**OWNER / SELLER FINANCING ADDENDUM**

**1. 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”).

**2. EFFECTIVE DATE**. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, 20\_\_\_\_ (“Effective Date”).

**3. 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:

**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 Seller (“Credit Information”).

**5. 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.

**6. 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 (c) 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. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**7. 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 \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

**8. 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.

**9. 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.

**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** ☐ **Shall Not be Due** on the sale of the Property.

**BUYER(S)**:

Signature [\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_](https://esign.com/) Date \_\_\_\_\_\_\_\_\_\_\_\_

Print Name \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Signature [\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_](https://esign.com/) Date \_\_\_\_\_\_\_\_\_\_\_\_

Print Name \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**SELLER(S)**:

Signature [\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_](https://esign.com/) Date \_\_\_\_\_\_\_\_\_\_\_\_

Print Name \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Signature [\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_](https://esign.com/) Date \_\_\_\_\_\_\_\_\_\_\_\_

Print Name \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_