

# SELLER ATTACHMENT

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*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.*



This attachment is intended to be given to the Seller prior to consummation of a Seller Financing Addendum for a business, commercial, agricultural, or organizational credit transaction.

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

## 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 asked 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.

### CONSUMER CREDIT TRANSACTION

12 CFR § 1026.36(a)(1) defines "loan originator" as a person who, in expectation of direct or indirect compensation or other monetary gain or for direct or indirect compensation or other monetary gain, performs any of the following activities: takes an application, offers, arranges, assists a consumer in obtaining or applying to obtain, negotiates, or otherwise obtains or makes an extension of consumer credit for another person; or through advertising or other means of communication represents to the public that such person can or will perform any of these activities.

12 CFR § 1026.2(a)(12) defines "consumer credit" as credit offered or extended to a consumer primarily for personal, family, or household purposes.



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

### NON-CONSUMER CREDIT TRANSACTION: BUSINESS, COMMERCIAL, AGRICULTURAL OR ORGANIZATIONAL CREDIT TRANSACTION

Sellers originating business, commercial, agricultural, or organizational credit transactions are not required to be registered and/or licensed as mortgage loan originators. Credit transactions of this nature include the following:

- 1. Credit extended to acquire rental property (regardless of the number of housing units) that is not owner-occupied.**  
This includes, for example, the acquisition of a warehouse that will be leased or a single-family house that will be rented to another person to live in. NOTE — If the owner expects to occupy the property for more than 14 days during the coming year, the property cannot be considered non-owner-occupied.
- 2. Credit extended to acquire rental property that is or will become owner-occupied during the coming year that contains more than two housing units.**
- 3. Credit extended to a borrower that is not a natural person, including a trust created for tax or estate planning purposes.**
- 4. Credit extended in which the transaction is not secured by an owner-occupied dwelling.**



**Before consummating this transaction, it is the sole and exclusive duty of you, the Seller, to determine if the transaction is for purposes of a consumer credit transaction or for exempt purposes, such as for a business, commercial, agricultural, or organizational credit transaction.**

**SAMPLE**  
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<Initials

# SELLER FINANCING ADDENDUM NON-CONSUMER CREDIT TRANSACTION



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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 referenced Premises.

### BUYER VERIFICATION

This is a business, commercial, agricultural, or organizational credit transaction. Transactions of this nature include the following:

- **Credit extended to acquire rental property (regardless of the number of housing units) that is not owner-occupied.** This includes, for example, the acquisition of a warehouse that will be leased or a single-family house that will be rented to another person to live in. NOTE — If the owner expects to occupy the property for more than 14 days during the coming year, the property cannot be considered non-owner-occupied.
- **Credit extended to acquire rental property that is or will become owner-occupied during the coming year that contains more than two housing units.**
- **Credit extended to a borrower that is not a natural person, including a trust created for tax or estate planning purposes.**
- **Credit extended in which the transaction is not secured by an owner-occupied dwelling.**

This is not a consumer credit transaction in which the Premises is being purchased primarily for personal, family or household purposes.

BUYER'S INITIALS REQUIRED \_\_\_\_\_  
BUYER BUYER

- 20. The following amount shall be financed by Seller and paid by Buyer: \$ \_\_\_\_\_.
- 21. Lien Position:  First  Second  \_\_\_\_\_
- 22. Type of Financing Instrument:
  - Buyer shall execute a promissory note and deed of trust in favor of Seller. The deed of trust shall be recorded against the Premises at the Close of Escrow.
  - Other \_\_\_\_\_
- 23. Interest Rate: The unpaid balance shall bear interest at the rate of \_\_\_\_\_% per year, beginning at the Close of Escrow.
- 24. Term:  Amortizing over \_\_\_\_\_ years  If balloon payment, principal balance due on or before \_\_\_\_\_.
- 25.  Interest-only payments, with principal balance due on or before \_\_\_\_\_.
- 26. Payment Amount (Principal and Interest): \$ \_\_\_\_\_.
- 27. The note  will  will not require payment to an impound account as follows: In addition to and at the time of the above-stated payment amount, Buyer shall pay an amount equal to 1/12 the annual real estate tax, 1/12 the annual hazard insurance premium, 1/12 annual assessment,  Other \_\_\_\_\_.
- 28. Payment Intervals: The first payment is due \_\_\_\_\_, and subsequent payments are due on the same day thereafter as follows:  
MO/DA/YR
- 29.  Monthly  Quarterly  Semi-annually  Annually  Other \_\_\_\_\_
- 30. Late Payments: If late, Buyer shall pay late fees:  Yes  No. If Yes, payments which are at least  ten (10) days or  \_\_\_\_\_ days past due shall be subject to a late fee of \$ \_\_\_\_\_.
- 31. If the unpaid balance is not paid in full when due, the late fee per day will be \$ \_\_\_\_\_.
- 32. Any late payments received without applicable late fees shall be accepted and unpaid late fees shall not accrue interest.

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BUYER BUYER

**Seller Financing Addendum — Non-Consumer Credit Transaction >>**

39. **Default Rate:** If payment(s) is at least thirty (30) days past due, then the unpaid balance shall bear interest at a default rate of **five percent (5%) higher than** the interest rate as stated on Line 26. Said default rate shall begin on the 31st day following the due date of the payment(s) until payment(s) is brought current. Payment(s) shall first be applied to accrued interest and late fees.

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

45. Account Servicing fee(s) shall be paid by  Buyer  Seller  SAMPLE

46. Account Setup fee(s) shall be paid by  Buyer  Seller  SAMPLE

47. Account to be serviced by: \_\_\_\_\_

48. \_\_\_\_\_ SAMPLE

50. **Credit Evaluation:** This sale  is  is not contingent upon Seller's approval of Buyer's credit. If contingent upon Seller's approval of Buyer's credit, Buyer shall provide to Seller a current credit report from a credit reporting agency and a completed Uniform Residential Loan Application within three (3) days after acceptance of this Contract. Reasonable disapproval of Buyer's credit requires written notice from Seller to Escrow Company within three (3) days after receipt by Seller of current credit report and completed loan application.

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

56. **Buyer's Liability:** Buyer understands that under Arizona law, Buyer may have personal liability in the case of a default. Should Buyer default, Seller may need to at Seller's own expense, proceed against Buyer in any claim or remedy available in law or equity, including but not limited to, exercising their power of sale in order to recover legal title to the Premises. 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 of trustee's sale is recorded. Seller may additionally incur expenses such as unpaid property taxes, delinquent home owners' association fees and assessments, attorneys' fees and delinquent utility bills. Independent counsel should be consulted.

62. **BUYER'S INITIALS REQUIRED** SAMPLE **SELLER'S INITIALS REQUIRED** SAMPLE  
BUYER BUYER SELLER SELLER

63. **Title Insurance:** Buyer shall furnish to Seller, at Buyer's expense, an American Land Title Association Standard Loan Insurance Policy in the full amount financed by Seller and secured by the Premises.

65. **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 loan which will provide a delinquency notice of any unpaid real estate tax to Seller, any successor in interest to Seller, and the account servicing agent.

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

69. **Acknowledgement:** Buyer and Seller recognize, acknowledge and agree that Broker(s) are not qualified, nor licensed, to: (i) determine the Buyer's credit-worthiness; and (ii) ensure that the terms of the parties' Seller Financing Addendum comply with state and federal law. Buyer and Seller are instructed to consult with qualified licensed professionals, including but not limited to a licensed Arizona attorney, to ensure that the terms of their Seller Financing Addendum comply with state and federal laws that may prove applicable. Because ensuring compliance with these laws is beyond the scope of the Broker's expertise and licensing, Buyer and Seller expressly release and hold harmless Broker(s) from liability for any violations that could have been avoided/discovered by consultation with qualified licensed professionals.

75. **BUYER'S INITIALS REQUIRED** SAMPLE **SELLER'S INITIALS REQUIRED** SAMPLE  
BUYER BUYER SELLER SELLER

**ADDITIONAL TERMS AND CONDITIONS**

76. \_\_\_\_\_  
77. \_\_\_\_\_  
78. \_\_\_\_\_  
79. \_\_\_\_\_  
80. \_\_\_\_\_  
81. \_\_\_\_\_  
82. \_\_\_\_\_

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

84. SAMPLE SAMPLE  
^ BUYER'S SIGNATURE MO/DA/YR ^ BUYER'S SIGNATURE MO/DA/YR

85. SAMPLE SAMPLE  
^ SELLER'S SIGNATURE MO/DA/YR ^ SELLER'S SIGNATURE MO/DA/YR

**For Broker Use Only:**  
Brokerage File/Log No. \_\_\_\_\_ Manager's Initials SAMPLE Broker's Initials SAMPLE Date \_\_\_\_\_  
MO/DA/YR