

**SELLER FINANCING ADDENDUM AND  
DISCLOSURE STATEMENT**  
CALIFORNIA CIVIL CODE SECTIONS 2956-2967

To Agreement dated \_\_\_\_\_, between \_\_\_\_\_, Seller and \_\_\_\_\_ Buyer, concerning property located at \_\_\_\_\_.

This ADDENDUM constitutes joint escrow instructions to the escrow holder and supersedes any inconsistent provisions in the Purchase Agreement.

**A. CREDIT DOCUMENTS AND TERMS:**

1. **Documents.** Extension of credit by Seller will be evidenced by  note and deed of trust,  all inclusive note and deed of trust,  installment land sale contract,  other \_\_\_\_\_.
2. **Terms.**  Copies of the credit documents (e.g., note and deed of trust) referred to in Item 1 above are attached; **OR**  the terms of the credit documents will be:  fixed rate amortized loan;  interest only loan;  other \_\_\_\_\_, with an original principal balance of \$ \_\_\_\_\_. Initial payments of approximately \$ \_\_\_\_\_ per \_\_\_\_\_ not including taxes or insurance. Interest at \_\_\_\_\_% per annum  fixed,  ARM. Due \_\_\_\_\_ years from close of escrow.
3. **Late Charge.** The credit documents  WILL,  WILL NOT provide for a late charge of 6% of the installment due or \$5.00, whichever is greater, if payment is received 10 days after the due date.
4. **Prepayment Penalty.** The credit documents  WILL,  WILL NOT provide for a prepayment penalty equal to 6 months advance interest on the amount prepaid, voluntarily or involuntarily, in any 12 month period in excess of 20% of the original principal amount. There will be no prepayment penalty after the 60th month of the note, or after \_\_\_\_\_, whichever occurs first.
5. **Due On Sale.** The credit documents  WILL,  WILL NOT provide for an acceleration and due on sale clause if any interest in the property securing the obligation to Seller is sold or otherwise transferred. Under such clause, Seller has the option to require immediate payment of the entire unpaid balance and accrued interest.
6. **Security.** The real property which will serve as security for this extension of credit is:  subject property, or  the real property commonly known as: (ADDRESS) \_\_\_\_\_ (CITY) \_\_\_\_\_, California.

**CAUTION: It is understood that the Brokers have not and will not make any representations concerning the value of the property securing the seller financing.**

**B. DESCRIPTION OF SENIOR LIENS.** Insofar as available, the terms and conditions of liens which will be senior to the financing being arranged are as follows (  Copies of senior lien documents attached):

	1st Loan	2nd Loan
1. Original Balance	\$ _____	\$ _____
2. Current Balance	\$ _____	\$ _____
3. Periodic Payment (e.g., monthly payment)	\$ _____	\$ _____
4. Amount of Balloon Payment	\$ _____	\$ _____
5. Date of Balloon Payment	_____	_____
6. Interest Rate (per annum)	_____	_____
7. Fixed or Variable Rate	_____	_____
8. Maturity Date	_____	_____
9. Is Payment Current?	_____	_____

**Buyer [\_\_\_\_\_] [\_\_\_\_\_] and Seller [\_\_\_\_\_] [\_\_\_\_\_] have read this page.**

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Property Address \_\_\_\_\_

**C. ADDITIONAL STATUTORY DISCLOSURES. PLEASE MARK (a) OR (b) OF THE FOLLOWING PARAGRAPHS:**

1. **Deferred Interest.** ("Deferred interest" results when Buyer's periodic payments are less than the amount of interest due on the obligation, sometimes referred to as "negative amortization," or when the obligation does not require periodic payments. This accrued interest will be paid by Buyer at a later time and may result in Buyer owing more at the time of payoff than at the time the loan originated.)

- (a)  The credit documents WILL NOT provide for deferred interest; **OR**  
(b)  The credit documents WILL provide for deferred interest as follows:  (1) All deferred interest will be due and payable with the principal at maturity (simple interest); or  (2) the deferred interest will be added to the principal  monthly,  annually and thereafter will bear interest at the specified rate (compound interest); or  (3) other \_\_\_\_\_

2. **Cash Proceeds.**

- (a)  Buyer WILL NOT receive cash proceeds from escrow; **OR**  
(b)  Buyer will receive approximately \$\_\_\_\_\_ from \_\_\_\_\_ (payor).  
Buyer represents that the purpose for such cash disbursement is as follows: \_\_\_\_\_

3. **Balloon Payment. CAUTION: If refinancing is required as a result of lack of full amortization under the terms of any existing or proposed loans, such refinancing might be difficult or impossible in the conventional mortgage marketplace. Each party acknowledges that he or she has not relied upon any representations by Broker or the other party regarding availability of funds, or rate of interest at which funds might be available, when the balloon payment becomes due.**

- (a)  The credit documents WILL NOT provide for a balloon payment; **OR**  
(b)  The credit documents WILL provide for a balloon payment, and will contain the disclosures and notice required by Civil Code § 2966.

4. **Payment of Prior Liens.**

- (a)  The credit documents WILL NOT involve an all-inclusive deed of trust or installment land sale contract; **OR**  
(b)  The credit documents WILL involve an  all-inclusive deed of trust, or  Installment land sale contract which provides as follows:  
(1) If a senior lien is accelerated, the responsibility for payment or for legal defense will be with  Buyer,  Seller.  
(2) If a senior lien is accelerated, the responsibilities and rights arising regarding refinancing, prepayment penalties, and any prepayment discounts are with  Buyer,  Seller.  
(3) The credit documents provide that Buyer's periodic payments will be made to  Seller,  \_\_\_\_\_ (designate third party). This person will be responsible for making the payments to the senior lienholder and to Seller. **CAUTION: If this person is not a neutral third party, the parties are advised to consider designating a neutral third party such as a bank or savings and loan association for this purpose.**

5. **Buyer's Credit. CAUTION: Section 580b of the Code of Civil Procedure may limit any recovery by Seller to the net proceeds of the sale of the security property in the event of foreclosure, that is, no deficiency judgment may be obtained against the Buyer.**

- (a)  No representations as to the Buyer's credit-worthiness has been made by the Arranger of Credit; **OR**  
(b)  Buyer will furnish Seller, **within seven (7) days after acceptance**, a customary financial statement for the sole purpose of credit approval. Buyer authorizes Seller to engage the services of a reputable credit reporting agency to obtain a credit report at Buyer's expense. Seller will notify Buyer, **within ten (10) days after receipt** of financial statement, of approval or disapproval of Buyer's credit. Approval will not be unreasonably withheld.

6. **Insurance. CAUTION: Seller should consider securing adequate insurance on the property to protect Seller's interest.**

- (a)  The parties instruct the escrow holder to direct the insurance carrier to add a loss payee endorsement to the insurance on the property protecting the interests of Seller; **OR**  
(b)  No provision has been made for adding a loss payee clause to the property insurance protecting Seller.

7. **Request for Notice.**

- (a)  A Request for Notice of Default under Civil Code § 2924(b) and a Request for Notice of Delinquency under Civil Code § 2924(e) will be recorded by the escrow holder, and paid for by  Buyer,  Seller; **OR**  
(b)  No provision for recording a Request for Notice of Default, or a Request for Notice of Delinquency has been made. **Seller is advised to consider recording both.**

Buyer [\_\_\_\_\_] [\_\_\_\_\_] and Seller [\_\_\_\_\_] [\_\_\_\_\_] have read this page.

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Property Address \_\_\_\_\_

**8. Title Insurance.**

- (a)  A policy of title insurance will be obtained and paid for by Buyer and/or Seller insuring their respective interests; **OR**
- (b)  No provision for title insurance coverage for both parties has been made. The parties should consider obtaining a policy of title insurance. The parties are advised to discuss the types of title insurance policies available and their cost with the title insurance company.

**9. Tax Service.**

- (a)  A tax service will be retained to report to Seller if the property taxes have not been paid. The service will be paid for by  Buyer,  Seller; **OR**
- (b)  No provision has been made for a tax service. **Seller should consider retaining a tax service or otherwise assure for himself or herself that the taxes on the property have been paid.**

**10. Recording.**

- (a)  The security documents (e.g., deed of trust) WILL BE recorded by the escrow holder with the County Recorder where the property is located; **OR**
- (b)  The security documents WILL NOT be recorded with the County Recorder. **The security of Seller may be subject to intervening liens or judgments which may occur after the note is executed and before any resort to security occurs if the security documents are not recorded.**

**D. OTHER TERMS OF SELLER FINANCING:**

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**LIMITATION OF AGENCY: A real estate broker or agent is qualified to advise an real estate. If you have any questions concerning the legal sufficiency, legal effect, insurance, or tax consequences of this document or the related transactions, consult with your attorney, accountant, or insurance advisor.**

Arranger of Credit \_\_\_\_\_  
(BROKER WHO OBTAINED OFFER)

By \_\_\_\_\_ Date \_\_\_\_\_

**Buyer and Seller acknowledge that the information each has provided to the Arranger of Credit for inclusion in this Addendum is accurate to the best of their knowledge. Each acknowledge receipt of a completed copy of this Addendum, and agree to the terms of the Seller Financing as set forth above.**

Buyer \_\_\_\_\_ Date \_\_\_\_\_

Buyer \_\_\_\_\_ Date \_\_\_\_\_

Seller \_\_\_\_\_ Date \_\_\_\_\_

Seller \_\_\_\_\_ Date \_\_\_\_\_

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Rev. by _____
Date _____

