

SELLER FINANCING ADDENDUM

I. The Parties. This Seller's Financing Addendum ("Addendum") is made between _____ ("Buyer") and _____ ("Seller") to be incorporated and made a part of the Purchase and Sale Agreement for the property located at _____, City of _____, State of _____ ("Property") with an Effective Date of _____, 20____ ("Agreement").

II. Effective Date. _____, 20____ ("Effective Date").

III. Mortgage. As part of the Purchase Price stated in the Agreement, Buyer shall execute and deliver to Seller at closing a promissory note and purchase money mortgage that is a First (1st) Mortgage Second (2nd) Mortgage on the Property in the amount of \$_____ at an interest rate of ____% per annum in accordance with this Addendum as follows:

IV. Buyer's Credit Information. Within ____ days after the Effective Date of this Addendum, the buyer shall furnish all credit, employment, and financial information reasonably required by Seller ("Credit Information").

V. Seller's Approval. Seller shall deliver written notice to the Buyer within ____ days if their Credit Information is approved or rejected. If no written notice is delivered, Buyer shall be considered approved for Seller's financing under the terms of this Addendum.

If Buyer's Credit Information is rejected by the Seller, any earnest money deposited as part of the Agreement shall be returned to the Buyer unless otherwise stated.

VI. Financing Terms. The Seller's financing terms shall be: **(Choose One)**

Amortized Loan. Fully Amortized for a term of ____ Months Years.

Interest Only. An interest-only mortgage loan that complies with the requirements of Dodd-Frank legislation and requires monthly payment with the entire principal balance and accrued interest due in full on _____, 20____.

Balloon Mortgage. A balloon mortgage that complies with the requirements of Dodd-Frank and initially amortized for a term of ____ Months Years with the remaining principal balance and accrued interest due in full on _____, 20____.

Adjustable Rate Mortgage. An adjustable rate mortgage loan that shall be for a term of ____ Months Years with the interest rate adjustments as follows:

- (1) The initial annual interest rate may change after ____ years and thereafter every ____ years. Each date on which the interest rate changes is called a "Change Date"; and
- (2) The interest rate adjustments shall be based on a widely available index identified in (3) below. As of each Change Date, the new interest rate will be calculated by adding ____ percentage (basis) points to the then current index; however, the difference between the interest rate paid during the preceding twelve months and the new interest rate shall not be limited shall be limited to a change in the interest rate

of ____ percentage (basis) points, and the lifetime interest rate change from the initial annual interest rate shall not be limited shall be limited to ____ percentage (basis) points.

- (3) The widely available index to be used to calculate interest rate adjustments shall be:
- The weekly average yield on the United States Treasury securities adjusted to a constant maturity of one year, as made available by the Federal Reserve Board on the date 45 days before each Change Date.
 - Other. _____

VII. Taxes. All real property taxes Shall be Escrowed *Shall Not be Escrowed. *If not escrowed, proof of payment shall be furnished at the request of the mortgage holder within five (5) days.

VIII. Insurance. All real property and liability insurance Shall be Escrowed *Shall Not be Escrowed. *If not escrowed, proof of payment shall be furnished at the request of the mortgage holder within five (5) days.

IX. Pre-Payment. (Choose One)

There **shall not** be a pre-payment penalty. Buyer may pay the total amount of the mortgage at any time free of penalties or fees.

There **shall** be a pre-payment penalty if the balance of the mortgage is paid before the last payment date. Penalty for such pre-payment shall be _____.

X. Late Payment. There will be a late charge calculated as ____% of any installment not received by the mortgage holder within ____ days of its due date.

XI. Sale of Property. The mortgage **Shall be Due** **Shall Not be Due** on the sale of the Property.

Buyer's Signature _____ Date _____

Print Name _____

Buyer's Signature _____ Date _____

Print Name _____

Seller's Signature _____ Date _____

Print Name _____

Seller's Signature _____ Date _____

Print Name _____

