



Shaded areas indicate U.S. recessions.

Source: Freddie Mac

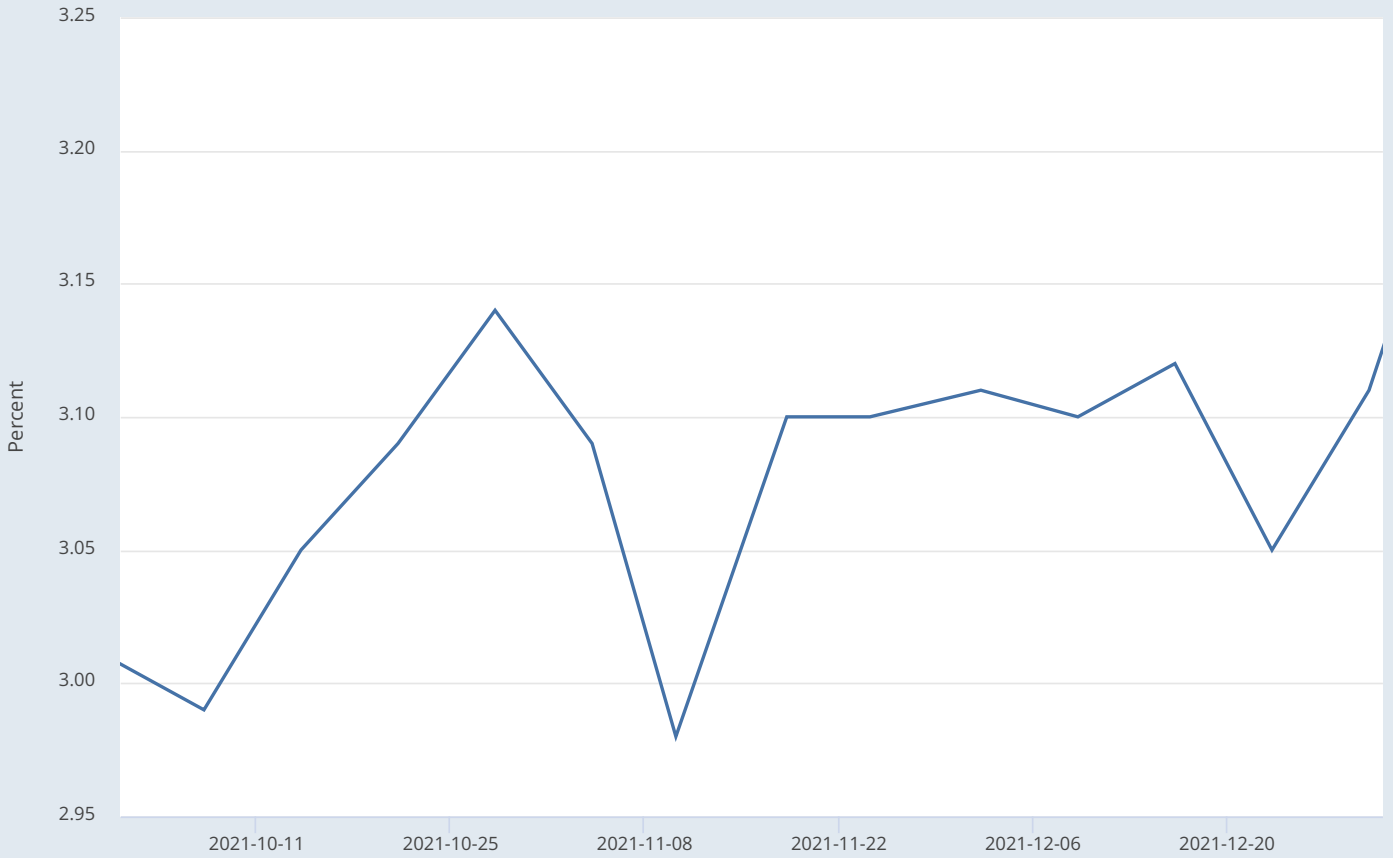
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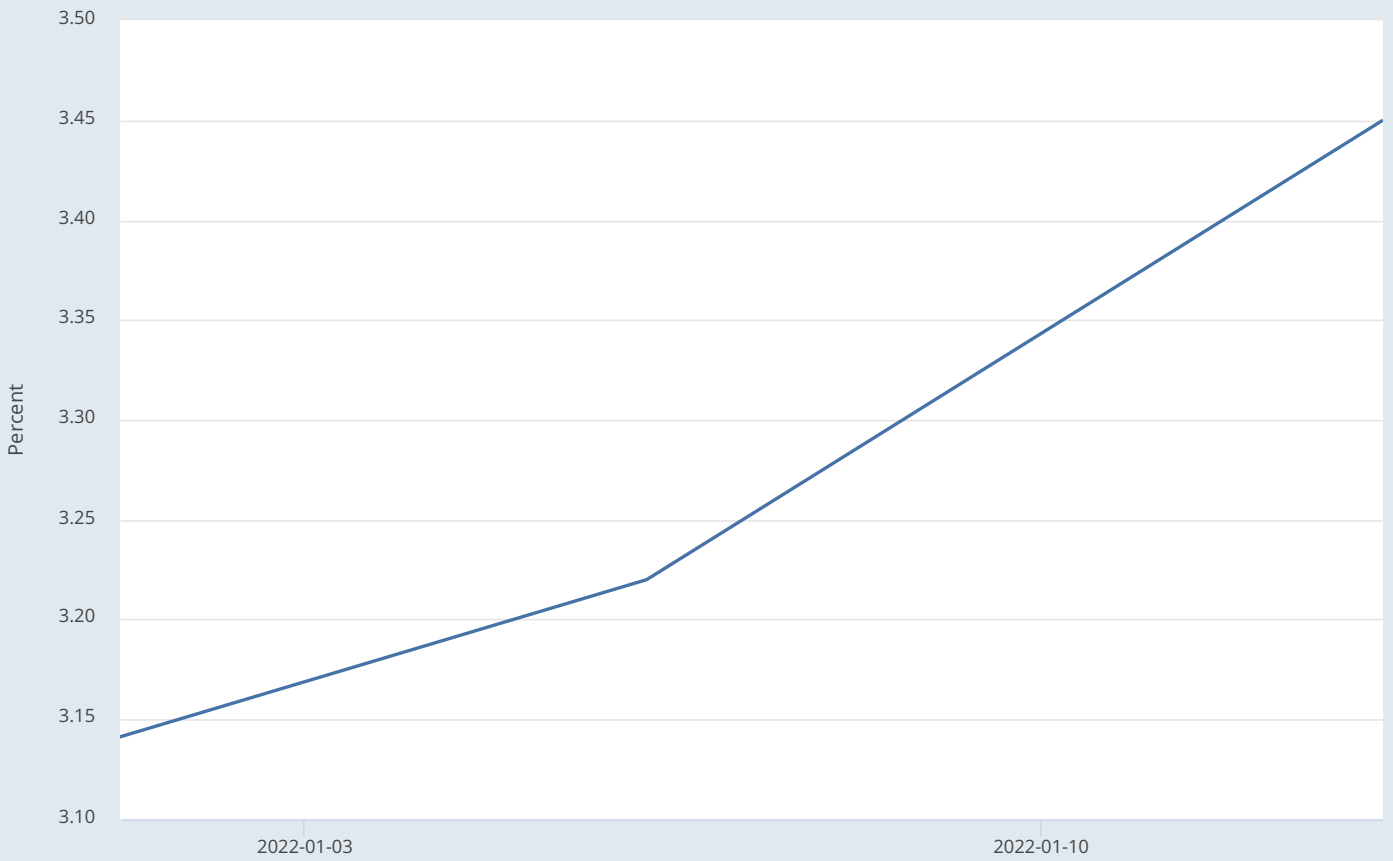
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HOME PRICES IN 2021 ARE UP OVER 25%!



By [Bill Hethcock](#) – Senior Reporter, Dallas Business Journal
Dec 3, 2021, 9:27am EST

Dallas-area home prices have jumped 25% year-over-year — the largest gain ever. A robust 54% of Dallas-area homes sold above asking price. And looking ahead, the forecast for Dallas-Fort Worth calls for greater home sales but smaller price increases in 2022.

WHY THE LARGE INCREASE IN HOME PRICES??

IMPACT ON GETTING A MORTGAGE LOAN

- SUPPLY/DEMAND – MORE BUYERS THAN SELLERS = INVENTORY SHORTAGE
- LARGE MIGRATION TO METROPLEX FROM OTHER PARTS OF THE COUNTRY
- CARES ACT: GOVERNMENT MORTGAGE LOAN FORBEARANCE / MORATORIUM ON FORCLOSURES & EVICTIONS
- MULTIPLE OFFERS - APPRAISAL ADDENDUM



PROMULGATED BY THE TEXAS REAL ESTATE COMMISSION (TREC)



THIRD PARTY FINANCING ADDENDUM

TO CONTRACT CONCERNING THE PROPERTY AT

(Street Address and City)

1. TYPE OF FINANCING AND DUTY TO APPLY AND OBTAIN APPROVAL: Buyer shall apply promptly for all financing described below and make every reasonable effort to obtain approval for the financing, including but not limited to furnishing all information and documents required by Buyer's lender. (Check applicable boxes):

A. CONVENTIONAL FINANCING:

(1) A first mortgage loan in the principal amount of \$_____ (excluding any financed PMI premium), due in full in _____ year(s), with interest not to exceed _____% per annum for the first _____ year(s) of the loan with Origination Charges as shown on Buyer's Loan Estimate for the loan not to exceed _____% of the loan.

(2) A second mortgage loan in the principal amount of \$_____ (excluding any financed PMI premium), due in full in _____ year(s), with interest not to exceed _____% per annum for the first _____ year(s) of the loan with Origination Charges as shown on Buyer's Loan Estimate for the loan not to exceed _____% of the loan.

B. TEXAS VETERANS LOAN: A loan(s) from the Texas Veterans Land Board of \$_____ for a period in the total amount of _____ years at the interest rate established by the Texas Veterans Land Board.

C. FHA INSURED FINANCING: A Section _____ FHA insured loan of not less than \$_____ (excluding any financed MIP), amortizable monthly for not less than _____ years, with interest not to exceed _____% per annum for the first _____ year(s) of the loan with Origination Charges as shown on Buyer's Loan Estimate for the loan not to exceed _____% of the loan.

D. VA GUARANTEED FINANCING: A VA guaranteed loan of not less than \$_____ (excluding any financed Funding Fee), amortizable monthly for not less than _____ years, with interest not to exceed _____% per annum for the first _____ year(s) of the loan with Origination Charges as shown on Buyer's Loan Estimate for the loan not to exceed _____% of the loan.

E. USDA GUARANTEED FINANCING: A USDA-guaranteed loan of not less than \$_____ (excluding any financed Funding Fee), amortizable monthly for not less than _____ years, with interest not to exceed _____% per annum for the first _____ year(s) of the loan with Origination Charges as shown on Buyer's Loan Estimate for the loan not to exceed _____% of the loan.

F. REVERSE MORTGAGE FINANCING: A reverse mortgage loan (also known as a Home Equity Conversion Mortgage loan) in the original principal amount of \$_____ (excluding any financed PMI premium or other costs), with interest not to exceed _____% per annum for the first _____ year(s) of the loan with Origination Charges as shown on Buyer's Loan Estimate for the loan not to exceed _____% of the loan. The reverse mortgage loan will will not be an FHA insured loan.

2. APPROVAL OF FINANCING: Approval for the financing described above will be deemed to have been obtained when Buyer Approval and Property Approval are obtained. **Time is of the essence for this paragraph and strict compliance with the time for performance is required.**

A. BUYER APPROVAL (Check one box only):

This contract is subject to Buyer obtaining Buyer Approval. If Buyer cannot obtain Buyer Approval, Buyer may give written notice to Seller within _____ days after the effective date of this contract and this contract will terminate and the earnest money will be refunded to Buyer. If Buyer does not terminate the contract under this provision, the

(Address of Property)

contract shall no longer be subject to the Buyer obtaining Buyer Approval. Buyer Approval will be deemed to have been obtained when (i) the terms of the loan(s) described above are available and (ii) lender determines that Buyer has satisfied all of lender's requirements related to Buyer's assets, income and credit history.

This contract is not subject to Buyer obtaining Buyer Approval.

B. **PROPERTY APPROVAL:** If Buyer's lender determines that the Property does not satisfy lender's underwriting requirements for the loan (including but not limited to appraisal, insurability, and lender required repairs) Buyer, not later than 3 days before the Closing Date, may terminate this contract by giving Seller: (i) notice of termination; and (ii) a copy of a written statement from the lender setting forth the reason(s) for lender's determination. If Buyer terminates under this paragraph, the earnest money will be refunded to Buyer. If Buyer does not terminate under this paragraph, Property Approval is deemed to have been obtained.

3. SECURITY: Each note for the financing described above must be secured by vendor's and deed of trust liens.

4. FHA/VA REQUIRED PROVISION: If the financing described above involves FHA insured or VA financing, it is expressly agreed that, notwithstanding any other provision of this contract, the purchaser (Buyer) shall not be obligated to complete the purchase of the Property described herein or to incur any penalty for forfeiture of earnest money deposits or otherwise: (i) unless the Buyer has been given in accordance with HUD/FHA or VA requirements a written statement issued by the Federal Housing Commissioner, Department of Veterans Affairs, or a Direct Endorsement Lender setting forth the appraised value of the Property of not less than \$_____ or (ii) if the contract purchase price or cost exceeds the reasonable value of the Property established by the Department of Veterans Affairs. The 3-day notice of termination requirements in 2.B. does not apply to this Paragraph 4.

A. The Buyer shall have the privilege and option of proceeding with consummation of the contract without regard to the amount of the appraised valuation or the reasonable value established by the Department of Veterans Affairs.

B. If FHA financing is involved, 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 the condition of the Property. The Buyer should satisfy himself/herself that the price and the condition of the Property are acceptable.

C. If VA financing is involved and if Buyer elects to complete the purchase at an amount in excess of the reasonable value established by the VA, Buyer shall pay such excess amount in cash from a source which Buyer agrees to disclose to the VA and which Buyer represents will not be from borrowed funds except as approved by VA. If VA reasonable value of the Property is less than the Sales Prices, Seller may reduce the Sales Price to an amount equal to the VA reasonable value and the sale will be closed at the lower Sales Price with proportionate adjustments to the down payment and the loan amount.

5. AUTHORIZATION TO RELEASE INFORMATION:

A. Buyer authorizes Buyer's lender to furnish to Seller or Buyer or their representatives information relating to the status of the approval for the financing.

B. Seller and Buyer authorize Buyer's lender, title company, and escrow agent to disclose and furnish a copy of the closing disclosures and settlement statements provided in relation to the closing of this sale to the parties' respective brokers and sales agents provided under Broker Information.

Buyer

Seller

Buyer

Seller



This form has been approved by the Texas Real Estate Commission for use with similarly approved or promulgated contract forms. Such approval relates to this form only. TREC forms are intended for use only by trained real estate license holders. No representation is made as to the legal validity or adequacy of any provision in any specific transactions. It is not intended for complex transactions. Texas Real Estate Commission, P.O. Box 12188, Austin, TX 78711-2188, (512) 936-3000 (<http://www.trec.texas.gov>) TREC No. 40-9. This form replaces TREC No. 40-8.



**ADDENDUM CONCERNING RIGHT TO TERMINATE
DUE TO LENDER'S APPRAISAL**

*Use only if the Third Party Financing Addendum is attached to the contract and
the transaction does not involve FHA insured or VA guaranteed financing*



CONCERNING THE PROPERTY AT: _____
(Street Address and City)

The financing described in the Third Party Financing Addendum attached to the contract for the sale of the above-referenced Property does not involve FHA or VA financing. *(Check one box only)*

- (1) **WAIVER.** Buyer waives Buyer's right to terminate the contract under Paragraph 2B of the Third Party Financing Addendum if Property Approval is not obtained because the opinion of value in the appraisal does not satisfy lender's underwriting requirements.

If the lender reduces the amount of the loan due to the opinion of value, the cash portion of Sales Price is increased by the amount the loan is reduced due to the appraisal.

- (2) **PARTIAL WAIVER.** Buyer waives Buyer's right to terminate the contract under Paragraph 2B of the Third Party Financing Addendum if:

(i) Property Approval is not obtained because the opinion of value in the appraisal does not satisfy lender's underwriting requirements; and

(ii) the opinion of value is \$_____ or more.

If the lender reduces the amount of the loan due to the opinion of value, the cash portion of Sales Price is increased by the amount the loan is reduced due to the appraisal.

- (3) **ADDITIONAL RIGHT TO TERMINATE.** In addition to Buyer's right to terminate under Paragraph 2B of the Third Party Financing Addendum, Buyer may terminate the contract within _____ days after the Effective Date if:

(i) the appraised value, according to the appraisal obtained by Buyer's lender, is less than \$_____; and

(ii) Buyer delivers a copy of the appraisal to the Seller.

If Buyer terminates under this paragraph, the earnest money will be refunded to Buyer.

Buyer

Seller

Buyer

Seller



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MBA Annual Forecast: Purchase Originations to Increase 9 Percent to Record \$1.73 Trillion in 2022

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SAN DIEGO (October 17, 2021) - The Mortgage Bankers Association (MBA) announced today that **purchase mortgage originations are expected to grow 9% to a new record of \$1.73 trillion in 2022**. After an anticipated 14% decline in 2021, MBA expects refinance originations will slow further next year, decreasing by 62% to \$860 billion from \$2.26 trillion in 2021.

MBA's 2022 outlook was presented at its **2021 Annual Convention & Expo** by **Mike Fratantoni, Chief Economist and Senior Vice President for Research and Industry Technology**; Joel Kan, Associate Vice President of Economic and Industry Forecasting; and Marina Walsh, CMB, Vice President of Industry Analysis.

MBA forecasts mortgage originations to total \$2.59 trillion in 2022 - a 33% decline from this year. In 2023, mortgage originations are expected to decrease to \$2.53 trillion.

Purchase originations are forecasted to reach new successive records in 2022 and 2023, while higher mortgage rates and fewer eligible homeowners will lead to further declines in refinance volume.

According to Fratantoni, **MBA's 2022 forecast assumes continued, strong economic growth amidst eventual easing of the supply chain constraints that have curbed some economic activity this year. "The economy and labor market rebounded in 2021, but overall growth fell short of expectations because of stubborn supply chain issues that fueled faster inflation, slowed consumer spending, and presented challenges in filling the record number of job openings available," he said. "With inflation elevated and the unemployment rate dropping fast, the Federal Reserve will begin to taper its asset purchases by the end of this year and will raise short-term rates by the end of 2022."**

MBA's baseline forecast is for mortgage rates to rise, with the 30-year, fixed-rate mortgage expected to end 2021 at 3.1% before increasing to 4.0% by the end of 2022.