

FINANCING ADDENDUM FOR CONTRACT FOR DEED

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(Use only with "Minnesota Standard Residential Purchase Agreement", Minnesota State Bar Association 1997, 2002, 2004.)

This Addendum is a continuation of the PRICE AND TERMS contained in Paragraph 5 of the Purchase Agreement dated _____ by and between _____, as Seller, and _____, as Buyer, for property located at or legally described as:

A. TYPE OF CONTRACT:

[select one:] _____ Contract for Deed _____ Contract for Deed with Assumption of Financing (If Contract for Deed with Assumption, see attached Assumption Addendum)

B. CONTRACT TERMS:

(1) \$ _____ shall be paid by a Contract for Deed in substantially the form of the applicable Minnesota Uniform (Contract for Deed) Conveyancing Blank Form between Seller and Buyer, payable in installments of \$ _____ per month, or more at the option of Buyer, including interest at the rate of _____% per annum simple interest computed on the unpaid balance using the [select one] [] 30/360 day method [] actual days method. Interest shall accrue from the date of closing. The payment has been computed using a _____ year amortization. The first Contract for Deed payment shall be due and payable on _____ and subsequent payments shall be due and payable on the _____ day of each succeeding month during the term of the Contract for Deed. Payments shall be credited first to interest, with the remainder, if any, applied to principal. All principal, accrued interest and other amounts owed under the Contract for Deed shall be due and payable in full no later than _____. The final payment [strike out one] **IS / IS NOT** a balloon payment.

(2) \$ _____ by assuming and agreeing to pay according to its terms and conditions the underlying financing described on the Assumption Addendum. [If not applicable, strike this paragraph (2)].

C. EXISTING MORTGAGE(S)/CONTRACT(S) FOR DEED NOT BEING ASSUMED BY BUYER AND NOT BEING PAID OFF AT CLOSING: [If not applicable, strike this Section C].

There is now a mortgage(s) and/or contract(s) for deed encumbering the property which [strike out one] **DOES DOES NOT** have a "due on sale" clause and which [strike out one] **DOES DOES NOT** require the lender's consent to secondary financing, with an unpaid balance of approximately

_____ by mortgage(s)
_____ by contract(s) for deed

which mortgage(s) and/or contract(s) for deed Buyer does not assume or agree to pay but which [strike out one] **IS ARE** to be paid according to [strike out one] **ITS THEIR** terms by Seller. Seller shall provide Buyer, prior to closing, with written evidence satisfactory to Buyer that:

- (1) the sale of the property to Buyer will not cause a default under said mortgage(s) and/or contract(s) for deed;
- (2) by the terms of the mortgage(s) or contract(s) for deed neither the principal balance, interest rate, monthly or other installment payments, nor balloon payments (if any) at the maturity date of the mortgage(s) or contract(s) for deed exceeds those provided for in the Contract for Deed during corresponding time periods; and
- (3) the amounts due under the mortgage(s) and contract(s) for deed at the maturity date of the Contract for Deed shall not exceed the amount due under the Contract for Deed on such date.

If such written evidence is not so provided, the Purchase Agreement may, at Buyer's option, be terminated, whereupon all earnest money shall be refunded to Buyer. In such event, Buyer and Seller shall sign a cancellation of Purchase Agreement.

NOTE: If this Section C is applicable, the Contract for Deed shall contain the following terms:

Seller shall, upon written request by Buyer, provide Buyer from time to time with evidence that payments under all underlying mortgage(s) or contract(s) have been made as required. If Seller fails to make the required payments thereunder, Buyer shall have the right to make the payments and deduct all amounts paid from payments next due under the Contract for Deed.

D. CREDIT APPROVAL CONTINGENCY:

Seller's performance of Seller's obligations hereunder is contingent upon Seller's approval of the creditworthiness of Buyer, with the approval to be granted or withheld at the sole discretion of Seller. Buyer shall furnish to Seller a signed financial statement and any credit reports or financial information requested by Seller, including verification of employment and/or income, within ten (10) days of the Acceptance Date of the Purchase Agreement. Seller shall approve or reject Buyer's creditworthiness within twenty (20) days of the Acceptance Date of the Purchase Agreement ("Approval Period"). If Seller does not approve Buyer's creditworthiness, Seller shall, before the expiration of the Approval Period, notify Buyer in writing, whereupon the Purchase Agreement shall be void and all earnest money shall be returned to Buyer. In such event, Buyer and Seller shall sign a cancellation of the Purchase Agreement. If no such notice is given by Seller within the Approval Period, Seller shall be deemed to have waived the contingency contained in this paragraph.

E. SALE OF CONTRACT:

NOTE: This Section E. should be completed and initialed only if the parties intend that the sale of the Seller's interest in the Contract for Deed be arranged prior to Closing.

_____ Buyer _____ Seller
Seller's performance of Seller's obligations under the Purchase Agreement is contingent upon Seller receiving, on or before _____ an offer to purchase the Seller's interest in the Contract for Deed, at no more than a _____ % discount. If no such written offer to purchase the Contract for Deed is received by Seller on or before the above date, Seller may declare the Purchase Agreement void by written notice to Buyer within twenty four (24) hours after such date and all earnest money shall be refunded to Buyer. In such event Buyer and Seller shall sign a cancellation of the Purchase Agreement. If no such notice is given by Seller, Seller shall be deemed to have waived the contingency contained in this paragraph.

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F. ADDITIONAL OPTIONAL TERMS:

The Contract for Deed shall contain provisions substantially similar to the following provisions which are preceded by initials of Buyer and Seller.

1. Taxes and Insurance (select option(s) a-c):

a. _____ Buyer _____ Seller

Subject to annual adjustment by Seller, Buyer shall pay with each monthly payment required hereunder 1/12th of the amount reasonably estimated by Seller to be sufficient to enable Seller to pay at least 30 days before they become due, all premiums for the renewal of insurance policies required hereunder, and all real estate taxes, special assessments, and other similar charges against the property. Such additional payments are not considered "trust funds" and may be commingled with the general funds of Seller and no interest shall be payable in respect thereto. Upon demand by Seller, Buyer shall deliver to Seller such additional sums as are necessary to make up any deficiency in the amount necessary to enable Seller to pay the foregoing items. If such payments exceed the amount necessary to satisfy the taxes and insurance, the excess, at the option of Seller, may be either retained by Seller to satisfy future payments or refunded to Buyer. Seller shall provide to Buyer, not less than annually, a statement showing receipt and disbursements of the tax and insurance payments. If Seller receives such payments from Buyer and Buyer is not then in default under this Contract for Deed, Seller shall pay the taxes and insurance premiums as they become due. If the Seller does not make such payments, Buyer may do so and deduct the same (together with penalties and interest, if any) from payments next due under this Contract for Deed.

b. _____ Buyer _____ Seller

Buyer shall pay real estate taxes and insurance premiums directly as they become due and promptly furnish Seller with paid receipts for same.

c. _____ Buyer _____ Seller

Tax and insurance escrow: If the real estate taxes and insurance premiums are included in the assumed Mortgage(s) and/or Contract(s) for Deed payments, Buyer shall pay said tax and insurance escrows to the vendor/mortgagee.

2. Transfer or Encumbrance of Property Restricted.

_____ Buyer _____ Seller

Since Seller has provided financing to Buyer on favorable terms, Buyer shall not sell, assign, mortgage, hypothecate, pledge or convey Buyer's interest in this contract for deed, nor enter into an agreement to sell, assign, mortgage, hypothecate, pledge or convey Buyer's interest in this contract for deed, without first obtaining Seller's written consent. Seller's consent may be withheld if the proposed assignee cannot demonstrate creditworthiness on standards acceptable to Seller and if the unpaid principal balance of the contract-for-deed indebtedness at the time of the proposed assignment is above \$_____.

3. Furnishing of Labor and Material:

_____ Buyer _____ Seller

Buyer shall not, during the first _____ year(s) of the term of this Contract for Deed: (i) contract for any materials to be delivered or labor to be performed upon any part of the property at a cost exceeding _____ (on a "per project" basis); or (ii) allow to exist at any time, in the aggregate, unpaid charges for any labor and materials relative to the property in excess of _____, unless Buyer shall have first obtained the written consent of Seller, which consent shall not be unreasonably withheld. Buyer shall provide Seller with lien waivers relative to any labor or materials provided to the property, the cost of which exceeds _____ and shall provide proof of payment reasonably satisfactory to Seller for any labor and/or materials so provided, upon Seller's request therefor. Buyer shall indemnify and hold Seller harmless from and against all damages, costs, expenses and liabilities, including reasonable attorneys' fees, relating to claims for labor and/or materials made against the property.

SELLER:

BUYER:

_____ Date

_____ Date

_____ Date

_____ Date