

OWNER FINANCING ADDENDUM

ADDENDUM NUMBER _____ to CONTRACT OF SALE dated _____

BUYER(S): _____

SELLER(S): _____

PROPERTY: _____

IT IS UNDERSTOOD AND AGREED that Seller (hereinafter "Lender") will grant to Buyer a Purchase Money Mortgage or Deed of Trust (hereinafter "Mortgage") to be secured by the subject property in the amount of \$ _____ with payments based upon an amortization period of _____ years at an interest rate of _____ % per annum with monthly payments of principal and interest in the amount of \$ _____. It is further understood and agreed that the entire unpaid balance will be due and payable at the end of _____ years from the date of settlement. Buyer agrees to execute said Mortgage at time of settlement.

Said Mortgage shall be a _____ first _____ second (**INITIAL ONE**) lien and shall contain the right of prepayment in whole or in part at any time without penalty. Said Mortgage shall also contain a clause which will prohibit the sale or transfer of all or any part of the property or interest therein by voluntary or involuntary conveyance or assignment subject to the existing Mortgage without the mortgagee's prior written consent.

The mortgage payments on the Mortgage shall be due on the _____ day of each month, commencing no earlier than one month after the date of settlement. The Mortgage will provide for a late charge of five (5) percent of the principal and interest installment if the mortgagee does not receive the required payment within fifteen (15) days of the date due.

Buyer shall obtain and present to Lender at or prior to settlement an original fire and extended coverage insurance policy with broad form endorsement from a company of Buyer's choice licensed to issue policies in the State, together with a paid receipt for one year's premium. Said policy must contain the usual endorsement to protect the mortgagee's interest in the property, and Seller shall have the right to disapprove the insurer for reasonable cause. The amount of coverage shall be no less than the combined principle balances of all mortgages or replacement cost of the improvements, whichever is less. Buyer further agrees to maintain said insurance in full force and effect for the duration of the Mortgage.

(INITIAL APPLICABLE PARAGRAPH)

_____ A. Buyer agrees to establish with Lender a non-interest bearing escrow account for the payment of real estate taxes, hazard insurance, ground rent (if any), and any lien superior to the Mortgage; or

_____ B. Buyer and Lender agree that Buyer shall pay all real estate taxes, ground rent, hazard insurance premiums, and other liens superior to this Mortgage, and shall furnish Lender with proof of payment of each to said mortgagee within thirty (30) days following the due date of each payment (or in the case of real estate taxes, such date shall be construed to be that date after which interest and/or penalty begins to accrue on said bill). Should Buyer fail to pay each bill and/or provide proof of such payment to Lender as specified above, Buyer shall, at Lender's sole option and within thirty (30) days of Lender's written demand, establish an escrow account with Lender as specified in Paragraph A above.

If the herein described Mortgage is a second Mortgage, it shall provide that a default under the terms of any superior mortgage shall automatically constitute a default under the second Mortgage, upon which the second mortgagee may, at its sole option, either: (1) cure the default under the superior mortgage and add the costs thus incurred to the unpaid balance of the second Mortgage, or (2) exercise any and all other default remedies provided by the terms of the second Mortgage and controlling law.

The granting of the above Mortgage is contingent upon Lender's receipt of a satisfactory credit report and/or other financial information on Buyer. Buyer agrees to supply promptly whatever information and verification material as may be required to obtain said report and to verify Buyer's financial ability to complete this transaction and make regular monthly payments on the Mortgage. Buyer authorizes Lender or his agent to obtain said report at Buyer's expense. Lender shall, within ten (10) days of receipt by his agent or himself of said report and/or other financial data indicate to Buyer his acceptance or rejection of the same, and his failure to do so within ten (10) days of receipt shall be deemed an acceptance.

Said Mortgage and Note shall be acceptable to Lender. The cost for the preparation of said Mortgage and Note as well as the related recording costs shall be paid by Buyer.

Buyer agrees to provide Lender at time of settlement with an ALTA (American Land Title Association) Mortgagee's Title Insurance Binder/Policy in the amount of said Mortgage and with only such exceptions as those commonly allowed by lenders in the immediate area. This policy shall be issued at standard rates and at Buyer's expense.

Buyer _____ Date _____ Seller _____ Date _____

Buyer _____ Date _____ Seller _____ Date _____

This form has been prepared for the sole use of the following Board/Associations of REALTORS® and their members. Each Board, its members and employees assume no responsibility if this form fails to protect the interests of any party. Each party should secure its own legal, tax, financial or other advice.

The Greater Baltimore Board of REALTORS®, Inc.
Carroll County Association of REALTORS®, Inc.

Harford County Association of REALTORS®, Inc.
Howard County Association of REALTORS®, Inc.

