

OWNER FINANCING ADDENDUM

This Addendum is made a part of the attached contract between the following parties

Buyer _____

Seller _____

regarding Property located at _____.

Buyer shall pay a portion of the Price by executing a "Note" to and "Trust Deed" for the benefit of Seller under the following terms:

Loan Amount \$ _____ Interest Rate _____%; 1st Payment Date _____, 20 ____;

Term of Loan _____ Years; Payment \$ _____ Per **(Circle)** Month / Quarter / Year

Late Charge _____% Due After _____ Days;

The following terms SHALL apply unless all parties delete a paragraph by striking through it and initialing beside it.

No Assumption. The Trust Deed shall contain a "due on sale" clause permitting acceleration of maturity of the Note upon Buyer's conveyance of any interest in the Property, except upon the death or change in marital status of Buyer.

Marital Status. If Buyer is married, Buyer's spouse must sign the Trust Deed. If Buyer's spouse has not signed and given to Seller the following statement within five days from the date of this contract, Seller may cancel this contract and refund the Deposit: "In consideration of \$1.00 and other good and valuable consideration, the receipt and legal sufficiency of which is acknowledged, I acknowledge that I am the spouse of the Buyer in this agreement, and I agree to sign the Trust Deed described in my spouse's contract to buy Property located at _____ free of any marital interest I may have in the Property." Signed: _____

Credit Report. Buyer shall furnish to Seller evidence of Buyer's creditworthiness. A photocopy of this contract is sufficient to authorize any creditor or credit bureau to furnish credit information to Seller. If Seller (in Seller's sole discretion) determines that Buyer is not creditworthy, Seller may cancel this contract and return the Deposit.

Prepayment Penalty. The note shall permit prepayment of all or any portion of the Note without penalty.

Redemption. The Trust Deed shall provide for waiver of the statutory right of redemption.

The following terms apply ONLY if checked and Initialed by all parties.

___ **Balloon Payment.** A balloon payment of all unpaid principal is due on _____, 20 ____

___ **Amortization.** Installment payments shall be amortized over ____ months

___ **Interest Only.** Installment payments represent interest only.

____ **Escrow Taxes and Insurance.** Along with each payment under the Note, Buyer shall deposit in an escrow account to be held by Seller 1/12 of annual property taxes and insurance premiums. Buyer shall also fund this escrow account at closing with an amount sufficient to pay the annual taxes and insurance premium when next due, less the amounts to be paid monthly before the due dates. This escrow account shall not bear interest.

____ **Sale of Mortgage.** This contract is contingent until _____ 20__, upon Seller obtaining a third party's written commitment to purchase the Trust Deed for no less than \$ _____

____ **Liens Against Buyer.** Buyer shall furnish to Seller (at Buyer's expense) a written opinion from an attorney or title examiner of Seller's choosing that there are no liens or lawsuits pending against Buyer. If liens and/or lawsuits are pending and (in the sole opinion of Seller's attorney) the liens and/or lawsuits would affect the first priority of the Trust Deed, Seller may terminate this contract and return the Deposit.

____ **Partial Releases.** Buyer shall subdivide the Property into no fewer than ____ lots, all of which shall have road frontage. The Trust Deed shall require Seller to execute partial releases of the Trust Deed as to any lot requested by Buyer upon payment to Seller of \$ _____ per lot released. Buyer shall pay the costs of preparing and recording partial releases.

____ **Subordination.** Upon Buyer's request, Seller shall execute an agreement subordinating the lien of the Trust Deed to a deed of trust to be executed by Buyer in favor of Buyer's construction lender. Buyer shall pay the costs of preparing and recording this agreement.

____ **Evidence of Payment.** Buyer shall provide Seller with written evidence of payment of any superior mortgage within thirty days after payment of each installment of that mortgage. Evidence may be in the form of copies of canceled checks or a statement from the holder of the superior mortgage. In lieu of providing this notice, Buyer may choose to make payment directly to Seller (by cash or check payable to Seller), in which case Seller shall make the superior mortgage payment on Buyer's behalf.

____ **First Mortgage Default.** Seller may cure any default by Buyer of any superior mortgage. Buyer shall reimburse Seller for any funds paid by Seller to cure defaults within five days after notice from Seller that an advance was made; and the amount advanced shall bear interest from the date of the advance at the same rate as the Note and shall be secured by the Trust Deed. A default under the superior mortgage shall be a default under the Trust Deed.

Buyer

Buyer

Seller

Seller