



**ADDENDUM FOR SELLER-CARRIED TRANSACTIONS**

*[If this will be a Seller-Carried Transaction, as defined below, this Addendum, or one agreed upon by the parties, or their attorneys, should be used as an Addendum to the OREF Real Estate Sale Agreement.]*

1 A "Seller-Carried Transaction" is a transaction for the sale of a one-to-four family residential dwelling  
2 where the Seller at closing: (a) Takes back a promissory note and trust deed, or land sale contract for  
3 some or all of the purchase price; (b) Enters into an option or rent-to-own transaction in which the  
4 financial terms have been negotiated between Seller and Buyer; or (c) Enters into any similar  
5 arrangement, however designated, in which Buyer agrees to pay Seller some, or all, of the purchase  
6 price over time, and the property serves as security for repayment of that debt. Seller and Buyer  
7 confirm that this transaction is intended to become a Seller-Carried Transaction in accordance with  
8 the following terms, covenants and conditions.

9 **1. Real Estate Licensees.** Seller and Buyer understand and acknowledge that: (a) Their respective real  
10 estate licensees are not experts in real estate finance or law; (b) They have not permitted, instructed, or  
11 authorized said licensees to advertise, offer or negotiate any of the financial terms of this Seller-Carried  
12 Transaction, except in their representative capacity as real estate agents acting upon the express instructions  
13 and directions of Seller and/or Buyer, as principals in this transaction; (c) While real estate licensees may be  
14 qualified in providing basic information regarding current interest rates and amortization terms, etc., they are  
15 not permitted to advise or recommend financial terms specific to this transaction; (d) Seller and Buyer are  
16 responsible for securing assistance from their own third-party professionals and/or experts regarding all legal  
17 and financial terms of this transaction; and (e) Acting solely as scribes, said licensees are only authorized  
18 to reduce the financial and legal terms of this transaction provided by Seller or Buyer to written or electronic  
19 form and transmit the same to the other party's licensee, or other authorized third party.

20 **2. Advisory Regarding Seller-Carried Transactions.** Seller and Buyer acknowledge reading the Advisory  
21 Regarding Seller-Carried Transactions ("Advisory"), and confirm that they understand that unless exempted,  
22 Oregon and federal law requires that offering or negotiating financial terms in this transaction must be  
23 conducted by a licensed mortgage loan originator ("MLO") such as a mortgage broker or mortgage banker.

24 **3. Seller Certifications.** If this transaction involves the sale of a one-to-four family dwelling, in order to  
25 use this Addendum, all conditions enumerated at (a), (b), and (c) below must be met. If the conditions  
26 are not all met, Seller should not use this Addendum, and instead secure the assistance of a MLO,  
27 attorney, or other expert qualified under ORS 86A.203 in completing this transaction.

- 28 (a) During the preceding calendar year, Seller did not enter into more than four (4) Seller-Carried  
29 Transactions involving the sale of a one-to-four family dwelling intended to be occupied by a  
30 buyer for residential purposes;
- 31 (b) During the preceding 12 months, Seller did not enter into more than one (1) Seller-Carried  
32 Transaction that involved terms making it a "high-cost mortgage" as defined in the Advisory;
- 33 (c) During the preceding 12 months, Seller did not enter into a Seller-Carried Transaction using the  
34 services of a MLO, as defined in the Advisory.

35 **\*[Note: If Seller did not meet the above numerical standards in the preceding calendar year, they  
36 shall be applied to the current calendar year.]**

37 ➤ **Seller certifies that Seller has read and understands this Section 3, and that the statements  
38 contained in (a), (b) and (c) above, are ALL true and correct: Seller Initials: \_\_\_\_\_**

Buyer Initials \_\_\_/\_\_\_ Date \_\_\_

Seller Initials \_\_\_/\_\_\_ Date \_\_\_



39 **4. Seller Exemption under ORS 86A.203.** In order for Seller to use this Addendum without the  
40 assistance of a MLO, attorney, or other expert qualified under ORS 86A.203, Seller must be a natural  
41 person, estate or trust, and the statements contained in the selected box at (a), (b) or (c) below must be true and  
42 correct. If none of the statements at (a), (b) or (c) below apply to the Property being sold to Buyer in this  
43 transaction, Seller should secure the assistance of a MLO, attorney, or other expert qualified under ORS  
44 86A.203 in completing this transaction. **This Addendum should not be used for this transaction if**  
45 **no boxes have been selected below.** Seller represents to Buyer and all licensees, that the Property **[select**  
46 **only one]:**

- 47 (a) [ ] Is a dwelling that is, or was at one time, Seller's primary residence; or
- 48 (b) [ ] Is a dwelling for which Seller has authorized \_\_\_\_\_  
49 ("Authorized Party") to offer or negotiate the terms of this transaction, with Seller, or on  
50 Seller's behalf, because Seller and the Authorized Party are related as either spouse, child,  
51 sibling, parent, grandparent, grandchild, or a relative in a similar relationship that is created  
52 by law, marriage or adoption; or
- 53 (c) [ ] Is a dwelling that Seller owns as a rental, a second home, or a vacation home; **and (i)** This  
54 Seller-Carried Transaction is not more than the third (3<sup>rd</sup>) such transaction Seller has engaged in  
55 during the prior twelve (12) months; **and (ii)** The Property did not at any time serve as Seller's  
56 primary residence; **and (iii)** This Seller-Carried Transaction is not more than the eighth (8<sup>th</sup>)  
57 such transaction for which Seller is carrying the financing as a current receivable.

58 **➤ Seller certifies that Seller has read and understands this Section 4, and that the statement(s)**  
59 **set forth in the above-selected box (if applicable) is/are true and correct:**  
60 **Seller Initials:** \_\_\_\_\_

61 **5. Buyer Representation.** Buyer represents to Seller and all licensees that the Property that is the subject  
62 of this transaction is being acquired for the following purpose **[select only one]:**

- 63 (a) [ ] For occupancy as a primary residence by Buyer or Buyer's spouse, parent or child;
- 64 (b) [ ] For business/investment purposes, e.g., as a rental property;

65 The box selected above is informational only, and Buyer's answer will not prevent the use of this  
66 Addendum for this transaction, so long as Seller has certified the accuracy of Sections 3 and 4 above.  
67 If Seller has not certified the accuracy of Sections 3 and 4 above, the parties should immediately  
68 consult a MLO, attorney, or other expert qualified under ORS 86A.203, to determine whether Seller  
69 is qualified to complete this transaction using this Addendum.

70 **➤ Buyer represents that Buyer has read and understands this Section 5, and that the statement**  
71 **set forth in the above-selected box is true and correct: Buyers Initials:** \_\_\_\_\_

72 **6. Financing Terms.** Seller and Buyer agree that the Balance of the Purchase Price  
73 \$ \_\_\_\_\_ **[see, Financing Section of Sale Agreement]** will be repaid as follows **[select all that**  
74 **apply]:**

75 (a) \*Interest Rate on the Balance of the Purchase Price shall be (select only one): [ ] Fixed rate  
76 of interest at \_\_\_\_\_% per annum; or [ ] Adjustable rate of interest **[Note: By selecting an adjustable**  
77 **rate of interest, Seller and Buyer agree to complete and sign a written Addendum setting forth: (i)**  
78 **Reasonable annual rate increases; (ii) Reasonable lifetime rate increases subject to a minimum floor and**  
79 **maximum ceiling, which ceiling shall not exceed the applicable "high-cost mortgage rate" – (See,**  
80 **Advisory); and (iii) That adjustments to the interest rate will be determined by adding the margin rate to an**  
81 **indexed rate published from a widely available index, such as U.S. Treasury securities or LIBOR. Seller**  
82 **and Buyer shall reach written mutual agreement on (i), (ii) and (iii) within \_\_\_\_\_ business days (two [2] if**  
83 **not filled in) after the Sale Agreement has been signed and accepted (hereinafter, "the Deadline"). If**  
84 **written mutual agreement is not reached by 5:00 p.m. on the last day of the Deadline, this transaction**  
85 **shall be automatically terminated and Buyer's deposit(s) will be promptly refunded.]**

Buyer Initials \_\_\_\_/\_\_\_\_ Date \_\_\_\_

Seller Initials \_\_\_\_/\_\_\_\_ Date \_\_\_\_



86 (b) \*The Balance of the Purchase Price shall be repaid in monthly installments of principal and
87 interest, based upon the following Amortized Term (select one): [ ] 30-year amortization; [ ]
88 25-year amortization; [ ] 20-year amortization; [ ] Other [specify] \_\_\_\_\_.
89 (Amortized Term may not exceed 30 years)

90 (c) \*Buyer's monthly principal and interest payments to Seller will be \$\_\_\_\_\_
91 ("Installment" or "Installments") and shall be paid on the first day of each month. [Note: Seller
92 and Buyer should consult an amortization table or similar resource to calculate all principal and interest
93 payments throughout the Term, as defined in Section 8, below, and append it to their Security
94 Agreement, as defined in Section 10, below.]

95 (d) \*Buyer's first Installment shall be made on the first day of the second month following the
96 Closing Date identified at Closing/Escrow Section of the Sale Agreement. [Example: If closing
97 occurred in March, at that time Buyer shall prepay a sum equal to the per diem interest for the remaining
98 number of days of that month. Buyer would not pay an Installment in April. Then, on May 1, Buyer would
99 pay Seller the first full Installment of principal and interest accrued during the month of April. Thereafter,
100 Buyer would pay an Installment on the first day of each successive month for the duration of the Term, as
101 defined in Section 8, below.]

102 A late charge of 5.00% of the unpaid installment [ ] will [ ] will not be assessed for any
103 installment not received by Seller, or Seller's designee, by the 15th day of the month. (If left
104 blank, no late charge will be assessed.)

105 \*Where applicable, all provisions marked with an asterisk (\*) must be completed for
106 insertion in the Security Agreement selected at Section 10, below.

107 7. Other Important Terms. The Security Agreement selected at Section 10, below, shall include
108 the following terms:

109 (a) The entire remaining Balance of the Purchase Price, plus accrued interest and all other
110 charges or sums due may be prepaid at any time, without penalty;

111 (b) Without Seller's express written consent, Buyer may not sell, assign, transfer, rent, lease or
112 sublease the Property, or any interest therein, during the Term, as defined in Section 8, below;

113 (c) All Installments shall be paid by the first day of each month;

114 A default ("Default") shall be defined as follows: (i) Buyer's failure to pay any sums due after not
115 less than ten (10) days' written notice from Seller, or Seller's representative, to Buyer; (ii)
116 Buyer's failure to perform any other terms, covenants or conditions after not less than thirty (30)
117 days' written notice from Seller, or Seller's representative (or if the Default cannot reasonably be
118 cured within thirty (30) days, Buyer's failure to make a good faith effort to commence doing so
119 within said thirty (30) days, and completing it within 90 days thereafter); (iii) Immediately upon
120 violation of Section 7(b), above, with no written notice required from Seller or Seller's
121 representative;

122 (d) Subject to ORS 86.705 et seq. (Oregon's trust deed law), and ORS 93.905. et seq.
123 (Oregon's contract forfeiture law), upon Default, Seller shall have the right to accelerate the
124 entire unpaid principal balance, plus accrued interest and other sums immediately due and
125 payable;

126 (e) Subject to ORS 86.705 et seq. (Oregon's trust deed law), and ORS 93.905. et seq.
127 (Oregon's contract forfeiture law) in the event legal action is filed to enforce or interpret the
128 Security Agreement selected at Section 10 below, in arbitration or a court of law, the prevailing
129 party shall be entitled to recover attorney fees, costs and disbursements from the losing party;

130 (f) The Security Agreement selected at Section 10, below, shall constitute a first lien on the
131 Property, and Buyer shall be prohibited, without Seller's express written consent, from placing
132 or permitting, voluntarily or involuntarily, another lien on the Property, excepting only unpaid
133 property taxes or assessments not yet due;

Buyer Initials \_\_\_/\_\_\_ Date \_\_\_

Seller Initials \_\_\_/\_\_\_ Date \_\_\_



134 (g) Seller and Buyer [ ] agree [ ] decline to use a collection escrow to receipt for all funds due
135 under the Security Agreement selected at Section 10 below. If a collection escrow will be used,
136 it shall be (identify):
137 \_\_\_\_\_ (“Collection Escrow”), and it shall
138 receipt for all of Buyer’s Installments, payments for property taxes, casualty insurance, HOA or
139 UOA dues, reserves, and all other sums due under the selected Security Agreement, and shall
140 disburse payments to the agreed upon designee. If applicable, Seller and Buyer agree to sign all
141 written instructions necessary or convenient for the Collection Escrow to perform its duties. In the
142 event of a conflict between the terms of the Security Instrument selected at Section 10 below, and
143 the terms of the signed instructions of the Collection Escrow, the latter shall prevail;

144 (h) If the parties select a Contract of Sale (“Contract”) as their Security Agreement at Section 10,
145 below, at the time of closing, Seller will, at Seller’s cost, place a duly signed and notarized
146 statutory warranty deed with a neutral escrow identified at Section 11, below (or the Collection
147 Escrow identified at Section 7(g) above), with instructions to record the same when Buyer has
148 made all payments and performed all other conditions required under the Contract; and

149 (i) Additional Provisions. [Caveat: Seller and Buyer are advised to secure the assistance of a
150 MLO, attorney, or other expert qualified under ORS 86A.203 regarding additions or deletions to
151 the standard pre-printed text of this Addendum, as doing so could result in unexpected legal or
152 financial consequences. Your licensees are not qualified to render advice regarding the legal or
153 financial consequences of such changes.]:
154 \_\_\_\_\_

155 [Use Addendum if necessary]

156 8. Final Payment. The period of time during which all Installments have been made under the
157 Security Agreement selected at Section 10, below, to the date scheduled for the final payment of all
158 sums due thereunder shall constitute “the Term” of said Security Agreement. Seller and Buyer agree
159 that [Select only one.]:

160 (a) [ ] Balloon Payment. The entire unpaid principal balance, together with all accrued interest
161 and all other sums remaining due from Buyer to Seller, shall be paid in advance of the fully
162 amortized term [See, Section 6(b) above]. This means that all such sums shall be due and
163 owing, on or before \_\_\_\_\_.

164 (b) [ ] No Balloon Payment. The entire unpaid principal balance, including interest, is fully
165 amortizing [i.e. there will be no Balloon Payment]; all sums due under the Security
166 Agreement selected at Section 10, below, shall be paid in full, on or before
167 \_\_\_\_\_. [Note: This should be the scheduled date of payment for the
168 final installment at the end of the fully amortized Term.]

169 9. Insurance; Property Taxes, Sale Agreement Provisions. For the duration of the Term (select all that
170 apply):

171 (a) [ ] Casualty /Flood Insurance. Buyer shall secure and maintain a policy of fire and casualty
172 insurance with standard extended coverage endorsements on a replacement cost basis
173 reasonably satisfactory to Seller. Additionally, if the Property is located in a designated flood
174 plain, Buyer shall secure a policy of flood insurance reasonably satisfactory to Seller. Said
175 policies shall provide that coverage will not be canceled or diminished without a minimum of
176 thirty (30) days’ written notice to Seller. In the event of loss, Buyer shall give immediate
177 notice to Seller. Seller may make proof of loss if Buyer fails to do so within fifteen days (15)
178 of the casualty. Buyer shall provide Seller with a copy of the Declaration Page of said
179 policy within fifteen (15) days of each renewal.

Buyer Initials \_\_\_/\_\_\_ Date \_\_\_

Seller Initials \_\_\_/\_\_\_ Date \_\_\_



180 (b) [ ] Property Taxes. All real property taxes and governmental or other assessments levied  
181 against the Property for the current tax year shall be prorated between Seller and Buyer as of  
182 the Closing Date. Seller shall be responsible for all taxes and assessments through the Closing  
183 Date. Buyer shall pay when due all taxes and assessments levied against the Property after the  
184 Closing Date. Buyer may elect to pay taxes and assessments in accordance with any available  
185 installment method, but property taxes shall be repaid no less frequently than one-third on  
186 November 15, February 15 and May 15 (or the next business day) of each fiscal year. Buyer  
187 shall provide Seller with written evidence of such payment within ten (10) days after each  
188 required payment.

189 (c) [ ] HOA/VOA Dues and Assessments. Buyer shall pay when due all dues, assessments, and  
190 other levies assessed by the Homeowners or Unit Owners Association, and provide Seller with  
191 written evidence of such payment within ten (10) days after each required payment.

192 (d) [ ] Other. ***[If Casualty/Flood Insurance, Property Taxes, and/or Homeowner or Unit***  
193 ***Owner's Association HOA dues and assessments will be paid differently than (a), (b),***  
194 ***or (c) above, describe the terms here.]:*** \_\_\_\_\_  
195 \_\_\_\_\_  
196 \_\_\_\_\_

197 **10. Security Agreement.** Seller and Buyer agree that the terms agreed upon at Sections 6, 7, 8, 9, 10,  
198 and 11, together with any other applicable terms contained in the Sale Agreement, shall be included in  
199 the following Security Agreement, which will be recorded in a first lien position in the County in which  
200 the Property is located. ***[Select either (a) or (b) below, together with associated boxes]:***

201 (a) [ ] Promissory Note and Deed of Trust (Select only one):  
202 [ ] Seller and Buyer to use OREF Form Nos. 035 (Promissory Note) and 034 (Deed of  
203 Trust) ***[By selecting this box, Seller and Buyer confirm that they have received and reviewed a***  
204 ***copy of said Forms (or will do so prior to Closing), and have had an opportunity to have their***  
205 ***respective legal counsel do so (or will do so prior to Closing). Your respective licensee may not***  
206 ***recommend one Security Agreement over another.];***

207 [ ] Seller and Buyer agree that the Promissory Note and Deed of Trust will be prepared  
208 or provided by: \_\_\_\_\_ ***[If this box is selected,***  
209 ***Seller and Buyer shall reach agreement on final terms of said documents within \_\_\_ business***  
210 ***days (five [5] if not filled in) (hereinafter, "the Deadline") after the Sale Agreement has been***  
211 ***signed and accepted. If mutual agreement is not reached on all final terms by 5:00 p.m. on the***  
212 ***last day of the Deadline, this transaction shall be automatically terminated and Buyer's***  
213 ***deposit(s) promptly refunded.];***

214 (b) [ ] A Contract of Sale with Memorandum of Contract (Select only one);  
215 [ ] Seller and Buyer to use OREF Form Nos. 036 (Contract of Sale) and 037  
216 (Memorandum of Contract) ***(By selecting this box, Seller and Buyer confirm that they have***  
217 ***received and reviewed a copy of said Forms [or will do so prior to Closing], and have had an***  
218 ***opportunity to have their respective legal counsel do so [or will do so prior to Closing]. Your***  
219 ***respective licensee may not recommend one Security Agreement over another.];***

220 [ ] Seller and Buyer agree that the Contract of Sale and Memorandum of Contract will  
221 be prepared or provided by: \_\_\_\_\_ ***[If this box is***  
222 ***selected, Seller and Buyer shall reach agreement on final terms of said document within \_\_\_***  
223 ***business days [five (5) if not filled in] (hereinafter, "the Deadline") after the Sale Agreement has***  
224 ***been signed and accepted. If mutual agreement is not reached on all final terms by 5:00***  
225 ***p.m. on the last day of the Deadline, this transaction shall be automatically terminated and Buyer's***  
226 ***deposit(s) promptly refunded].***

Buyer Initials \_\_\_/\_\_\_ Date \_\_\_

Seller Initials \_\_\_/\_\_\_ Date \_\_\_



227 11. **Place of Payments. [Select only one]:** All sums due from Buyer to Seller under the Security  
228 Agreement selected in Section 10, above, shall be made to:

229 (a)  Seller at: \_\_\_\_\_;

230 (b)  Collection Escrow at: \_\_\_\_\_.

231 with the **set-up fee** to be paid by (select only one):  Seller  Buyer  Seller and Buyer equally;  
232 **installment fee** to be paid by (select only one):  Seller  Buyer  Seller and Buyer equally;  
233 and **close-out fee** to be paid by [select only one]:  Seller  Buyer  Seller and Buyer equally.  
234 (If no selections are made, Buyer and Seller will share all costs equally.)

235 **BY SIGNING BELOW, SELLER AND BUYER ACKNOWLEDGE THAT THEY HAVE READ THE**  
236 **ADVISORY REGARDING SELLER-CARRIED TRANSACTIONS AND UNDERSTAND THEIR**  
237 **RESPECTIVE REAL ESTATE LICENSEE IS NOT QUALIFIED TO RENDER ANY ADVICE OR**  
238 **RECOMMENDATIONS REGARDING STATE AND FEDERAL MLO LAWS, OR THE LEGAL, FINANCIAL**  
239 **AND CREDIT TERMS INVOLVED IN THIS TRANSACTION. WITHOUT ANY INVESTIGATION OR**  
240 **VERIFICATION, LICENSEES HAVE THE ABSOLUTE RIGHT TO RELY UPON SELLER'S AND BUYER'S**  
241 **CERTIFICATIONS AND/OR REPRESENTATIONS CONTAINED ABOVE.**

242 Seller Signature \_\_\_\_\_ Date \_\_\_\_\_, \_\_\_\_\_ a.m. \_\_\_\_\_ p.m. ←

243 Seller Signature \_\_\_\_\_ Date \_\_\_\_\_, \_\_\_\_\_ a.m. \_\_\_\_\_ p.m. ←

244 Buyer Signature \_\_\_\_\_ Date \_\_\_\_\_, \_\_\_\_\_ a.m. \_\_\_\_\_ p.m. ←

245 Buyer Signature \_\_\_\_\_ Date \_\_\_\_\_, \_\_\_\_\_ a.m. \_\_\_\_\_ p.m. ←

