators is searchable by ZIP Code and county on the NPMS Internet Web site.

**13. BROKERAGE FEE:**

- 13.1 Parties to pay the below mentioned Broker(s) a fee now due of  \$ \_\_\_\_\_, or  \_\_\_\_\_ % of the purchase price as follows:
  - a. Seller to pay the brokerage fee on the change of ownership.
  - b. The party wrongfully preventing this change of ownership to pay the brokerage fee.

- 13.2 Buyer's Broker and Seller's Broker, respectively, to share the brokerage fee \_\_\_\_\_:\_\_\_\_\_ or  as specified in the attached Fee Sharing Agreement. [See **RPI** Form 105]
- 13.3 Attached is the Agency Law Disclosure. [See **RPI** Form 305]
- 13.4 Broker is authorized to report the sale, its price and terms for dissemination and use of participants in brokerage trade associations or listing services.

14. \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

|   |   |
|---|---|
| Seller's Broker: _____<br>Broker's DRE #: _____<br>is the broker for: <input type="checkbox"/> Seller<br><input type="checkbox"/> both Buyer and Seller (dual agent)<br><br>Seller's Agent: _____<br>Agent's DRE #: _____<br>is <input type="checkbox"/> Seller's agent (salesperson or broker-associate)<br><input type="checkbox"/> both Buyer's and Seller's agent (dual agent)<br><br>Signature: _____<br>Address: _____<br>_____<br>Phone: _____ Cell: _____<br>Email: _____ | Buyer's Broker: _____<br>Broker's DRE #: _____<br>is the broker for: <input type="checkbox"/> Buyer<br><input type="checkbox"/> both Buyer and Seller (dual agent)<br><br>Buyer's Agent: _____<br>Agent's DRE #: _____<br>is <input type="checkbox"/> Buyer's agent (salesperson or broker-associate)<br><input type="checkbox"/> both Buyer's and Seller's agent (dual agent)<br><br>Signature: _____<br>Address: _____<br>_____<br>Phone: _____ Cell: _____<br>Email: _____ |
|---|---|

|  |  |
|--|--|
| <b>I agree to the terms stated above.</b><br><input type="checkbox"/> See attached Signature Page Addendum. [RPI Form 251]<br>Date: _____, 20_____<br>Buyer: _____<br><br>Signature: _____<br>Buyer: _____<br><br>Signature: _____ | <b>I agree to the terms stated above.</b><br><input type="checkbox"/> See attached Signature Page Addendum. [RPI Form 251]<br>Date: _____, 20_____<br>Seller: _____<br><br>Signature: _____<br>Seller: _____<br><br>Signature: _____ |
|--|--|

**REJECTION OF OFFER**

Undersigned hereby rejects this offer in its entirety. No counteroffer will be forthcoming.

Date: \_\_\_\_\_, 20\_\_\_\_\_  
 Name: \_\_\_\_\_ Name: \_\_\_\_\_  
  
 Signature: \_\_\_\_\_ Signature: \_\_\_\_\_