

SELLER FINANCING ADDENDUM

1. **THE PARTIES.** This Seller Financing Purchase Agreement Addendum (“Addendum”) made this _____ is by and between:

Seller: _____ (“Seller”) and

Buyer: _____ (“Buyer”).

The Seller and Buyer are each referred to herein as a “Party” and, collectively, as the “Parties.”

2. **ORIGINAL AGREEMENT.** This Addendum is being added to the purchase agreement between the Parties, dated _____, for the property located at _____ (“Original Agreement”).

3. **MORTGAGE.** As part of the purchase price stated in the Original Agreement, the Buyer shall execute and deliver to the Seller at closing a promissory note and purchase money mortgage that is a: (check one)

- First Mortgage. The mortgage on the property will be the original mortgage.
- Second Mortgage. The mortgage on the property will be a second mortgage in the amount of \$_____ at an interest rate of ____% per annum in accordance with this Addendum.

4. **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 the Seller (“Credit Information”).

5. **SELLER’S APPROVAL.** The Seller shall deliver a written notice to the Buyer within ____ days if their Credit Information is approved or rejected. If no written notice is delivered, the Buyer shall be considered approved for the Seller's financing under the terms of this Addendum. If the Buyer’s Credit Information is rejected by the Seller, any earnest money deposited as part of the Original Agreement shall be returned to the Buyer unless otherwise stated.

6. FINANCING TERMS. The Seller's financing terms shall be: (check one)

- Amortized Loan. The loan will be fully amortized for a term of: (check one)
 ____ Months OR ____ Years

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

- Balloon Mortgage. A balloon mortgage that complies with the requirements of the Dodd-Frank legislation and initially amortized for a term of: (check one)
 ____ Months OR ____ Years
with the remaining principal balance and accrued interest due in full on _____.

- Adjustable-Rate Mortgage. An adjustable-rate mortgage loan that shall be for a term of: (check one)
 ____ Months OR ____ Years

The adjustment-rate mortgage shall have 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: (check one)
 - Not be limited.
 - Be limited to a change in the interest rate of ____ percentage (basis) points, and the lifetime interest rate change from the initial annual interest.
 - Be limited to ____ percentage (basis) points.
- (3) The widely available index to be used to calculate interest rate adjustments shall be: (check one)
 - 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: _____.

7. TAXES. All real property taxes shall: (check one)

- Be Escrowed. All real property taxes shall be escrowed.
- Not Be Escrowed. The real property taxes shall not be escrowed and the proof of payment shall be furnished at the request of the mortgage holder within five (5) days.

8. INSURANCE. All real property and liability insurance shall: (check one)

- Be Escrowed. All real property and liability insurance shall be escrowed.
- Not Be Escrowed. The real property and liability insurance shall not be escrowed, and the proof of payment shall be furnished at the request of the mortgage holder within five (5) days.

9. PREPAYMENT. There shall be: (check one)

- No Prepayment Penalty. The Buyer may pay the total amount of the mortgage at any time free of penalties or fees.
- Prepayment Penalty. If the balance of the mortgage is paid before the last payment date, the penalty for such prepayment shall be \$_____.

10. 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.

11. SALE OF PROPERTY. The mortgage shall be due: (check one)

- Upon the Sale of Property. The mortgage shall be due upon the sale of the property.
- Not Upon the Sale of Property. The mortgage shall not be due upon the sale of the property.

12. EXECUTION. This Addendum may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

Seller Signature: _____ **Date:** _____

Print Name: _____

Buyer Signature: _____ **Date:** _____

Print Name: _____