

The following is part of the Purchase and Sale Agreement dated _____ between _____
_____ ("Buyer") and _____
_____ ("Seller") concerning _____
_____ ("the Property").

1. **GENERAL TERMS:**

- A. **Limited Use.** This Addendum may only be used for transactions meeting the following requirements:
 - i. Seller must be a natural person (and not a loan originator), estate or trust;
 - ii. Seller must not have financed the sale of another property within the past 12 months;
 - iii. Seller must not have constructed or acted as a contractor for the construction of a residence on the Property in the ordinary course of Seller's business;
 - iv. The repayment schedule must not result in a negative amortization; and
 - v. The financing must have a fixed rate of interest or an adjustable rate of interest that is adjustable after five or more years, subject to reasonable annual and lifetime limitations on interest rate increases.
- B. **Attorney Review.** Buyer and Seller are advised to seek the counsel of an attorney to review the terms of this Agreement and this Agreement is conditioned upon review and approval by counsel for Buyer and Seller. Unless a party gives written notice of disapproval of this Agreement within _____ days (5 days if not filled in) of mutual acceptance, this contingency shall be deemed satisfied (waived).
- C. **Limited Practice Board Forms.** The current version of any Limited Practice Board ("LPB") form referenced below shall be attached to this Agreement as a blank form.
- D. **Attorney Review of Non-Standard Provisions.** If Buyer and Seller agree to financing terms that differ from the terms in this Addendum or an attached LPB form, including, but not limited to making interlineations or otherwise modifying or supplementing any pre-printed terms in this Addendum or attachments thereto, the parties shall have this Agreement reviewed by legal counsel. If Buyer and Seller do not give notice of approval of this Agreement by their counsel within _____ days (10 days if not filled in) of mutual acceptance, this Agreement shall terminate and the Earnest Money shall be refunded to Buyer.
- E. **No Further Indebtedness.** Buyer shall not further encumber the Property until Seller has released Seller's security interest in the Property. Seller understands that Seller's security interest in the Property may be inferior to a third party's interest in the Property such as a prior lender.
- F. **Waiver Required.** Seller and Buyer acknowledge that Seller is required to obtain a waiver from the Washington State Department of Financial Institutions ("DFI") under RCW 31.04.025(3) and the Agreement is conditioned on Seller's receipt of such waiver. Seller will use Seller's reasonable best efforts to obtain a waiver.

2. **LOAN FROM SELLER AT CLOSING:** A portion of the total purchase price for the Property shall be paid through financing provided by Seller pursuant to the following (check option which applies):

- a. Real estate contract;
- b. Promissory note secured by deed of trust; or
- c. Seller's choice of contract or note and deed of trust, to be specified prior to Closing.

The form(s) shall be as specified in the Agreement or, if not specified, then one of the following:
real estate contract – LPB Form 44 or 45 as selected by Seller; promissory note – LPB Form 28-A supplemented by any provisions stated below; deed of trust – LPB Form 22; (or such other form(s) as accepted by Seller and Buyer).

Initials: BUYER: _____ DATE: _____ SELLER: _____ DATE: _____
BUYER: _____ DATE: _____ SELLER: _____ DATE: _____

(Seller Financing Addendum Continued)



3. **SELLER FINANCED AMOUNT:** The total purchase price ("Purchase Price") shall be paid as follows:
- a. approximate amount of cash (including earnest money): \$ _____
 - b. approximate amount of loan proceeds obtained from lenders or third parties and existing obligations to be assumed or taken subject to (such obligations to be current at Closing): \$ _____
 - c. exact amount financed by Seller: \$ _____

Buyer represents that the total amount of debt against the Property at Closing, including the amount financed by Seller, will not exceed the Purchase Price.

4. **PAYMENT PROVISIONS:** Interest rate _____ % per annum; interest to accrue from _____ (Closing if not filled in); payments to be made monthly, quarterly, or other _____; payment amount to be \$ _____; payments to begin on the _____ day of the first full month following Closing or _____, and like payments on the same day of each future month in which installments are due. Prepayment shall shall not be permitted at any time without penalty. (If Buyer may prepay at any time without penalty, then Buyer shall be permitted to pay any specified payment amount "or more," and the payment dates shall be modified so that payments may be made "on or before" the required dates.) The additional provisions checked below shall also apply:

- Prepayment Restricted.** If Buyer is not permitted to prepay at any time without penalty either Buyer may not prepay, or Buyer's right to prepay is restricted as follows: _____
- Late Payment.** If not provided in the specified form agreement, Buyer shall pay a late payment penalty of _____ (5% of the payment amount if not filled in) on any payment made more than 10 days late, and after default, interest shall accrue on the unpaid balance at the rate of _____ % (the legal rate if not filled in), but not higher than any rates permitted under usury or similar laws.
- Due on Sale.** A "due on sale" provision shall be included. If included, the provision shall be the optional due on sale provision in LPB Form 44 (1988), except if a note and deed of trust are to be used, any reference to "Contract" shall be changed to "Note and/or Deed of Trust".
- Escrow.** The financing documents described above, together with appropriate documents to release the lien upon satisfaction of the obligation, shall be placed in escrow with _____, which shall act as the Escrow Holder on behalf of both parties. All fees charged by the Escrow Holder shall be evenly shared by Buyer and Seller, or shall be allocated: _____
- Escrow Reserve/Impound Account.** The Escrow Holder designated in the preceding subparagraph shall also collect a prorated portion of taxes and insurance obligations from Buyer, and shall pay the same as they become due. Prorations shall be as determined by the Escrow Holder, and shall be based on the most recent tax and insurance cost information available at the time the payments are to be made by Buyer.
- Balloon/Final Payments.** Balloon payments and/or a final payment shall be required, in addition to the installments required above, as follows: _____

Initials: BUYER: _____ DATE: _____ SELLER: _____ DATE: _____
BUYER: _____ DATE: _____ SELLER: _____ DATE: _____

- Optional Provisions. The language of the following optional provisions within LPB Form 44 (1988) shall be included in the Seller financing documents as part of this transaction: Substitution and Security on a Personal Property; Alterations; Pre-Payment Penalties on Prior Encumbrances.
 - Timber. Unless otherwise agreed in writing, the instrument to be completed at closing shall recite "Buyer shall not remove commercial timber without the written consent of Seller, at Seller's discretion."
 - Additional Terms. Additional terms are as follows: _____

_____.
5. SELLER REVIEW OF BUYER'S FINANCIAL ABILITY: Seller's agreement to accept seller financing under the terms stated above is contingent upon Seller's review and approval, in Seller's sole discretion, of each of the following items (check applicable boxes): credit report of Buyer issued within 10 days of mutual acceptance; copies of income tax returns for the years _____ (most recent two tax years if not filled in); confirmation of employment from Buyer's employer (issued within 10 days of mutual acceptance); other _____ . This contingency will not be considered satisfied, and this Agreement will terminate through no fault of either party unless Seller gives notice to Buyer within _____ (15 if not filled in) days of mutual acceptance that this Contingency is satisfied.
6. REMAINDER OF AGREEMENT UNCHANGED: All other terms and conditions of the Agreement shall remain the same.

NOTE REGARDING LEGAL EFFECT: This is a binding document, and both Buyer and Seller are advised to obtain legal advice prior to execution of this Addendum.

Initials: BUYER: _____ DATE: _____ SELLER: _____ DATE: _____
BUYER: _____ DATE: _____ SELLER: _____ DATE: _____