

**SELLER FINANCING ADDENDUM
TO PURCHASE AND SALE AGREEMENT**
Continued

- 2. PAYMENTS TO SELLER AND METHOD OF PAYMENT** 42
- A. Down Payment.** Buyer shall pay a down payment, including Earnest Money, which shall be applied to the Purchase Price at Closing as follows: 43
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Earnest Money: \$_____ + Additional Money Down: \$_____ = Total Down Payment \$_____ 45
- B. Interest Rate.** The balance of the Purchase Price (the "Indebtedness") shall accrue interest at _____ % per annum. Interest will begin to accrue on ☐ Closing; ☐ _____ (Closing if not checked). 46
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- C. Payments to Seller.** Buyer shall pay (check applicable box): 48
- i. ☐ No installment payments are required. 49
- ii. ☐ Principal and interest installments of \$_____. 50
- iii. ☐ Interest only payments on the outstanding principal balance. 51
- The installment payments, if any, shall begin on the _____ day of _____, and shall continue on the _____ day of each succeeding (check applicable box): ☐ calendar month; ☐ third calendar month; ☐ sixth calendar month; ☐ twelfth calendar month; ☐ Other: _____. 52
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- D. ☐ Promissory Note and Deed of Trust** 55
- i. **Security.** The Indebtedness shall be evidenced by a Promissory Note and a ☐ first; ☐ second; ☐ third (first, if not filled in) Deed of Trust, as set forth below. 56
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- ii. **Promissory Note.** Buyer agrees to sign at Closing LPB Form 28A (Promissory Note). 58
- iii. **Deed of Trust.** Buyer agrees to sign at Closing the following selected form (check applicable box): 59
- a. ☐ LPB Form 22 (Deed of Trust) securing the Property; or 60
- b. ☐ LPB Form 22A (Deed of Trust with Due on Sale and Due Date) securing the Property. The parties shall initial the Due on Sale clause, which provides: "The property described in this security instrument may not be sold or transferred without the Beneficiary's consent. Upon breach of this provision, Beneficiary may declare all sums due under the note and Deed of Trust immediately due and payable, unless prohibited by applicable law." 61
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- iv. **Due Date.** The balance of principal and accrued interest shall be due and payable in full on _____ day of _____. 66
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- v. **Default and Default Interest.** During any period of Buyer's default, the principal shall bear interest at the rate of _____ % per annum (18% if not filled in) or the maximum rate allowed by law, whichever is less. A late charge of \$_____ or _____ % of any installment payment (5% of the payment if neither is filled in) shall be added to any payment more than _____ days late (15 days if not filled in). If Buyer has not cured any default within _____ (30 days if not filled in) after written notice, Seller may declare all outstanding sums immediately due and payable. 68
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- vi. **Prepayment.** Buyer may prepay all or part of the balance owed under this Agreement at any time without penalty. 74
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- vii. ☐ **No Further Encumbrances.** Buyer shall not further encumber the Property until Seller has released Seller's security interest in the Property. If selected, the Deed of Trust shall include the following provision: 76
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As an express condition of Beneficiary making the loan secured by this Deed of Trust, Grantor shall not further encumber, pledge, mortgage, hypothecate, place any lien, charge or claim upon, or otherwise give as security the property or any interest therein nor cause or allow by operation of law the encumbrance of the Trust Estate or any interest therein without the written consent of Beneficiary even though such 78
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encumbrance may be junior to the encumbrance created by this Deed of Trust. Encumbrance of the property contrary to the provisions of this provision shall constitute a default and Beneficiary may, at Beneficiary's option, declare the entire balance of principal and interest immediately due and payable, whether the same be created by Grantor or an unaffiliated third party asserting a judgment lien, mechanic's or materialmen's lien or any other type of encumbrance or title defect.

E. ☐ Real Estate Contract

Note: If the Property is primarily for agricultural purposes, then a non-judicial foreclosure/forfeiture remedy is available only by using a real estate contract.

i. **Real Estate Contract.** The parties agree to sign LPB Form 44 (Real Estate Contract). The parties agree to initial and make applicable the following Optional Provisions in LPB Form 44 if the corresponding box is checked:

- a. ☐ Substitution and Security on Personal Property
- b. ☐ Alterations
- c. ☐ Due on Sale
- d. ☐ Pre-Payment Penalties on Prior Encumbrances
- e. ☐ Periodic Payments on Taxes and Insurance (The payments during the current year shall be \$ _____ per _____)

ii. ☐ **Cash Out.** The entire balance of principal and interest shall be due and payable in full not later than _____.

3. ASSUMED UNDERLYING OBLIGATIONS AND METHOD OF PAYMENT

A. ☐ **Assumed Obligations.** Buyer shall assume the following obligations \$ _____.

B. **Consent of Holder of Underlying Obligation.** If there is an existing Deed of Trust, Real Estate Contract or other encumbrance which is to remain unpaid after Closing and its terms require the holder's consent to this sale, Buyer agrees to promptly apply for such consent upon mutual acceptance of this Agreement. This Agreement is subject to the written consent of the holder of the underlying obligation within _____ days (15 days if not filled in) of mutual acceptance. If the holder's written consent to this Agreement is not obtained by such date, this Agreement shall terminate, and the Earnest Money shall be refunded to Buyer.

C. ☐ Seller Wrap of Existing Loan.

Payments. From the payments by Buyer to Seller, Seller will pay the monthly payments of \$ _____ due on an existing loan by _____ (the lender) having an approximate present principal balance of \$ _____ with interest at _____ % per annum computed on the unpaid principal and secured by the Property. Such balance remains the obligation of the Seller and Seller agrees to pay such obligation in accordance with its terms and conditions. Buyer shall have the right to remedy any default on the underlying obligation, provided Buyer is not in default to Seller, and all sums so paid shall be credited to Buyer's payments to Seller.

D. ☐ Cash Down to Existing Loan.

i. **Type of Loan.** Buyer agrees to assume, at Closing, an existing ☐ Deed of Trust; ☐ Mortgage; ☐ Real Estate Contract securing the Property and to pay the balance of the Purchase Price in cash, including Earnest Money, at Closing. The assumed loan ☐ is; ☐ is not an Adjustable Rate Mortgage ("ARM"). The monthly payments could increase or decrease if the assumed loan is an ARM.

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- ii. **Loan Amount and Payments.** The assumed loan has a principal balance of approximately 122
\$_____ and is payable in monthly installments of approximately 123
\$_____ including interest at _____ % per annum computed on the declining 124
principal balance, and including ☐ real estate taxes; ☐ hazard insurance. Seller shall pay any 125
delinquencies at Closing. 126
- iii. ☐ **Seller Warranty – Loan is Assumable.** Seller warrants that the assumed loan is assumable provided 127
that Buyer complies with and agrees to abide by any requirements or conditions imposed by the holder of 128
the assumed loan. 129
- iv. ☐ **Buyer Review Period.** This Agreement is conditioned upon Buyer's review of the assumed loan. 130
Unless Buyer gives written notice to Seller of Buyer's disapproval of the assumed loan within _____ 131
days (5 days if not filled in) of mutual acceptance, this contingency shall be deemed satisfied (waived). 132
- v. ☐ **Seller Review Period.** Seller understands that when a loan is "assumed," Seller may remain liable to 133
pay the holder of the assumed loan if the Buyer fails to do so. This Agreement is conditioned upon 134
Seller's review of the terms of the assumed loan. Unless Seller gives written notice to Buyer of Seller's 135
disapproval of the terms of the assumed loan within _____ days (5 days if not filled in) of mutual 136
acceptance, this contingency shall be deemed satisfied (waived). 137
4. **OTHER TERMS** (Check all that apply). 138
- A. ☐ **Payments to Collection Account.** 139
- i. **Collection Account.** Buyer's payments to or on behalf of Seller shall be made to a contract collection 140
account at _____ (the "Collection Account"), 141
☐ to be established and paid for by Buyer and Seller equally; or ☐ to be established and paid for as 142
follows: _____ (established and paid for equally if not filled in). 143
Closing Agent ☐ may; ☐ may not (may if not checked) collect Collection Account set-up fees and annual 144
escrow fees at Closing. 145
- ii. ☐ **Escrow.** The Collection Account shall also serve as escrow for a request for reconveyance or 146
fulfillment deed (as applicable), which shall be fully executed by Seller at Closing and held by the 147
Collection Account pending payment of funds as provided for herein and shall be released to Buyer when 148
full payment of funds due and owing have been received by the Collection Account. 149
- iii. ☐ **Taxes and Insurance.** In addition to payments for the principal and interest, additional amounts 150
determined by the Collection Account holder shall be paid by Buyer and applied to ☐ real property taxes; 151
☐ insurance, which amounts may change due to adjustments in taxes and insurance premiums. Closing 152
Agent ☐ may; ☐ may not (may if not checked) collect the initial deposit for taxes and insurance at Closing. 153
- B. ☐ **Seller's Review of Buyer's Finances Contingency.** This Agreement is conditioned upon Seller's review 154
and approval, in Seller's sole discretion, of (i) ☐ Buyer's credit report and score; (ii) ☐ Buyer's income tax 155
returns for the prior _____ years (3 years if not filled in); (iii) ☐ verification of Buyer's employment 156
from Buyer's employer; and (iv) ☐ other _____. 157
Buyer will provide Seller with all applicable information including a credit report and score (if applicable) 158
within _____ days (5 days if not filled in) of mutual acceptance. Unless Seller gives written notice to 159
Buyer of Seller's disapproval of the applicable conditions within _____ days (2 days if not filled in) 160
of the date the information is due, this contingency shall be deemed satisfied (waived). 161
- C. ☐ **Title Insurance.** Buyer shall pay the cost of a lender's standard title insurance policy insuring Seller's 162
security interest and shall pay for an extended lender's title insurance policy if the cost of such extended 163
policy does not exceed the cost of a standard policy by more than ten percent (10%). 164