

PURCHASE CONTRACT AND ESCROW INSTRUCTIONS

THIS PURCHASE CONTRACT AND ESCROW INSTRUCTIONS ("Contract"), is effective as of the latest date this Contract is executed by the Parties as set forth below (the "Effective Date"), and comprises the entire contract and agreement between Seller (defined in Section 1.9 below) and Buyer (defined in Section 1.9 below).

1. **BASIC TERMS.** This Section 1 defines the Basic Terms of this Contract.

1.1 Property Address: _____

1.2 Property APN: _____

1.3 Legal Description: _____

_____;

OR

☐ See Exhibit A attached (if lengthy);

OR

☐ To be provided by Escrow Agent.

1.4 The Property:

The real property bearing the street address in Section 1.1, the APN in Section 1.2 and the legal description in Section 1.3 together with all improvements, fixtures, and appurtenances thereon or incidental thereto, plus the personal property described in Section 1.12.

1.5 "Purchase Price" of \$ _____ to be paid as follows:
(☐ Approximate or ☐ Exact)

\$ _____ Earnest Money Deposit to be
delivered to Escrow Agent within
_____ days of the Effective Date (the
"Deposit")

\$ _____ Approximate Existing 1st Mortgage
(Buyer Purchasing Subject To)

\$ _____ Approximate Existing 2nd Mortgage
(Buyer Purchasing Subject To)

\$ _____ New Loan to Buyer
(From Lender Other Than Seller)

\$ _____ Seller Carryback Financing

\$ _____ Amount to cure loan defaults (if any)
(☐ Approximate or ☐ Exact)

\$ _____ OTHER: _____

\$ _____ Cash at COE exclusive of Buyer's
portion of the Closing Costs.
(☐ Approximate or ☐ Exact)

1.6 Close of Escrow:
("COE")

☐ _____, 20____; or

☐ _____ days after Effective Date; or

☐ _____ days after _____

_____.

1.7 Escrow Agent/
Closing Attorney:

Telephone: _____

Email: _____

1.8 Association(s):

1.9 Parties:

Seller:

(Collectively the "Seller")

Address: _____

Telephone: _____

Email: _____

Buyer: _____, a(n) _____ limited
liability company ("Buyer")

Address: _____

Telephone: _____

Email: _____

1.10 Inspection Period: _____ Days

1.11 Specific Closing Costs to be Paid as Follows:

Escrow fees and costs: ☐ 50% by Buyer and 50% by Seller or ☐ 100% by Buyer;
standard title policy: ☐ Seller or ☐ Buyer; **HOA fees (disclosure, transfer, capital
improvement/reserve) (if applicable):** ☐ 50% by Buyer and 50% by Seller or ☐ 100% by
Buyer; **Transfer taxes:** ☐ 50% by Buyer and 50% by Seller or ☐ 100% by Buyer.

1.12 Personal property to be included in the sale includes all items attached and affixed
to the Property as of the Effective Date and the following:

1.13 Addendums and Acknowledgments:

- ☐ Subject To Addendum (See attached).
- ☐ Seller Acknowledgements (See attached or executed at COE).

1.14 Additional Terms and Conditions:

- ☐ Net to Seller: Seller will be paid \$_____ from COE and the
Purchase Price and Cash at COE amounts set forth in Section 1.5 will be
adjusted accordingly.
- ☐ The following liens and encumbrances will not be paid off through COE
and the Property will be transferred to Buyer subject to the following liens
and encumbrances (list all deeds of trust, mortgages, and other liens or
encumbrances that will not be satisfied at COE):

(the "Existing Loan(s)")

- ☐ This Contract and the Buyer's performance hereunder is conditioned upon the combined reinstatement amount for the Existing Loan(s) being equal to or less than \$_____.
- ☐ This is a wrap-around financing closing with Buyer purchasing the Property subject to the Existing Loan(s). The terms of the Seller wrap-around/carryback financing will be as follows:
- ☐ Mirror Existing Loan(s); or
- ☐ Hybrid: Existing Loan(s) plus \$_____ ("Additional Principal")

If Hybrid is marked, the initial portion of the Seller carryback financing (principal balance and interest rate) will be identical to the Existing Loan(s), Buyer will make monthly payments in an amount equal to the Existing Loan(s), and the following shall apply only to the Additional Principal:

Interest Rate: _____ % per annum

Monthly Payment: \$_____

Monthly Payments Are: ☐ principal only;
☐ interest only; or
☐ principal and interest
amortized over ____ years

Monthly Payment
Start Date: _____, 20____

Maturity Date: ☐ _____, 20____;
☐ Same as Existing Loan(s); or
☐ Same as Existing Loan(s), but the unpaid
balance of the Additional Principal shall be due on
_____, 20____.

Monthly Payment

will be made to:

☐ Directly to Lender; or

☐ Servicing Agent: _____

- ☐ Seller carryback, but not subject to Existing Loan(s). The terms of the Seller carryback will be as follows:

Principal Amount: \$ _____

Interest Rate: _____ % per annum

Monthly Payment: \$ _____

Monthly Payments

Are:

☐ principal only; ☐ interest only; or

☐ principal and interest amortized over ____ years

Taxes and Insurance: ☐ will ☐ will not be part of the Monthly Payment

Monthly Payment

Start Date: _____, 20____

Maturity Date: _____, 20____

Monthly Payment

will be made to:

☐ Directly to Seller; or

☐ Servicing Agent: _____

estate

- ☐ Listing Agent for Seller: Seller was represented by the following real broker pursuant to a listing agreement for the Property and such broker shall be compensated from COE pursuant to the terms of the listing agreement or as otherwise agreed between the Parties and broker:

Agent Name: _____

Phone: _____

Email: _____

Broker Name: _____

- ☐ Other:

1.15 Occupancy. Seller represents and warrants:

- ☐ There are no parties in occupancy of the Property other than Seller and Buyer will be given occupancy of the Property at COE unless otherwise specified herein: _____; or
- ☐ Buyer understands that the Property is leased and the tenant may continue in possession of the Property after COE unless otherwise agreed in writing. Seller will make payment to Buyer at COE for the amount of the security deposits for any existing lease for the Property.

1.16 Real Estate License Disclosure. Principals, owners, members, managers or employees of Buyer ☐ hold or ☐ do not hold a real estate license in the state where the Property is located.

2. **PURCHASE AND SALE OF PROPERTY.** For the Purchase Price and in accordance with the terms and conditions set forth in this Contract, Seller agrees to sell, and Buyer agrees to purchase the Property identified in Section 1.4.

3. **PURCHASE PRICE; METHOD OF PAYMENT.**

3.1 The Purchase Price shall be paid by Buyer pursuant to the provisions of Section 1.5.

3.2 The Deposit shall be credited toward the Purchase Price at COE.

3.3 If all or part of the Purchase Price set forth in Section 1.5 and/or the provisions of Section 1.14 reflect that Buyer is purchasing the Property subject to one or more Existing Loan(s), the terms of the Seller carryback financing will be as set forth in Section 1.14 and evidenced by a non-recourse promissory note executed by Buyer as borrower in favor of Seller as lender and secured by a mortgage or deed of trust on the Property, which shall be junior to the lien(s) of the Existing Loan(s). The note and deed of trust will be executed by Buyer at or before COE and dated the date of COE. If Section 1.14 reflects that the Seller financing will mirror the Existing Loan(s), then the note and deed of trust for the Seller carryback financing will state that the principal balance, interest, and monthly payment(s) for the Seller financing will mirror and be identical to those that exist under the Existing Loan(s) at time of COE.

3.4 If all or part of the Purchase Price set forth in Section 1.5 is to be through Seller carryback financing, but Buyer is not purchasing the Property subject to any Existing Loan(s), the terms of the Seller carryback financing will be as set forth in Section 1.14 and evidenced by a non-recourse promissory note executed by Buyer as borrower in favor of Seller as lender and secured by a mortgage or deed of trust on the Property. If the payment is to include taxes and insurance and if after said amounts are deducted from the payment, the remaining amount is not enough to cover the interest rate and/or principal amount set forth above, the remaining amount will be considered full payment and any interest rate will be adjusted accordingly.

3.5 Any Seller carryback financing set forth in this Contract may be prepaid at any time without penalty unless any Existing Loan(s) contains a pre-payment penalty in which event the pre-payment penalty shall be the same as the Existing Loan(s). The note and deed of trust or mortgage to be executed by Buyer in favor of Seller for any Seller carryback financing set forth herein will not be due on sale.

3.6 If the Parties have selected in Section 1.14 that payments are to be made to a Servicing Agent, then all payments under the note for the seller carryback financing shall be made to the Servicing Agent identified in Section 1.14. Buyer and Seller shall execute all documents reasonably requested and required for Servicing Agent to perform its duties. Seller shall deliver to Servicing Agent the original of a fully executed deed of release and reconveyance (or similar document) for the mortgage or deed of trust securing the Seller carryback financing, which Servicing Agent is authorized to deliver to Buyer upon Buyer's full payment of all amounts due under the note to be executed by Buyer in favor of Seller as provided in this Contract. Buyer shall pay all of the Servicing Agent's costs and fees to establish the account and the Servicing Agent's monthly fees shall be the Buyer's obligations, which shall be collected by the Servicing Agent with and in addition to the Monthly Payments. Seller may substitute the existing Servicing Agent with a new Servicing Agent provided the Seller gives Buyer at least thirty (30) days written notice of such substitution. Seller and Buyer shall execute all documents reasonably requested by and necessary for any future Servicing Agent to perform its services. Seller shall be responsible for all costs and fees required to establish the account with any future Servicing Agent. Servicing Agent is authorized to receive the payments to be made by Buyer under the note executed by Buyer in favor of Seller. If the Property is being purchased subject to Existing Loan(s), the Servicing Agent shall first use the amounts received from Buyer (exclusive of the fees to be paid to Servicer) to timely pay the monthly payments and other amounts owed to the lender(s) or servicer(s) of the Existing Loan(s). Seller and Buyer, and each of them, promise to indemnify and hold harmless Servicing Agent against all costs, damages, attorneys' fees, expenses and liabilities which, in good faith and without fault on its part, it may incur or sustain in connection with this Contract, the note, and with any court action arising out of the same.

4. STATUS OF TITLE. As soon as practical following the Effective Date, Escrow Agent shall cause a current commitment for an ALTA Owner's Policy of Title Insurance (the "Commitment") to be issued and delivered to Seller and Buyer. Buyer and Seller shall satisfy their respective requirements to closing set forth in the Commitment prior to COE. Except for any Existing Loan(s), Seller shall remove all liens, clouds, and encumbrances at or prior to COE.

5. INSPECTION OF AND ACCESS TO THE PROPERTY. Buyer, in Buyer's sole and absolute discretion, may through written notice to Seller, cancel this Contract during the Inspection Period set forth in Section 1.10 and obtain a return of the Deposit and any other items or things of value given by Buyer to Seller or paid by Buyer for the benefit of Seller shall be refunded to Buyer by Seller. From the Effective Date through COE, Seller shall provide access to the Property to Buyer, and will make the Property reasonably available to Buyer and to Buyer's assignees, prospective assignees, agents, representatives, inspectors and authorized individuals to conduct inspections and walkthrough(s) of the Property.

6. **LEAD-BASED PAINT DISCLOSURE.** If the home on the Property was built before 1978, Seller shall notify Buyer of any known lead-based paint (“LBP”) or LBP hazards on the Property and provide Buyer with any LBP risk assessments or inspections in Seller’s possession. Buyer agrees to review the “Lead Warning Statement” found in the Disclosure of Information on Lead-Based Paint and/or Lead-Based Paint Hazards found at https://www.epa.gov/sites/production/files/documents/selr_eng.pdf and the pamphlet “Protect Your Family from Lead in Your Home” found at <https://www.epa.gov/lead/protect-your-family-lead-your-home-real-estate-disclosure>, which are incorporated herein by this reference. Buyer waives the ten (10) day opportunity to conduct a lead-based paint inspection and risk assessment.

7. **SEPTIC OR WASTEWATER TREATMENT SYSTEM.** If the Property is on a septic system or alternative system that uses a septic tank and the law of the state where the Property is located requires the system to have a pre-transfer inspection performed within a specified time before COE, then Buyer shall pay for, and Seller shall obtain the required wastewater treatment facility inspection report (the “Septic Report”). If the Septic Report states that the wastewater treatment facility is "not functional", Buyer has ten (10) days from the date of receiving the Septic Report to elect the pay for the repairs necessary for the system to be functional prior to COE or to cancel this Contract, in which event, Escrow Agent shall return the Deposit to Buyer and Seller shall return to Buyer any other items or things of value given by Buyer to Seller or paid by Buyer for the benefit of Seller.

8. **AS IS PURCHASE; EXISTING CONDITION AS OF COE.** Buyer is purchasing the Property "AS IS" and in the condition existing as of the Effective Date. The Property shall be delivered to Buyer at COE in substantially the same condition existing as of the Effective Date. In the event of loss of or damage to the Property, or a portion thereof, prior to the COE, Buyer may terminate this Contract and the Deposit, and any other items or things of value given by Buyer to Seller or paid by Buyer for the benefit of Seller will be refunded by Seller to Buyer.

9. **ESCROW; COE; CLOSING COSTS AND PRORATIONS.** Seller and Buyer engage Escrow Agent to act as the escrow agent for the closing of the transactions contemplated by this Contract. Title will be transferred to Buyer by general warranty deed. Buyer and Seller shall execute all documents Escrow Agent reasonably requires to effectuate the COE. All real estate taxes, rents, and assessments shall be prorated as of COE. The Parties shall pay the specific closing costs applicable to them as set forth in Section 1.11. Buyer has executed or will execute all Addendums and Acknowledgments marked in Section 1.13 prior to COE, which are incorporated herein by this reference.

10. **CURE NOTICE.** If a party fails to comply or perform under this Contract, the other party shall deliver a notice to the breaching party specifying the non-compliance (the “Cure Notice”). If the non-compliance is not cured within ten (10) calendar days after receipt of the Cure Notice (the “Cure Period”), the failure to comply shall become a breach of this Contract. Buyer is not required to serve a Cure Notice on Seller if Seller indicates an intent to or fails to close escrow on or before the COE date as such intent to or failure by Seller to close escrow on or before the COE date shall be deemed an immediate breach of this Contract.

11. **REMEDIES; ATTORNEYS' FEES.** If Seller shall breach any of the terms or provisions of this Contract, Buyer may proceed against Seller for any claim or remedy the Buyer may have in law or equity, which includes, but is not limited to, specific performance and damages. If Buyer breaches this Contract, Seller accepts the Deposit as Seller's sole right to damages. The prevailing party in any lawsuit arising out of or to enforce this Contract shall be awarded its reasonable attorneys' fees, expert fees and costs incurred prior to and/or after the filing of such lawsuit. Any attorneys' fees awarded in favor of Buyer may be paid to Buyer from the proceeds of the closing of the transaction contemplated by this Contract.

12. **NO ORAL CHANGES OR REPRESENTATIONS.** EACH PARTY ACKNOWLEDGES THAT SUCH PARTY HAS NOT RELIED ON ANY ORAL CONTRACT, STATEMENT, REPRESENTATION OR OTHER PROMISE THAT IS NOT EXPRESSED IN WRITING IN THIS CONTRACT. This Contract may be amended or modified only by an agreement in writing signed by Buyer and Seller.

13. **NOTICES.** Any and all notices, demands or requests required or permitted hereunder shall be in writing and shall be effective upon personal delivery, electronic mail, or upon receipt, if deposited in the U.S. Mail, registered or certified, return receipt requested, postage prepaid, or if deposited with any commercial air courier or express service.

14. MISCELLANEOUS.

14.1 *Reinstatement Amount Contingency.* In the event the combined amount to reinstate the Existing Loan(s) exceeds the amount set forth in Section 1.14, Buyer may waive such contingency by proceeding with COE or Buyer, at any time prior to COE, may cancel this Contract and obtain a return of the Deposit and any other items or things of value given by Buyer to Seller or paid by Buyer for the benefit of Seller shall be refunded to Buyer by Seller.

14.2 *Addendum, Acknowledgements, and Additional Terms and Conditions.* The Parties agree to be bound by the additional terms and conditions specified in Sections 1.13 and 1.14 and if such additional terms and conditions conflict with any other provision of this Contract, the terms and conditions set forth in Sections 1.13 and 1.14 shall control.

14.3 *Assignment.* Buyer may assign this Contract or any of its rights hereunder to any person, partnership, corporation or other entity without notice to Seller. Seller's consent to such assignment is not necessary or required.

14.4 *Time is of the Essence.* Time is of the essence with respect to the performance of all terms, conditions and provisions of this Contract.

14.5 *Choice of Law.* This Contract shall be governed and enforced under the laws of the state where the Property is located without regard to any conflict of law provisions.

14.6 *Memorandum of Contract.* Seller agrees that Buyer may execute, acknowledge and record a memorandum of this Contract with the recorder (or similar office) of the county in which the Property is located and no further signature or authorization from Seller is required for the recording of such memorandum.

14.7 *Electronic Execution and Counterparts.* This Contract may be executed by electronic means and in any number of counterparts, each of which shall be deemed an original and all of which when taken together shall constitute one instrument.

14.8 *Buyer Disclosures and Voluntary Agreement.* Seller understands and acknowledges that Buyer is a wholesale buyer who purchases real property and who, in its discretion, may assign its equitable interest in the real property for a profit. The Purchase Price may not reflect the Property's fair market value.

Seller acknowledges and agrees that Seller has read and fully understands the terms and conditions of this Contract and is entering into this Contract voluntarily and has not been threatened, coerced, or intimidated into signing this Contract.

This transaction involves important and complex legal consequences, including your right to cancel this transaction within three business days following the date you sign this contract. You should consult with an attorney or seek assistance from a housing counselor.

You may cancel this contract for the sale of your house without any penalty or obligation at any time before _____, 20__ at __:__ m. See the attached notice of cancellation form for an explanation of this right.

APPROVED AND ACCEPTED BY SELLER

SELLER:

—

Date:

—

Date:

APPROVED AND ACCEPTED BY
BUYER:

BUYER:

_____, a(n)
_____ limited liability
company

By: _____

Its: _____

Date: _____

NOTICE OF CANCELLATION

Effective Date of Contract: _____, 20__.

You may cancel this contract for the sale of your house, without any penalty or obligation, at any time before _____, 20__ at __:__ __m.

To cancel this transaction, personally deliver a signed and dated copy of this Notice of Cancellation in the United States mail, postage prepaid, to, _____ at _____ NOT LATER THAN _____, 20__ at __:__ __m.

I hereby cancel this transaction.

SELLER:

By: _____

Date: _____

By: _____

Date: _____

Seller Initials: ____/____

Buyer Initials: _____