

PURCHASE CONTRACT AND ESCROW INSTRUCTIONS

THIS PURCHASE CONTRACT AND ESCROW INSTRUCTIONS (“Contract”), is effective as of the latest date this Contract is executed by the Parties as set forth below (the “Effective Date”), and comprises the entire contract and agreement between Seller (defined in Section 1.9 below) and Buyer (defined in Section 1.9 below).

1. **BASIC TERMS.** This Section 1 defines the Basic Terms of this Contract.

1.1 **Property Address:** _____

1.2 **Property APN:** _____

1.3 **Legal Description:** _____

OR

☐ See Exhibit A attached (if lengthy);

OR

☐ To be provided by Escrow Agent.

1.4 **The Property:**

The real property bearing the street address in Section 1.1, the APN in Section 1.2 and the legal description in Section 1.3 together with all improvements, fixtures, and appurtenances thereon or incidental thereto, plus the personal property described in Section 1.12.

1.5 **“Purchase Price” of** \$ _____ **to be paid as follows:**

(☐ Approximate or ☐ Exact)

\$ _____ Earnest Money Deposit to be delivered to Escrow Agent within _____ days of the Effective Date (the “Deposit”)

\$ _____ Approximate Existing 1st Mortgage (Buyer Purchasing Subject To)

\$ _____ Approximate Existing 2nd Mortgage (Buyer Purchasing Subject To)

\$ _____ New Loan to Buyer (From Lender Other Than Seller)

\$ _____ Seller Carryback Financing

\$_____ Amount to cure loan defaults (if any)

\$_____ OTHER: _____

\$_____ Cash at COE exclusive of Buyer's portion
of the Closing Costs.

1.6 Close of Escrow: ("COE") On or before _____.

1.7 Inspection Period: _____ Days.

1.8 Escrow Agent/Closing Attorney: _____.

1.9 Associations (HOA): _____.

1.10 Personal Property to be included with the sale:

1.11 Addendums and Acknowledgements:

☐ Subject To Addendum (See attached)

☐ Seller Acknowledgements (See attached)

1.12 Additional Terms and Conditions:

☐ Net to Seller: Seller will be paid \$_____ from COE and the
Purchase Price and Cash at COE amounts set forth in Section
1.5 will be adjusted accordingly

☐ The following liens and encumbrances will not be paid off
through COE and the Property will be transferred to Buyer
subject to the following liens and encumbrances (list all deeds of
trust, mortgages, and other liens or encumbrances that will not
be satisfied at COE):

(the "Existing Loan(s)")

- ☐ This Contract and the Buyer's performance hereunder is conditioned upon the combined reinstatement amount for the Existing Loan(s) being equal to or less than \$.
- ☐ This is a wrap-around financing closing with Buyer purchasing the Property subject to the Existing Loan(s). The terms of the Seller wrap-around/carryback financing will be as follows:
- ☐ Mirror Existing Loan(s); or
- ☐ Hybrid: Existing Loan(s) plus \$_____ (“Additional Principal”)

If Hybrid is marked, the initial portion of the Seller carryback financing (principal balance and interest rate) will be identical to the Existing Loan(s), Buyer will make monthly payments in an amount equal to the Existing Loan(s), and the following shall apply only to the Additional Principal:

Interest Rate: _____% per annum

Monthly Payment: \$_____

Monthly Payments Are: ☐ principal only;
☐ interest only; or
☐ principal and interest
amortized over _____ years

Monthly Payment
Start Date: _____, 20_____

Maturity Date: ☐ _____, 20____;
☐ Same as Existing Loan(s); or
☐ Same as Existing Loan(s), but the unpaid
balance of the Additional Principal shall be due on
_____, 20_____.

Monthly Payment will be made to:

☐ Directly to Lender; or
☐ Servicing Agent: _____

- ☐ Seller carryback, but not subject to Existing Loan(s). The terms of the Seller carryback will be as follows:

Principal Amount: \$_____

Interest Rate: _____% per annum

Monthly Payment: \$ _____

Monthly Payments

Are: ☐ principal only; ☐ interest only; or
☐ principal and interest amortized over _____ years

Taxes and Insurance: ☐ will ☐ will not be part of the Monthly Payment

Monthly Payment

Start Date: _____, 20____

Maturity Date: _____, 20____

Monthly Payment

will be made to: ☐ Directly to Seller; or
☐ Servicing Agent: _____

- 1.13 Listing Agent for Seller: Seller was represented by the following real estate broker pursuant to a listing agreement for the Property and such broker shall be compensated from COE pursuant to the terms of the listing agreement or as otherwise agreed between the Parties and broker.

Agent: _____

Phone: _____

Email: _____

Broker: _____

- 1.14 Other: _____

- 1.15 Occupancy: Seller represents and warrants:

- ☐ There are no parties in occupancy of the Property other than Seller and Buyer will be given occupancy of the Property at COE unless otherwise specified herein: _; or
- ☐ Buyer understands that the Property is leased and the tenant may continue in possession of the Property after COE unless otherwise agreed in writing. Seller will make payment to Buyer at COE for the amount of the security deposits for any existing lease for the Property.

1.16 Real Estate License Disclosure. Principals, owners, members, managers or employees of Buyer ☐ hold or ☐ do not hold a real estate license in the state where the Property is located.

1.17 Parties:

Seller(s):

Address:

Contact Information:

Buyer(s):

Address:

Contact Information:

2. **PURCHASE AND SALE OF PROPERTY.** For the Purchase Price and in accordance with the terms and conditions set forth in this Contract, Seller agrees to sell, and Buyer agrees to purchase the Property identified in Section 1.4.

3. **PURCHASE PRICE; METHOD OF PAYMENT.**

3.1 The Purchase Price shall be paid by Buyer pursuant to the provisions of Section 1.5.

3.2 The Deposit shall be credited toward the Purchase Price at COE.

3.3 If all or part of the Purchase Price set forth in Section 1.5 and/or the provisions of Section 1.14 reflect that Buyer is purchasing the Property subject to one or more Existing Loan(s), the terms of the Seller carryback financing will be as set forth in Section 1.14 and evidenced by a non-recourse promissory note executed by Buyer as borrower in favor of Seller as lender and secured by a mortgage or deed of trust on the Property, which shall be junior to the lien(s) of the Existing Loan(s). The note and deed of trust will be executed by Buyer at or before COE and dated the date of COE. If Section 1.14 reflects that the Seller financing will mirror the Existing Loan(s), then the note and deed of trust for the Seller carryback financing will state that the principal balance, interest, and monthly payment(s) for the Seller financing will mirror and be identical to those that exist under the Existing Loan(s) at time of COE.

3.4 If all or part of the Purchase Price set forth in Section 1.5 is to be through Seller carryback financing, but Buyer is not purchasing the Property subject to any Existing Loan(s), the terms of the Seller carryback financing will be as set forth in Section 1.14 and evidenced by a non-recourse promissory note executed by Buyer as borrower in favor of Seller as lender and secured by a mortgage or deed of trust on the Property. If the payment is to include taxes and insurance and if after said amounts are deducted from the payment, the remaining amount is not enough to cover the interest rate and/or principal amount set forth above, the remaining amount will be considered full payment and any interest rate will be adjusted accordingly.

3.5 Any Seller carryback financing set forth in this Contract may be prepaid at any time without penalty unless any Existing Loan(s) contains a pre-payment penalty in which event the pre-payment penalty shall be the same as the Existing Loan(s). The note and deed of trust or mortgage to be executed by Buyer in favor of Seller for any Seller carryback financing set forth herein will not be due on sale.

3.6 If the Parties have selected in Section 1.14 that payments are to be made to a Servicing Agent, then all payments under the note for the seller carryback financing shall be made to the Servicing Agent identified in Section 1.14. Buyer and Seller shall execute all documents reasonably requested and required for Servicing Agent to perform its duties. Seller shall deliver to Servicing Agent the original of a fully executed deed of release and reconveyance (or similar document) for the mortgage or deed of trust securing the Seller carryback financing, which Servicing Agent is authorized to deliver to Buyer upon Buyer's full payment of all amounts due under the note to be executed by Buyer in favor of Seller as provided in this Contract. Buyer shall pay all of the Servicing Agent's costs and fees to establish the account and the Servicing Agent's monthly fees shall be the Buyer's obligations, which shall be collected by the Servicing Agent with and in addition to the Monthly Payments. Seller may substitute the existing Servicing Agent with a new Servicing Agent provided the Seller gives Buyer at least thirty (30) days written notice of such substitution. Seller and Buyer shall execute all documents reasonably requested by and necessary for any future Servicing Agent to perform its services. Seller shall be responsible for all costs and fees required to establish the account with any future Servicing Agent. Servicing Agent is authorized to receive the payments to be made by Buyer under the note executed by Buyer in favor of Seller. If the Property is being purchased subject to Existing Loan(s), the Servicing Agent shall first use the amounts received from Buyer (exclusive of the fees to be paid to Servicer) to timely pay the monthly payments and other amounts owed to the lender(s) or servicer(s) of the Existing Loan(s). Seller and Buyer, and each of them, promise to indemnify and hold harmless Servicing Agent against all costs, damages, attorneys' fees, expenses and liabilities which, in good faith and without fault on its part, it may incur or sustain in connection with this Contract, the note, and with any court action arising out of the same.

4. **STATUS OF TITLE.** As soon as practical following the Effective Date, Escrow Agent shall cause a current commitment for an ALTA Owner's Policy of Title Insurance (the "Commitment") to be issued and delivered to Seller and Buyer. Buyer and Seller shall satisfy their respective requirements to closing set forth in the Commitment prior to COE. Except for any Existing Loan(s), Seller shall remove all liens, clouds, and encumbrances at or prior to COE.

5. **INSPECTION OF AND ACCESS TO THE PROPERTY.** Buyer, in Buyer's sole and absolute discretion, may through written notice to Seller, cancel this Contract during the Inspection Period set forth in Section 1.10 and obtain a return of the Deposit and any other items or things of value given by Buyer to Seller or paid by Buyer for the benefit of Seller shall be refunded to Buyer by Seller. From the Effective Date through COE, Seller shall provide access to the Property to Buyer, and will make the Property reasonably available to Buyer and to Buyer's assignees, prospective assignees, agents, representatives, inspectors and authorized individuals to conduct inspections and walkthrough(s) of the Property.

6. **LEAD-BASED PAINT DISCLOSURE.** If the home on the Property was built before 1978, Seller shall notify Buyer of any known lead-based paint ("LBP") or LBP hazards on the Property and provide Buyer with any LBP risk assessments or inspections in Seller's possession. Buyer agrees to review the "Lead Warning Statement" found in the Disclosure of Information on Lead-Based Paint and/or Lead-Based Paint Hazards found at https://www.epa.gov/sites/production/files/documents/selr_eng.pdf and the pamphlet "Protect Your Family from Lead in Your Home" found at <https://www.epa.gov/lead/protect-your-family-lead-your-home-real-estate-disclosure>, which are incorporated herein by this reference. Buyer waives the ten (10) day opportunity to conduct a lead-based paint inspection and risk assessment.

7. **SEPTIC OR WASTEWATER TREATMENT SYSTEM.** If the Property is on a septic system or alternative system that uses a septic tank and the law of the state where the Property is located requires the system to have a pre-transfer inspection performed within a specified time before COE, then Buyer shall pay for, and Seller shall obtain the required wastewater treatment facility inspection report (the "Septic Report"). If the Septic Report states that the wastewater treatment facility is "not functional", Buyer has ten (10) days from the date of receiving the Septic Report to elect the pay for the repairs necessary for the system to be functional prior to COE or to cancel this Contract, in which event, Escrow Agent shall return the Deposit to Buyer and Seller shall return to Buyer any other items or things of value given by Buyer to Seller or paid by Buyer for the benefit of Seller.

8. **AS IS PURCHASE; EXISTING CONDITION AS OF COE.** Buyer is purchasing the Property "AS IS" and in the condition existing as of the Effective Date. The Property shall be delivered to Buyer at COE in substantially the same condition existing as of the Effective Date. In the event of loss of or damage to the Property, or a

portion thereof, prior to the COE, Buyer may terminate this Contract and the Deposit, and any other items or things of value given by Buyer to Seller or paid by Buyer for the benefit of Seller will be refunded by Seller to Buyer.

9. **ESCROW; COE; CLOSING COSTS AND PRORATIONS.** Seller and Buyer engage Escrow Agent to act as the escrow agent for the closing of the transactions contemplated by this Contract. Title will be transferred to Buyer by general warranty deed. Buyer and Seller shall execute all documents Escrow Agent reasonably requires to effectuate the COE. All real estate taxes, rents, and assessments shall be prorated as of COE. The Parties shall pay the specific closing costs applicable to them as set forth in Section 1.11. Buyer has executed or will execute all Addendums and Acknowledgments marked in Section 1.13 prior to COE, which are incorporated herein by this reference.

10. **CURE NOTICE.** If a party fails to comply or perform under this Contract, the other party shall deliver a notice to the breaching party specifying the non-compliance (the "Cure Notice"). If the non-compliance is not cured within ten (10) calendar days after receipt of the Cure Notice (the "Cure Period"), the failure to comply shall become a breach of this Contract. Buyer is not required to serve a Cure Notice on Seller if Seller indicates an intent to or fails to close escrow on or before the COE date as such intent to or failure by Seller to close escrow on or before the COE date shall be deemed an immediate breach of this Contract.

11. **REMEDIES; ATTORNEYS' FEES.** If Seller shall breach any of the terms or provisions of this Contract, Buyer may proceed against Seller for any claim or remedy the Buyer may have in law or equity, which includes, but is not limited to, specific performance and damages. If Buyer breaches this Contract, Seller accepts the Deposit as Seller's sole right to damages. The prevailing party in any lawsuit arising out of or to enforce this Contract shall be awarded its reasonable attorneys' fees, expert fees and costs incurred prior to and/or after the filing of such lawsuit. Any attorneys' fees awarded in favor of Buyer may be paid to Buyer from the proceeds of the closing of the transaction contemplated by this Contract.

12. **NO ORAL CHANGES OR REPRESENTATIONS.** EACH PARTY ACKNOWLEDGES THAT SUCH PARTY HAS NOT RELIED ON ANY ORAL CONTRACT, STATEMENT, REPRESENTATION OR OTHER PROMISE THAT IS NOT EXPRESSED IN WRITING IN THIS CONTRACT. This Contract may be amended or modified only by an agreement in writing signed by Buyer and Seller.

13. **NOTICES.** Any and all notices, demands or requests required or permitted hereunder shall be in writing and shall be effective upon personal delivery, electronic mail, or upon receipt, if deposited in the U.S. Mail, registered or certified, return receipt requested, postage prepaid, or if deposited with any commercial air courier or express service.

14. MISCELLANEOUS.

14.1 *Reinstatement Amount Contingency.* In the event the combined amount to reinstate the Existing Loan(s) exceeds the amount set forth in Section 1.14, Buyer may waive such contingency by proceeding with COE or Buyer, at any time prior to COE, may cancel this Contract and obtain a return of the Deposit and any other items or things of value given by Buyer to Seller or paid by Buyer for the benefit of Seller shall be refunded to Buyer by Seller.

14.2 *Addendum, Acknowledgements, and Additional Terms and Conditions.* The Parties agree to be bound by the additional terms and conditions specified in Sections 1.13 and 1.14 and if such additional terms and conditions conflict with any other provision of this Contract, the terms and conditions set forth in Sections 1.13 and 1.14 shall control.

14.3 *Assignment.* Buyer may assign this Contract or any of its rights hereunder to any person, partnership, corporation or other entity without notice to Seller. Seller's consent to such assignment is not necessary or required.

14.4 *Time is of the Essence.* Time is of the essence with respect to the performance of all terms, conditions and provisions of this Contract.

14.5 *Choice of Law.* This Contract shall be governed and enforced under the laws of the state where the Property is located without regard to any conflict of law provisions.

14.6 *Memorandum of Contract.* Seller agrees that Buyer may execute, acknowledge and record a memorandum of this Contract with the recorder (or similar office) of the county in which

the Property is located and no further signature or authorization from Seller is required for the recording of such memorandum.

14.7 *Electronic Execution and Counterparts.* This Contract may be executed by electronic means and in any number of counterparts, each of which shall be deemed an original and all of which when taken together shall constitute one instrument.

14.8 *Buyer Disclosures and Voluntary Agreement.* Seller understands and acknowledges that Buyer is a wholesale buyer who purchases real property and who, in its discretion, may assign its equitable interest in the real property for a profit. The Purchase Price may not reflect the Property's fair market value.

Seller acknowledges and agrees that Seller has read and fully understands the terms and conditions of this Contract and is entering into this Contract voluntarily and has not been threatened, coerced, or intimidated into signing this Contract.

This transaction involves important and complex legal consequences, including

your right to cancel this transaction within three business days following the date you sign this contract. You should consult with an attorney or seek assistance from a housing counselor.

You may cancel this contract for the sale of your house without any penalty or obligation at any time before _____. See the attached notice of cancellation form for an explanation of this right.

APPROVED AND ACCEPTED BY SELLER

SIGNATURE: _____

DATE: _____

APPROVED AND ACCEPTED BY BUYER

SIGNATURE: _____

DATE: _____

****IMPORTANT NOTE:****
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SELLER ACKNOWLEDGMENTS

SELLER: _____

BUYER: _____

PROPERTY: _____

I/We, the Seller identified above, have agreed to sell the Property identified above to the Buyer identified above and/or Buyer's assigns pursuant to the Purchase Contract and Escrow Instructions (the "Contract") between Seller and Buyer. The Seller hereby understands, acknowledges, agrees and states as follows:

Seller Initials **OWNERSHIP OF THE PROPERTY.** I am the actual or beneficial owner of the Property.

Seller Initials **CONTRACT TERMS.** I have read, reviewed, understood, and accepted the provisions of the Contract. I am not confused about any term or provision of the Contract.

Seller Initials **RELATIONSHIP OF PARTIES.** Seller understands that Buyer is not acting as an agent or representative of Seller. Additionally, the Contract does not and in no way should be understood to create a partnership, joint venture, fiduciary, consultant, or any other business relationship between the parties except for the buyer and seller relationship created by the Contract.

Seller Initials **SALES PRICE.** I understand, acknowledge and agree that I may be selling the Property for less than fair market value. However, in light of the present circumstances, I believe it is in my best interest to sell the Property according to the terms of the Contract, even at a discount.

Seller Initials **GIVING UP EQUITY IN PROPERTY.** I understand that by engaging in this transaction, I may be giving up equity that may exist in the Property and any proceeds that may result from a subsequent sale of the Property.

Seller Initials **BINDING CONTRACT.** I understand, acknowledge and agree that by my signing the Contract, I agreed to sell the Property to the Buyer or Buyer's assigns and am bound by the terms and conditions of the Contract.

Seller Initials **BUYER IS A WHOLESALE BUYER WHO IS PURCHASING FOR INVESTMENT.** I understand, acknowledge and agree that Buyer is a wholesale buyer and is not purchasing this Property to live in, but as an

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investment, and to make a profit from this transactions through assignment, resale, or renting of the Property and Buyer is entitled to make and keep all profits in doing so.

Seller Initials **LEGAL ADVICE.** I understand, acknowledge, and agree that the Buyer has advised me to seek independent legal counsel regarding the Contract and this transaction.

Seller Initials **FINANCIAL REVIEW ADVISED.** I understand, acknowledge, and agree that Buyer has advised me to have an independent financial advisor review the Contract and this transaction.

Seller Initials **FAIRLY NEGOTIATED.** I understand, acknowledge, and agree that I and the Buyer have negotiated the terms of the Contract and this transaction. The terms and conditions have been fairly negotiated and Buyer has not taken advantage of me or my current situation.

Seller Initials **PROPERTY NOT LISTED WITH REAL ESTATE BROKER.** Unless the Contract states otherwise, I represent and warrant that the Property is not listed with a real estate broker and there was no listing agreement with a real estate broker in effect at the time the Contract was executed.

Seller Initials **NO PRECLUDING PHYSICAL OR MENTAL CONDITIONS.** I had no physical, mental, or emotional ailments or conditions that impacted my ability to understand and negotiate the Contract or that impacted my capacity to execute and enter into the Contract.

Seller Initials **NOT UNDER INFLUENCE.** I acknowledge and agree that I was not under the influence of any alcohol, mind altering substances, or medication that could cloud my judgment at the time I entered into the Contract and I am not presently under the influence of any such items.

Seller Initials **COMPLETE AGREEMENT.** I acknowledge and agree that I have not been promised anything other than what is set forth in the Contract and there are no unresolved issues or concerns with respect to the Contract and this transaction.

Seller Initials **NOT UNDER DURESS.** I was not under duress when I signed the Contract and I signed the Contract without any undue financial pressure.

****IMPORTANT NOTE:****

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BE SURE to delete THIS red text once you have done that.**

Sellers Initials **ACKNOWLEDGEMENT OF DISCLOSURES.** I acknowledge and agree that I have reviewed and understand the disclosures made to me regarding the sale of the Property to Buyer, that selling the Property to the Buyer is in Seller's best interest and that I am and agree to continue to be bound by the terms of the Contract and all addendums thereto.

Seller Date: _____

Seller Date: _____

**SUBJECT TO ADDENDUM TO
PURCHASE CONTRACT AND ESCROW INSTRUCTIONS (the "Contract")**

Capitalized terms not expressly defined in this Addendum have the meanings given to them in the Contract.

The Parties acknowledge and agree that Buyer is acquiring the Property subject to the Seller's existing loan(s) secured by one or more deeds of trust against the Property (the "Existing Loan(s)"). This means that the Existing Loan(s) will not be paid off through Buyer's purchase of the Property. The Existing Loan(s) will remain outstanding and the deed(s) of trust securing the Existing Loan(s) will remain as liens against the Property. By purchasing the Property subject to the Existing Loans, Buyer is not assuming Seller's payment obligations on the Existing Loan(s). Seller shall remain liable and obligated for the payment of the Existing Loan(s) and the Existing Loan(s) shall remain in Seller's name. The Parties also understand, acknowledge and agree that the deed(s) of trust securing the Existing Loan(s) has a "Due on Sale" clause, which allows the lender(s) for the Existing Loan(s) to initiate a foreclosure proceeding for the Property due to the sale, transfer or conveyance of the Property from Seller to Buyer.

Prior to COE, Seller shall execute an Authorization to Release Information in favor of the Buyer to allow the Buyer to contact and obtain information from the lender(s) for the Existing Loan(s). The original Authorization to Release Information shall be undated and maintained by the Buyer. Seller authorizes Buyer to ascribe a date on Seller's behalf to the original or any copy of the Authorization to Release Information in order to meet lender requirements.

Prior to COE, Seller shall execute the following documents:

- Authorization to Release Information in favor of the Buyer to allow the Buyer to contact and obtain information from the lender(s) for the Existing Loan(s).
- Notice of Change of Address to be delivered to the lender(s) for the Existing Loan(s), which will reflect Buyer's street address, email and phone information.
- Notice of Change of Address to be delivered to any insurer providing or to provide insurance coverage for or related to the Property.
- Notice of Change of Address to be delivered to any Homeowners Association governing the Property.
- Escrow Letter containing instructions to the lender(s) of the Existing Loan(s) as to the application funds held by lender in its escrow account.

Seller Initials: ____/____

Buyer Initials: ____/____

- Limited Power of Attorney appointing Buyer as Seller's agent for the purpose of providing for and arranging insurance, making and accounting for mortgage payments, or any other matters that pertain to the Property.
- Seller shall execute an Assignment of Insurance Proceeds in favor of Buyer, which assigns all of Seller's right, title and interest in any insurance proceeds to be paid by any insurer for the Property to Buyer.
- The originals of the documents listed above shall be undated and maintained by the Buyer. Seller authorizes Buyer to ascribe a date on Seller's behalf to the original or any copy of the above documents in order to meet lender requirements.

Buyer, in Buyer's sole and absolute discretion, is authorized to keep and maintain any insurance in place covering the Property upon COE and to add Buyer as an additional insured under such policy or to secure new or additional insurance in the name of the Seller or Buyer. Buyer shall be named as the primary insured or additional insured on all insurance policies in effect covering the Property after COE in Buyer's sole and absolute discretion. Buyer is not hereby assuming any duty or obligation to pay for or maintain insurance for the Property. It is in Buyer's sole and absolute discretion to keep, obtain, or maintain insurance for the Property.

SELLER SHALL HOLD BUYER HARMLESS AND HEREBY RELEASES BUYER FROM ANY AND ALL LIABILITY IN THE EVENT BUYER DECIDES TO NOT KEEP, MAINTAIN OR OBTAIN INSURANCE COVERAGE FOR OR RELATED TO THE PROPERTY.

Seller Initials

Seller Initials

Seller shall cooperate with Buyer and execute any and all documents Buyer or any insurance company deems necessary for Buyer to be named as primary insured or additional insured on the Property. All insurance proceeds that would otherwise be payable to the Seller for any loss occurring on the Property after COE shall be paid to Buyer and Seller hereby conveys and assigns its rights to such insurance proceeds to Buyer. Seller shall execute any and all checks or documents necessary for the insurance proceeds to be paid to Buyer in the event of a loss related to the Property.

BUYER'S REPRESENTATIONS AND WARRANTIES

In addition to Buyer's representations and warranties in the Contract, Buyer hereby represents, warrants and covenants, with the understanding that Seller is relying on such representations and warranties and that such representations and warranties survive COE, that:

- Buyer is aware of and fully understands the terms of the Contract, this Addendum, and the nature of the transaction contemplated thereby.
- Buyer understands that the Property is being acquired subject to the Seller's Existing Loan(s) secured by one or more deeds of trust against the Property. This means that the Existing Loan(s) will not be paid off through Buyer's purchase of the Property. The Existing Loan(s) will remain outstanding and the deed(s) of trust securing the Existing Loan(s) will remain as liens against the Property.
- Buyer understands, acknowledges and agrees that the deed(s) of trust securing the Existing Loan(s) contain due on sale clauses, which allows the lender(s) to call the existing loan(s) upon transfer of the Property by the Seller. Foreclosure proceedings will be initiated in the event the lender(s) invoke the lender(s)' rights under the due on sale clause. Buyer understands, acknowledges, and agrees that in this event, Buyer will need to assume the existing loan(s) or pay off the existing loan(s), but is not required to do so, to avoid losing the Property to foreclosure.
- In the event Seller has not breached the Contract and the lender(s) invokes the due on sale clause, Buyer shall hold Seller harmless for any loss or damages which may occur as a result of lender(s)' foreclosure.

SELLER'S REPRESENTATIONS AND WARRANTIES

In addition to Seller's representations and warranties in the Contract, Seller hereby represents, warrants and covenants, with the understanding that Buyer is relying on such representations and warranties and that such representations and warranties survive COE, that:

- Seller is aware of and fully understands terms of the Contract, this Addendum and the nature of the transaction contemplated thereby.
- Seller will not make any statements or engage in any conduct that will cause or is likely to cause any lender(s) for the Existing Loan(s) to initiate foreclosure proceedings with respect to the Property or to take any action adverse to Buyer or Buyer's ownership of the Property.
- Seller will not make any statements or engage in any conduct that will result or is likely to result in the cancellation of any insurance for or related to the Property.
- Both during and after Seller's performance of the Contract, the Seller will, on demand of Buyer, execute and deliver any instrument, furnish any information, and/or perform any other acts reasonably necessary to carry out the provisions of the Contract and this Addendum without undue delay or expense.

SELLER DISCLOSURES AND ACKNOWLEDGMENTS

_____ Seller Initials	NO FURTHER OWNERSHIP OR CONTROL. Seller understands, acknowledges, and agrees that upon close of escrow, Seller will no longer have an ownership interest in the Property and no further control over the Property.
_____ Seller Initials	NOT A LOAN. Seller understands, acknowledges, and agrees that the Contract results in the outright purchase of the Property by the Buyer and is not intended to be a loan by Buyer to Seller.
_____ Seller Initials	EXISTING LOAN(S) NOT PAID IN FULL. Seller understands, acknowledges, and agrees that the Existing Loan(s) for which Seller is the borrower, will not be paid in full as a result of this transaction.
_____ Seller Initials	CONTINUING LIABILITY ON EXISTING LOANS. Seller understands, acknowledges, and agrees that no promises have been made to by Buyer to Seller that the Existing Loan(s) will be assumed or paid off by Buyer and that upon the close of escrow, Seller will remain liable on the Existing Loan(s).
_____ Seller Initials	NO LONGER DEDUCT MORTGAGE INTEREST. Seller understands, acknowledges, and agrees that Seller cannot deduct mortgage interest paid by Buyer even though Seller may continue to receive a form 1098 for the Existing Loans.
_____ Seller Initials	FAILURE TO MAKE TIMELY PAYMENTS. Seller understands, acknowledges, and agrees that Buyer's purchase of the Property does not end or terminate Seller's obligation to make full and timely payment of the Existing Loan(s).
_____ Seller Initials	EVENT OF FORECLOSURE. Seller understands, acknowledges, and agrees that in the event the Existing Loan(s) are not paid, Seller will be subject to foreclosure proceedings and such proceedings may harm Seller's credit.
_____ Seller Initials	EXISTING LOAN(S) ON CREDIT REPORT. Seller understands, acknowledges, and agrees that the Existing Loan(s) may continue to appear on Seller's credit report and may impact or effect Seller's ability to obtain other financing or loans.
_____ Seller Initials	DUE ON SALE CLAUSE. Seller understands, acknowledges, and agrees that the deed(s) of trust for the Existing Loan(s) has a due on sale clause that

allows the lender to initiate foreclosure proceedings for the Property, which may affect Seller's credit.

Seller Initials

PROPERTY INSURANCE PROCEEDS. Seller understands, acknowledges, and agrees that any insurance proceeds related to any loss on the Property occurring after COE shall be paid to Buyer. Seller shall not be entitled to receive any insurance proceeds for any loss on the Property occurring after COE.

Seller Initials

MAINTAINING PROPERTY INSURANCE. Seller understands, acknowledges, and agrees that Buyer is not assuming Seller's obligation to keep and maintain insurance for the Property, it is in Buyer's sole and absolute discretion to keep, obtain, or maintain insurance for the Property, and Seller holds Buyer harmless and releases Buyer from any and all liability in the event Buyer decides to not keep, maintain or obtain insurance coverage for or related to the Property.

Seller Initials

BUYER'S OPTION TO EXECUTE QUITCLAIM DEED. Seller acknowledges and agrees that at any time after COE, Buyer may, at Buyer's sole and absolute discretion, tender a quitclaim deed to Seller subject to the Existing Loans. Buyer may, at Buyer's option, record the quitclaim deed with the county clerk or recorder's office, but is in no way obligated to do so.

Sellers Initials

ACKNOWLEDGEMENT OF DISCLOSURES. Seller acknowledges and agrees that Seller has reviewed and understands the disclosures made to Seller regarding the "Subject To" sale of the Property to Buyer, that selling the Property to the Buyer is in Seller's best interest and agrees to be bound by the terms of the Contract and all addendums thereto.

IN WITNESS WHEREOF, Buyer and Seller have executed this Subject To Addendum as of the dates written below.

Approved and Accepted by:

SELLER: _____

Signature: _____

BUYER: _____

Signature: _____

Seller Initials: ____/____

Buyer Initials: ____/____