

SELLER FINANCING – LOAN AGREEMENT

SELLER FINANCING IS SUBJECT TO COMPLEX REGULATIONS.
SEEK LEGAL ADVICE BEFORE EXECUTING THIS DOCUMENT

This Agreement is made on _____, as part of a sales contract ("Contract") dated _____ between _____ ("Buyer") and _____ ("Seller") the purchase and sale of the property ("Property"): _____.

- 1. TYPE OF FINANCING** Subject to the terms set forth in Paragraphs 4 and 5 of this Loan Agreement, Seller will provide Buyer with a loan evidenced by a Promissory Note ("Note") pursuant to the terms set forth in Paragraphs 2 and 3, and secured by a purchase money **(check one)** ☐ First ☐ Second ☐ Third Deed of Trust ("Deed of Trust") recorded against the Property, **subject to the approval of the prior lender(s) if applicable.**

Seller's or Seller's attorney shall prepare the Note and Deed of Trust. Reasonable fees for the preparation of the Note and Deed of Trust shall be paid by Buyer. Buyer shall pay for a lender's title insurance policy on behalf of Seller for the full loan amount.

The Note shall be due and payable in full if the Property or any interest therein is transferred, sold, or conveyed and shall also provide that a late payment charge of \$ _____ will be charged for any payment more _____ Days late.

Unless otherwise agreed to in writing by the parties, the Note and Deed of Trust shall ☐ be on standard Federal National Mortgage Association ("FNMA")/Federal Home Mortgage Corporation ("FHLMC") forms, as applicable or ☐ Other.

2. LOAN TERMS

A. Amount. Seller shall provide a loan to Buyer in the amount of \$ _____ at _____ % interest per year, payable at approximately \$ _____ per month.

B. Payment of principal. Monthly payment, due on the first day of each month, shall be: **(check one)** ☐ interest only; **OR** ☐ payments of principal and interest amortized over a period of _____ years.

C. Term. The balance of this Note shall be due _____ month(s) from the Date of Settlement.

D. Prepayment of principal. (check one)

- ☐ This Note may be prepaid in full or part without penalty at any time; **OR**
☐ This Note may be prepaid at any time but Buyer shall pay Seller a _____ % penalty if prepaid during the first _____ year(s); **OR**
☐ This Note may not be prepaid, in full or in part.

3. TAX AND INSURANCE ESCROWS (check one)

- ☐ **Escrow Required** Buyer shall pay Seller 1/12 the annual county/city property taxes and hazard insurance premium as part of Buyer's monthly payment to Seller, and Seller shall pay all county/city property taxes and insurance premiums timely, and shall provide evidence of payment to Buyer. **OR**
- ☐ **Escrow Not Required** Buyer shall furnish Seller proof of timely payment of all county/city property tax payments and hazard insurance premiums within 7 Days of when payment is due.

Buyer also agrees to name Seller as the additional loss payee on the hazard insurance policy or condominium insurance policy.

4. CREDIT DOCUMENTATION AND APPROVAL Within 10 business days of the Date of Ratification, Buyer shall furnish Seller the following financial information ("Credit Documentation") **(check all that apply):**

- ☐ a current "Tri Merge" credit report to include FICO scores;
- ☐ verification of current employment and salary and/or income;
- ☐ verification of funds on deposit;
- ☐ other: _____

Buyer hereby authorizes any credit reporting agency, employer, or financial institution to furnish Seller with the above indicated Credit Documentation. Seller agrees to keep all Credit Documentation strictly confidential. Buyer authorizes Seller to discuss any aspect of Buyer's loan application made to any other lender in connection with this Contract.

Seller may request, at any time(s) prior to the Date of Settlement, Buyer to update any and all Credit Documentation given to Seller regarding Buyer's ability to pay the Note.

If Buyer fails to deliver the above indicated Credit Documentation within 10 Days, Seller may, at Seller's option, Deliver Notice to Buyer that this Contract will become void. If Seller Delivers such Notice, this Contract will become void at 9 p.m. on the third Day following Delivery of Seller's Notice unless, prior to that date and time, Buyer Delivers to Seller the Credit Documentation requested above.

Seller grants loan approval under the terms of this paragraph unless Seller notifies Buyer in writing within 3 Days after receipt of Buyer's above indicated Credit Documentation, or any update requested by Seller, that Seller is unwilling to make the loan to Buyer, in which case Buyer or Seller may declare the Contract void. Seller may void the Contract if Buyer's financial condition materially changes, and/or any other lender for Buyer declines or delays any loan to buyer made in connection with the Contract. Nothing herein shall prohibit the parties from mutually agreeing in writing to a loan under terms acceptable by both parties.

5. CONTINGENCY FOR SALE OF NOTE (check one)

- ☐ The Contract is contingent for 10 business days after the Date of Ratification on Seller obtaining a written commitment for the sale of Note at settlement at a discount not to exceed _____ % or the Contract may be voidable at the option of Seller.
- ☐ The Contract is not contingent on Seller obtaining written commitment for sale of Note.

6. OTHER TERMS _____

SELLER:

_____/_____
Date Signature

_____/_____
Date Signature

BUYER:

_____/_____
Date Signature

_____/_____
Date Signature



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