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Buyer's Initials

Date

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Date

Seller's Initials

Date

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SELLER FINANCING ADDENDUM TO PURCHASE AND SALE AGREEMENT

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The following is part of the Purchase and Sale Agreement dated _ 1 ("Buyer") between 2 Buyer Buver ("Seller") 3 and _ Seller 4 concerning (the "Property"). Address 5 **GENERAL TERMS** 6 **Limited Use.** Buyer represents that the Property \square will; \square will not (will, if not filled in) be used for a residential dwelling. If the Property will be used for a residential dwelling, this Addendum may only be used if: 7 8 i. Seller is a natural person (and not a loan originator), estate or trust; 9 ii. Seller has not financed the sale of another property within the past 12 months; iii. Seller did not construct or act as a contractor for the construction of a residence on the Property in the 10 ordinary course of Seller's business; 11 iv. The repayment schedule does not result in a negative amortization; and 12 13 v. The financing has a fixed rate of interest or an adjustable rate of interest that is adjustable after five or 14 more years, subject to reasonable annual and lifetime limitations on interest rate increases. B. Washington State DFI Waiver or Exemption. If the Property is used for a residential dwelling, Seller shall 15 either: (i) obtain a waiver from the Washington State Department of Financial Institutions ("DFI") under RCW 16 31.04.025(3); or (ii) identify an exemption from the licensing requirements under RCW 31.04. If Seller does 17 not give notice to Buyer that Seller either has: (i) obtained a DFI waiver; or (ii) identified an exemption from 18 RCW 31.04 under WAC 208-620-104 or WAC 208-620-105, within _____ days (5 days if not filled in) of 19 mutual acceptance, Buyer may terminate the Agreement at any time prior to Seller giving such notice. If 20 21 Seller is not exempt from RCW 31.04 and DFI does not grant a DFI waiver. Seller may terminate the 22 days (5 days if not filled in) of mutual acceptance, provided Seller timely applied for Agreement within 23 and made a good faith effort to obtain a DFI waiver. If either party terminates under this Paragraph B, the 24 Earnest Money shall be refunded to Buyer. C. Disclosure. If the Property will be used for a residential dwelling, Seller shall provide Buyer with a residential 25 disclosure summary prescribed by DFI or a compliant federal disclosure under Regulation Z (12 CFR 1026) 26 27 that includes the material terms and conditions of the loan and the cost of financing. D. Limited Practice Board Forms. The current version of any Limited Practice Board ("LPB") form referenced 28 29 below shall be attached to this Agreement as a blank form. 30 E. Attorney Review. Buyer and Seller are advised to seek the counsel of an attorney to review the terms of this 31 Agreement and this Agreement is conditioned upon review and approval by counsel for Buyer and Seller. 32 Unless a party gives written notice of disapproval of this Agreement within _ days (5 days if not filled 33 in) of mutual acceptance, this contingency shall be deemed satisfied (waived). If Buyer and Seller agree to financing terms that differ from the terms in this Addendum or an attached LPB 34 form, including, but not limited to making interlineations or otherwise modifying or supplementing any pre-35 printed terms in this Addendum or attachments thereto, the parties shall have this Agreement reviewed by 36 37 legal counsel. If Buyer and Seller do not give notice of approval of this Agreement by their counsel within days (10 days if not filled in) of mutual acceptance, this Agreement shall terminate and the Earnest 38 39 Money shall be refunded to Buyer. F. Prior Indebtedness and Security. Seller understands that Seller's security interest in the Property may be 40 41 inferior to a third party's interest in the Property, such as a prior lender.

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. P/	YMENTS TO SELLER AND METHOD OF PAYMENT							
A.	Down Payment . Buyer shall pay a down payment, including Earnest Money, which shall be applied to the Purchase Price at Closing as follows:							
		rnest Money: \$ + Additional Money Down: \$ = Total Down Payment \$	44 45					
	Lai	These Money. ϕ = Total Down't ayment ϕ	70					
В.		erest Rate. The balance of the Purchase Price (the "Indebtedness") shall accrue interest at % per num. Interest will begin to accrue on □ Closing; □ (Closing if not checked).	46 47					
C.	Pa	yments 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					
	sha	e installment payments, if any, shall begin on the day of, and all continue on the day of each succeeding (check applicable box): □ calendar month; □ third endar month; □ sixth calendar month; □ twelfth calendar month; □ Other:						
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 57					
	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."	62 63					
	iv.	Due Date. The balance of principal and accrued interest shall be due and payable in full onday of	66 67					
	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 thandays 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.	69 70 71					
	vi.	Prepayment. Buyer may prepay all or part of the balance owed under this Agreement at any time without penalty.	74 75					
	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 77					
		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	79					

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encumbrance may be junior to the encumbrance created by this Deed of Trust. Encumbrance of the 82 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, 84 whether the same be created by Grantor or an unaffiliated third party asserting a judgment lien, 85 mechanic's or materialmen's lien or any other type of encumbrance or title defect. 86 E.

Real Estate Contract 87 Note: If the Property is primarily for agricultural purposes, then a non-judicial foreclosure/forfeiture remedy 88 is available only by using a real estate contract. 89 Real Estate Contract. The parties agree to sign LPB Form 44 (Real Estate Contract). The parties agree 90 to initial and make applicable the following Optional Provisions in LPB Form 44 if the corresponding box is 91 checked: 92 Substitution and Security on Personal Property 93 a. Alterations 94 b. 95 c. Due on Sale ☐ Pre-Payment Penalties on Prior Encumbrances 96 e.

Periodic Payments on Taxes and Insurance (The payments during the current year shall be 97 _____per _____) 98 ii.

Cash Out. The entire balance of principal and interest shall be due and payable in full not later than 99 100 ASSUMED UNDERLYING OBLIGATIONS AND METHOD OF PAYMENT 101 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 103 other encumbrance which is to remain unpaid after Closing and its terms require the holder's consent to this 104 sale, Buyer agrees to promptly apply for such consent upon mutual acceptance of this Agreement. This 105 Agreement is subject to the written consent of the holder of the underlying obligation within days 106 (15 days if not filled in) of mutual acceptance. If the holder's written consent to this Agreement is not obtained 107 by such date, this Agreement shall terminate, and the Earnest Money shall be refunded to Buyer. C.

Seller Wrap of Existing Loan. 109 Payments. From the payments by Buyer to Seller, Seller will pay the monthly payments of 110 \$______ due on an existing loan by ______ (the lender) 111 having an approximate present principal balance of \$ _____ ___ with interest at 112 % per annum computed on the unpaid principal and secured by the Property. Such balance 113 remains the obligation of the Seller and Seller agrees to pay such obligation in accordance with its terms and 114

not in default to Seller, and all sums so paid shall be credited to Buyer's payments to Seller.								116	
	Cash Do	wn to Exi	isting Loan.						117
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.								
ıyer's	Initials	 Date	Buyer's Initials	Date	Seller's Initials	Date	Seller's Initials	 Date	

conditions. Buyer shall have the right to remedy any default on the underlying obligation, provided Buyer is 115

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Date

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