

# SELLER FINANCING ADDENDUM

To Contract Concerning Lot

Adapted from Texas Real Estate Commission (TREC) Form No. 26-7, 11-2-2015 version

- A. CREDIT DOCUMENTATION:** To establish Buyer's creditworthiness, Buyer shall deliver to Seller within 21 days after the effective date of this contract,  credit report  verification of employment, including salary  verification of funds on deposit in financial institutions  current financial statement and  \_\_\_\_\_ . Buyer hereby authorizes any credit reporting agency to furnish copies of Buyer's credit reports to Seller at Buyer's sole expense.
- B. BUYER'S CREDIT APPROVAL:** If the credit documentation described in Paragraph A is not delivered within the specified time, Seller may terminate this contract by notice to Buyer within 7 days after expiration of the time for delivery, and the earnest money will be paid to Seller. If the credit documentation is timely delivered, and Seller determines in Seller's sole discretion that Buyer's credit is unacceptable, Seller may terminate this contract by notice to Buyer within 7 days after expiration of the time for delivery and the earnest money will be refunded to Buyer. If Seller does not terminate this contract, Seller will be deemed to have approved Buyer's creditworthiness.
- C. PROMISSORY NOTE:** The promissory note in the amount of \$ \_\_\_\_\_ (the "*Note*"), included in Paragraph 3B of the Contract payable by Buyer to the order of Seller will bear interest at the rate of 3.95% per annum for years 1 through 3, with an adjustable rate for year 4, and be payable at the place designated by Seller. Buyer may prepay the Note in whole or in part at any time without penalty. Any prepayments are to be applied to the payment of the installments of principal last maturing and interest will immediately cease on the prepaid principal. The Note will contain a provision for payment of a late fee of \$75.00 per installment not paid within 10 days of the due date. Matured unpaid amounts will bear interest at the rate of 1½% per month or at the highest lawful rate, whichever is less. The Note will be payable as follows:
- (1) In one payment due \_\_\_\_\_ after the date of the Note with interest payable  at maturity  monthly  quarterly. (check one box only)
  - (2) In monthly installments of \$ \_\_\_\_\_  including interest  plus interest (check one box only) for years 1 through 3, beginning on the 1<sup>st</sup> of each month after the date of the Note and continuing monthly thereafter for 36 months, with the monthly installment being subject to change during months 37 through 48, after which the balance of the Note will be due and payable.
  - (3) Interest only in monthly installments for the first \_\_\_\_\_ month(s) and thereafter in installments of \$ \_\_\_\_\_  including interest  plus interest (check one box only) beginning \_\_\_\_\_ after the date of the Note and continuing monthly thereafter for \_\_\_\_\_ months when the balance of the Note will be due and payable.
- D. DEED OF TRUST:** The deed of trust, secured by the vendor's lien and superior title in and to the Property, securing the Note will provide for the following:
- (1) **PROPERTY TRANSFERS:** (check one box only)
- (a) **CONSENT NOT REQUIRED:** The Property may be sold, conveyed or leased without the consent of Seller, provided any subsequent buyer assumes the Note.
  - (b) **CONSENT REQUIRED:** If all or any part of the Property is sold, conveyed, leased for a period longer than 3 years, leased with an option to purchase, or otherwise sold (including any contract for deed), without Seller's prior written consent, which consent may be withheld in Seller's sole discretion, Seller may declare the balance of the Note to be immediately due and payable. The creation of a subordinate lien, any conveyance under threat or order of condemnation, any deed solely between buyers, or the passage of title by reason of the death of a buyer or by operation of law will not entitle Seller to exercise the remedies provided in this paragraph.

Initialed for identification by Buyer \_\_\_\_\_ and Seller \_\_\_\_\_

*NOTE: Under (a) or (b), Buyer's liability to pay the Note will continue unless Buyer obtains a release of liability from Seller.*

(2) **TAX AND INSURANCE ESCROW:** (check one box only)

- (a) **ESCROW NOT REQUIRED:** Buyer shall furnish Seller, before each year's ad valorem taxes become delinquent, evidence that all ad valorem taxes on the Property have been paid. Buyer shall annually furnish Seller evidence of paid-up casualty insurance naming Seller as a mortgagee loss payee.
- (b) **ESCROW REQUIRED:** With each installment Buyer shall deposit in escrow with Seller a pro rata part of the estimated annual ad valorem taxes and casualty insurance premiums for the Property. Buyer shall pay any deficiency within 30 days after notice from Seller. Buyer's failure to pay the deficiency will be a default under the deed of trust. Buyer is not required to deposit any escrow payments for taxes and insurance that are deposited with a superior lienholder. The casualty insurance must name Seller as a mortgagee loss payee.

**E. LOAN TITLE POLICY:** Buyer shall furnish, at its expense, in addition to the owner's Title Policy, a lender's policy of title insurance ("**Lender's Policy**") issued by the Title Company in the amount of the Sales Price, dated at or after closing, insuring Lender against loss under the provisions of the Lender Policy, subject to the same promulgated exclusions and exceptions described in the Title Policy.

x \_\_\_\_\_

Buyer: \_\_\_\_\_

x \_\_\_\_\_

Co-Buyer: \_\_\_\_\_

x \_\_\_\_\_

Seller: Prairie Pointe Estates Inc.

Name: Lisa Torres, CPM

Title: General Manager of Real Estate