

Appendix B Sample Contract for Deed

This Agreement, made this _____ day of _____, between _____, called Seller, whose address is [NUMBER AND STREET] [CITY] [STATE] [ZIP], and _____, called Buyer, whose address is [NUMBER AND STREET] [CITY] [STATE] [ZIP], concerns the real property in the City of _____, County of _____ [STATE], called Property and described as:

[INSERT PROPERTY DESCRIPTION HERE]

1. Buyer agrees to purchase the Property for the Price of \$_____.
2. The Down Payment on the Price is \$_____.
3. The Balance of the purchase Price is \$_____.
4. The Term of this sale is [NUMBER OF MONTHS OF CONTRACT.]
5. The Balance bears Interest from date of this Agreement on the unpaid Balance at the annual rate of [INSERT PERCENT AMOUNT].
6. The Buyer will pay the Balance and Interest to the Seller in equal Monthly Payments of \$[USE A MORTGAGE CALCULATOR TO INSERT THE CORRECT MONTHLY PAYMENT]
7. Monthly Payments will begin on [INSERT DATE] and continue until [INSERT DATE].

8. Legal Ownership

Buyer retains legal title of the Property for the following purposes: (a) securing payment of

the Monthly Payments; (b) securing payment of the Balance and Interest; and (c) ensuring the performance of each provision of this agreement.

9. Condition of Property

Buyer Promises to keep Property in good condition and repair; not to remove or demolish any building; to complete and restore any building which may be constructed, damaged or destroyed; to comply with all laws affecting the property or requiring any alterations or improvements to be made; not to commit or permit waste; to cultivate, irrigate, fertilize, fumigate, prune and do all other acts which from the character or use of the property may be reasonably necessary.

10. Taxes

Buyer promises to pay all taxes and assessments affecting the property, including water stock assessments, at least 10 days before delinquency; all encumbrances, charges and liens, with interest, on the property when due, which are not the responsibility of the Seller and are or appear to be senior to this agreement; and all expenses of this Agreement.

11. Buyer's Failure to Pay - Seller's Rights

If Buyer fails to make any Monthly Payment or to perform any act provided for in this agreement, then Seller may, at the option of the Seller and without notice, and without releasing Buyer from any obligation under this agreement:

- a. Make any payment necessary to protect the Seller's interest or rights in the Property, and do any work necessary to protect the Seller's interest or rights in the Property, Seller being authorized to enter upon the property to do so;
- b. Appear in or commence any action or proceeding purporting to affect the Property, the Seller's interest or rights in the Property;

c. Pay, purchase, contest or settle any encumbrance, charge or lien that appears to be senior to this Agreement.

d. In exercising the power of this provision, Seller may incur necessary expenses and reasonable attorney fees. Buyer to pay immediately all sums expended by Seller provided for in this agreement, with interest from date of expenditure at the same rate as the principal debt hereby secured.

12. Assignment of Damages

Buyer assigns to Seller any award of damages made in connection with:

- a. Condemnation for use of or injury to the property by the public, or conveyance in lieu of condemnation; or
- b. Injury to the property by any third party.

13. Waiver by Seller

By accepting payment of any amount due after its due date, Seller does not waive Seller's right to either require prompt payment when due of all other sums or to declare default for failure to pay. Seller may waive a default of any provision of this agreement, by consent or acquiescence, without waiving any prior or subsequent default.

14. Conveyance of Title

Seller will convey title in fee simple and free of creditor's liens, subject to existing CC&Rs, and limitations in the deed, if any, to Buyer upon Buyer's payment of all amounts due to Seller under this agreement. Seller will convey title only by a General Warranty or Grant Deed containing the following covenants:

- a. the Property has not been sold, promised to, or conveyed to any other person or entity;

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- b. the Property does not have any mortgages, liens, or other encumbrances that have not already been disclosed to Buyer; and (if a General Warranty deed used)
 - c. the Seller will warrant and defend ownership of the Property against any other claim of ownership.

15. Title Insurance

On conveyance of title from Seller to Buyer on full performance of this agreement by buyer, the interest of Seller and Buyer in the property will be insured by a title insurance policy issued by [INSERT NAME OF TITLE INSURANCE COMPANY], premium to be paid by Seller, or Buyer. On Buyer's deposit into escrow of all sums and instruments due to Seller under this agreement and payment of all customary escrow costs and charges, Seller to deposit into the escrow all instruments and instructions necessary to convey title and fully perform this agreement.

16. Buyer's Resale

Should Buyer sell, transfer or convey any interest in the property, legal or equitable, either voluntarily or by operation of law, Seller may, at Seller's option, declare all sums secured by this agreement immediately due and payable.

17. Rents and Royalties

Buyer hereby assigns and transfers to Seller all the rights, title and interest in rents or royalties generated by the Property, including rents now due, past due or to become due under any use of the Property.

18. Acceleration

If a Monthly Payment or performance of this Agreement is in default, then Seller may at

Seller's option, without notice, declare all sums secured immediately due and payable by commencing a breach of contract lawsuit for their recovery or delivering to Buyer a written notice declaring default with demand for sale and then recording such together with an election to sell. The Buyer requests a copy of any Notice of Default and of any Notice of Sale to be mailed to Buyer's address described above.

19. Power of Sale

On default under any obligation of this Agreement and acceleration of all sums due, Seller may elect to proceed with a power of sale and to offer up for sale the Property or the Agreement.

20. Prepayment Penalty

The Buyer may pay the Balance owed to the Seller, minus the amount paid down on the Balance by the Buyer's Monthly Payments, at anytime and without penalty of any kind.

21. Successors and Assigns - Limitation on Subsequent Sale by Seller

This agreement is for the benefit of, and binds only the Buyer and Seller, their heirs, legatees, devisees, administrators, executors, and successors. Seller promises not sell, pledge, or assign any interest or right in the Property without the written consent of the Buyer.

Seller promises not to obtain or place any loan, lien, or encumbrance on the Property for the Term of the Agreement. Seller promises there are no loans, liens, or encumbrances currently on the Property, nor are any expected to attach to the property during the Term of the Agreement due to the Seller's action or omission, including taxes. Seller promises that all of the Property's rights are held only by the Seller, except those described in the Property's

deed.

22. Attorney Fees

In any action to enforce this agreement, the prevailing party shall receive attorney fees and costs.

23. Jurisdiction

Any lawsuit [OR ARBITRATION IN ACCORDANCE WITH THE AAA] regarding this Agreement filed by either the Buyer or Seller must be filed in [THE LOCATION YOU AGREE ON].

24. Warranties

SELLER MAKES NO WARRANTY, EXPRESS OR IMPLIED, EXCEPT AS EXPRESSLY DESCRIBED IN THIS AGREEMENT AND SELLER EXPRESSLY DISCLAIMS ANY IMPLIED WARRANTY OF MERCHANTABILITY, HABITABILITY, OR FITNESS FOR A PARTICULAR PURPOSE.

THE PROPERTY IS BEING SOLD "AS IS" AND WITH THE UNDERSTANDING THAT THE BUYER HAS PERFORMED ALL INVESTIGATION AND DUE DILIGENCE INTO THE PROPERTY THAT THEY NEEDED IN ORDER TO DECIDE ON THE PURCHASE AND BEFORE ENTERING THIS AGREEMENT.

BY ENTERING INTO THIS AGREEMENT, BUYER AGREES THAT THEY HAVE INVESTIGATED THE FOLLOWING ISSUES WHICH MAY APPLY TO THE PROPERTY:

- A) TERRAIN OF THE PROPERTY
- B) SIZE OF THE PROPERTY

- C) VEGETATION OF THE PROPERTY
- D) THE PROPERTY'S ZONING
- E) ROADS TO OR ON THE PROPERTY
- F) AVAILABILITY OF ELECTRICITY
- G) AVAILABILITY OF SEWER/TRASH
- H) AVAILABILITY OF WATER
- I) AVAILABILITY OF PHONE SERVICE
- J) PROPERTY TAX
- K) ASSOCIATION FEES ON THE DEED
- L) BUILDING RESTRICTIONS ON THE DEED
- M) ONGOING MINING OR GRAZING

25. Insurance

For the Term of the Agreement, Buyer shall maintain liability insurance covering the Property in the amount of one million dollars (\$1,000,000) and name the Seller as an insured under the policy.

26. Conversion of the Agreement

After [INSERT NUMBER OF ON TIME PAYMENTS] months, if Buyer has made every Monthly Payment as described in this Agreement, Seller will issue Buyer a deed according to paragraph 14, Conveyance of Title,"and place a mortgage on the Property in an amount equal to the Balance owed to the Seller, minus the amount paid down on the Balance by the Buyer's Monthly Payments. The Property will remain security for the Seller's mortgage.

Signature of Buyer_____

Date of Signature _____

Signature of Seller _____

Date of Signature _____

STATE OF [INSERT STATE]

COUNTY OF _____

On _____ before me, _____ personally appeared, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of [INSERT] that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

(Signature of notary public)