

SELLER ATTACHMENT

Document updated:
February 2014



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This attachment is intended to be given to the Seller prior to consummation of a Seller Financing Addendum for a consumer credit* transaction.

THIS ATTACHMENT IS NOT PART OF THE SELLER FINANCING ADDENDUM'S TERMS.

*Consumer Credit means credit offered or extended to a consumer primarily for personal, family, or household purposes.

MESSAGE TO SELLER

You are entering into a complex transaction governed by many State and Federal laws. Real estate brokers are not qualified, nor licensed, to ensure that the terms of your Seller Financing Addendum comply with these laws. You are advised to carefully read the below disclosures and consult with qualified licensed professionals to ensure that the terms of your Seller Financing Addendum comply with all applicable State and Federal laws.

LOAN ORIGATION DISCLOSURE



Sellers originating a residential consumer loan must be registered and/or licensed as mortgage loan originators unless exempt under the Dodd-Frank Wall Street Reform and Consumer Protection Act.

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") mandates that a loan originator for a consumer credit transaction secured by an owner occupied dwelling must, when required by applicable State or Federal laws, be registered and/or licensed in accordance with those laws, including the Secure and Fair Enforcement for Mortgage Licensing Act (the "S.A.F.E. Act").

Although the definition of a "loan originator" under the Dodd-Frank Act is broad in scope, there exist two categories of seller financing excluded from the "loan originator" definition.

Requirements of the first exemption include all of the following: (1) the Seller originates consumer financing for only one property in any 12-month period; (2) the Seller is a natural person, estate, or trust; (3) the Seller has not constructed, or acted as contractor for the construction of, a residence on the property as part of their ordinary course of business; (4) the financing does not result in negative amortization; and (5) the financing has a fixed rate or does not adjust for the first five years.

OR

Requirements of the second exemption include all of the following: (1) the Seller originates financing for no more than three residential properties in any 12-month period; (2) the Seller is a natural person, or an organization, including a partnership, corporation, proprietorship, association, cooperative, trust, estate, or government unit; (3) the Seller has not constructed, or acted as a contractor for the construction of, a residence on the property as part of their ordinary course of business; (4) the loan is fully amortizing; (5) the financing has a fixed rate or does not adjust for the first five years; and (6) the Seller has determined that the borrower has the reasonable ability to repay the loan according to its terms per 12 CFR § 1026.43(c), which is available at <http://www.ecfr.gov/cgi-bin/text-idx?SID=237dc3e5c999aa838c039e053d88fdd9&node=20130130y1.9>.

Before consummating this transaction, it is the sole and exclusive duty of you, the Seller, to verify whether you are a "loan originator" as defined by the Dodd-Frank Act thereby requiring you to be registered and/or licensed in accordance with applicable State or Federal laws.

HOEPA DISCLOSURE



Sellers originating a high cost mortgage as defined by the Home Ownership and Equity Protection Act may need to be registered and/or licensed as mortgage loan originators.

The Home Ownership and Equity Protection Act ("HOEPA") applies to most types of consumer credit transactions secured by a consumer's principal residence. Before concluding if you, the Seller, are exempt from the definition of a "loan originator," you must determine whether the transaction you are originating is subject to HOEPA coverage, and if so, whether the transaction is covered by the high-cost mortgage provisions of HOEPA.

Sellers originating a high-cost mortgage may not be exempt from the definition of a "loan originator," meaning that you, the Seller, would need to be registered and/or licensed in accordance with applicable State or Federal laws before engaging in the business of residential mortgage loan origination.

The complete 2013 HOEPA rule, including the Official Interpretations, is available at <http://www.consumerfinance.gov/regulations/high-cost-mortgage-and-homeownership-counseling-amendments-to-regulation-z-and-homeownership-counseling-amendments-to-regulation-x/>.

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SELLER	SELLER

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SELLER FINANCING ADDENDUM CONSUMER CREDIT TRANSACTION SECURED BY A DWELLING*

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Seller Providing Financing for Three or Fewer Residential Owner Occupied Property in Any 12-Month Period

* Dwelling means a residential structure that contains one to four units. The term includes an individual condominium unit, cooperative unit, manufactured home and mobile home, if it is used as a residence.

 <p>ARIZONA association of REALTORS® <small>REAL SOLUTIONS. REALTOR® SUCCESS.</small></p>	<p><i>The pre-printed portion of this form has been drafted by the Arizona Association of REALTORS®. Any change in the pre-printed language of this form must be made in a prominent manner. No representations are made as to the legal validity, adequacy and/or effects of any provision, including tax consequences thereof. If you desire legal, tax or other professional advice, please consult your attorney, tax advisor or professional consultant.</i></p>	 <p>REALTOR® EQUAL HOUSING OPPORTUNITY</p>
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1 Seller: _____

2 Buyer: _____

3 Premises Address: _____

4 Date: _____

5 The following additional terms and conditions are hereby included as a part of the Contract between Seller and Buyer for the above
6 referenced Premises.

7	SELLER VERIFICATION
8	• Seller is a natural person or an organization, including a corporation, partnership, proprietorship,
9	association, cooperative, estate, trust or government unit.
10	• Seller is providing consumer financing for the sale of <u>three or fewer</u> residential property in any 12-month period.
11	• Seller owns the property securing the financing.
12	• Seller has not constructed, or acted as a contractor for the construction of, a residence on the property
13	as part of their ordinary course of business.
14	• Seller has made a reasonable and good faith determination at or before consummation that the borrower will have a
15	reasonable ability to repay the loan according to its terms as required by 12 CFR § 1026.43(c).
16	http://www.ecfr.gov/cgi-bin/text-idx?SID=237dc3e5c999aa838c039e053d88fdd9&node=20130130y1.9 .
17	SELLER'S INITIALS REQUIRED _____
	SELLER SELLER

18	BUYER VERIFICATION
19	• Buyer is a natural person, including a trust created for tax or estate planning purposes.
20	• Buyer is purchasing a Dwelling primarily for personal, family, or household purposes with the expectation of
21	occupying it for more than 14 days during the coming year.
22	BUYER'S INITIALS REQUIRED _____
	BUYER BUYER

23 The following amount shall be financed by Seller and paid by Buyer: \$ _____ .

24 Lien Position: First Second _____


25 Type of Financing Instrument:

26 Buyer shall execute a promissory note and deed of trust in favor of Seller. The deed of trust shall be recorded against the

27 Premises at the Close of Escrow.

28 Other _____

29 Fixed Interest Rate: The unpaid balance shall bear interest at the rate of _____ % per year, beginning at the Close of Escrow.

30		If the agreed upon financing has an adjustable rate, this Seller Financing Addendum shall not be utilized. If considering an adjustable
31		interest rate, the parties are advised to immediately consult independent legal counsel and a licensed loan originator. Any adjustable
32		interest rate shall be determined by the addition of a margin to an index rate and is subject to reasonable rate adjustment limitations. The
33		index the adjustable rate is based on is a widely available index such as indices for U.S. Treasury securities or LIBOR. >>

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Seller Financing Addendum – Three or Fewer Residential Properties >>

34 **Term:** The financed amount is fully amortized over the life of the loan, which shall be _____ years, not to exceed thirty (30) years
35 from Close of Escrow with no balloon payment.

36 **Payment Amount (Principal and Interest):** \$ _____.

37 The note will will not require payment to an impound account as follows: In addition to and at the time of the above-stated
38 payment amount, Buyer shall pay an amount equal to 1/12 the annual real estate tax, 1/12 the annual hazard insurance premium,
39 1/12 annual assessment(s), Other _____.

40 **Payment Intervals:** The first payment is due _____, and subsequent payments are due on the same day thereafter as follows:

41 Monthly Quarterly Semi-annually Annually Other _____
MO/DA/YR

42 **Late Payments:** If late, Buyer shall pay late fees: Yes No. If Yes, any payment which is at least ten (10) days or
43 _____ days past due shall be subject to a late fee of \$ _____, not to exceed five percent (5%) of the
44 scheduled payment. Payment(s) shall first be applied to accrued interest and late fees.

45 If the unpaid balance is not paid in full when due, the late fee per day will be \$ _____.

46 Any late payments received without applicable late fees shall be accepted and unpaid late fees shall not accrue interest.

47 **Account Servicing:** The parties shall use the services of a duly licensed entity or individual authorized to conduct account servicing.
48 Payments on this loan and all prior encumbrances shall be made concurrently through a single servicing account to be maintained
49 by the account servicing agent. The parties hereby instruct the servicing agent not to accept any payment without all other
50 concurrent payments.

51 Account Servicing fee(s) shall be paid by Buyer Seller _____

52 Account Setup fee(s) shall be paid by Buyer Seller _____

53 Account to be serviced by: _____

54 _____

55 _____

56 **Credit Evaluation:** This sale is contingent upon Seller's approval of Buyer's credit. Buyer shall provide to Seller a current credit
57 report from a credit reporting agency and a completed Uniform Residential Loan Application within three (3) days after acceptance of
58 this Contract. Reasonable disapproval of Buyer's credit requires written notice from Seller to Escrow Company within three (3) days
59 after receipt by Seller of current credit report and completed loan application.

60 **Due On Sale:** The unpaid balance, including accrued interest, fees and penalties, is immediately due and payable in the event that
61 the Premises is sold, transferred, or conveyed in any manner, unless otherwise prohibited by law.

62 **Buyer's Liability:** On certain qualified residential property, the Seller understands that under Arizona law, the Buyer may have no
63 personal liability in case of a default and that the Seller's only recourse may be the Premises as the sole and exclusive source for
64 repayment of the debt. Should Buyer default, Seller may need to at Seller's own expense: (i) exercise their power of sale in order to
65 recover legal title to the Premises; and (ii) initiate a forcible entry and detainer action to recover physical possession of the Premises.
66 Seller is hereby advised of their inability to conduct a trustee's sale sooner than the ninety-first day after the date on which a notice
67 of trustee's sale is recorded. Seller may additionally incur expenses such as unpaid property taxes, delinquent home owners'
68 association fees and assessments, attorneys' fees and delinquent utility bills. Independent counsel should be consulted.

69 **SELLER'S INITIALS REQUIRED** _____
SELLER SELLER

70 **Title Insurance:** Buyer shall furnish to Seller, at Buyer's expense, an American Land Title Association Standard Loan Insurance
71 Policy or Vendor Owner Insurance Policy on the Premises in the full amount financed by Seller.

72 **Tax Service:** In the absence of a tax impound account, Buyer shall provide and pay for a tax service contract over the life of this
73 loan which will provide a delinquency notice of any unpaid real estate tax to Seller, any successor in interest to Seller, and the
74 account servicing agent.

75 **Hazard Insurance:** Buyer shall provide, maintain, and deliver to Seller hazard insurance with loss payable to Seller in the
76 amount of: (i) all encumbrances against the Premises; or (ii) the replacement cost of the improvements built on the Premises,
77 whichever is less.

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SELLER	SELLER

BUYER	BUYER



Seller Financing Addendum – Three or Fewer Residential Properties >>

78 **Acknowledgement:** Buyer and Seller recognize, acknowledge and agree that Broker(s) are not qualified, nor licensed, to: (i)
79 determine the Buyer's credit-worthiness; and (ii) ensure that the terms of the parties' Seller Financing Addendum comply with state
80 and federal law. Buyer and Seller are instructed to consult with qualified licensed professionals, including but not limited to a licensed
81 Arizona attorney, to ensure that the terms of their Seller Financing Addendum comply with the Dodd-Frank Wall Street Reform and
82 Consumer Protection Act, Regulation Z of the Truth in Lending Act (12 CFR § 1026), the Real Estate Settlement Procedures Act and
83 other state and federal laws that may prove applicable. Because ensuring compliance with these laws is beyond the scope of the
84 Broker's expertise and licensing, Buyer and Seller expressly release and hold harmless Broker(s) from liability for any violations that
85 could have been avoided/discovered by consultation with qualified licensed professionals.

86 **BUYER'S INITIALS REQUIRED** _____
BUYER BUYER

87 **SELLER'S INITIALS REQUIRED** _____
SELLER SELLER

88 **ADDITIONAL TERMS AND CONDITIONS**

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110 The undersigned agree to these additional terms and conditions and acknowledge receipt of a copy hereof.

111 _____ MO/DA/YR ^ BUYER'S SIGNATURE MO/DA/YR

112 _____ MO/DA/YR ^ SELLER'S SIGNATURE MO/DA/YR

For Broker Use Only:
Brokerage File/Log No. _____ Manager's Initials _____ Broker's Initials _____ Date _____
MO/DA/YR

