

SELLER-CARRIED TRANSACTION ADDENDUM

Buyer(s) _____
Seller(s) _____
Property Address or Tax ID# _____ (the "Property")

If this will be a Seller-Carried Transaction, as defined below, this Seller-Carried Transaction Addendum (this "Seller-Carried Addendum") should be used as an addendum to the Sale Agreement. This Seller-Carried Addendum is to be entered into concurrently with an Oregon Real Estate Forms, LLC ("OREF") Sale Agreement.

A Seller-Carried Transaction ("Seller-Carried Transaction") is a transaction for the sale of property where Seller, at Closing:

- (a) takes back a promissory note and trust deed or land sale contract for some or all of the Purchase Price;
- (b) enters into an option or rent-to-own transaction in which the financial terms have been negotiated between Seller and Buyer; or
- (c) enters into any similar arrangement, however designated, in which Buyer will pay Seller some, or all, of the Purchase Price over time.

Seller and Buyer confirm this transaction is intended to become a Seller-Carried Transaction in accordance with the following terms, covenants, and conditions.

1. REAL ESTATE AGENTS: Seller and Buyer understand and acknowledge:

- (a) Their respective Agents are not experts in real estate finance or law;
- (b) They have not permitted, instructed, or authorized their respective Agents to advertise, offer, or negotiate any of the financial terms of this Seller-Carried Transaction, except in their representative capacity as real estate agents acting upon the express instructions and directions of Seller and/or Buyer, as principals in this transaction;
- (c) While real estate agents may be qualified in providing basic information regarding current interest rates and amortization terms, etc., they are not permitted to advise or recommend financial terms specific to this transaction;

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SELLER-CARRIED TRANSACTION ADDENDUM

(d) Seller and Buyer are responsible for securing assistance from their own third-party professionals and/or experts regarding all legal and financial terms of this transaction; and

(e) Acting solely as scriveners, their respective Agents are only authorized to reduce the financial and legal terms of this transaction provided by Seller or Buyer to written or electronic form and transmit the same to the other Party's real estate agent, or other authorized third-party.

2. ADVISORY REGARDING SELLER-CARRIED TRANSACTIONS: Seller and Buyer acknowledge reading OREF 032 – Advisory Regarding Seller-Carried Transactions ("Seller-Carried Advisory"), and confirm they understand, unless exempted, Oregon and federal law state that each person who offers or negotiates financial terms in this transaction must be a licensed mortgage loan originator ("MLO") such as a mortgage broker or mortgage banker.

3. BUYER REPRESENTATION: Buyer represents to Seller and all Agents the Property, the subject of this transaction, is being acquired for the following purpose: *(select all that apply)*

- (a) for occupancy as a primary residence by Buyer or Buyer's spouse, parent, or child;
- (b) for business/investment purposes (for example, as a rental property);
- (c) the Property is being purchased to construct one or more one-to-four-family dwellings; and/or
- (d) for other purposes: *(describe)* _____.

Buyer represents that Buyer has read and understands this section and that the statement(s) outlined in the above-selected box(es) is/are true and correct:

Buyers Initials Required: _____ / _____

4. FINANCING TERMS: All provisions below must be completed for insertion in the Security Agreement selected in Section 8 (Security Agreement). Seller and Buyer agree the balance of the Purchase Price \$ _____ (see Sale Agreement) will be repaid as follows:

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SELLER-CARRIED TRANSACTION ADDENDUM

4.1. Interest Rate. Interest Rate on the balance of the Purchase Price will be: (*select only one*)

- (a) Fixed rate of interest at ____% per annum; or
- (b) Adjustable rate of interest. By selecting an adjustable rate of interest, Seller and Buyer will complete and sign a written addendum setting forth:
- (i) reasonable annual rate increases,
 - (ii) reasonable lifetime rate increases subject to a minimum floor and maximum ceiling, which ceiling will not exceed the applicable "high-cost mortgage rate" (see, Seller-Carried Advisory), and
 - (iii) adjustments to the interest rate will be determined by adding the margin rate to an indexed rate published from a widely available index, such as U.S. Treasury securities or London Interbank Offered Rate ("LIBOR").

Seller and Buyer will reach written mutual agreement on (i), (ii), and (iii) within ____ Business Days (two [2] if not filled in) after the Sale Agreement has been signed and accepted (the "Deadline").

If written mutual agreement is not reached by 5:00 p.m. on the last Business Day of the Deadline, this transaction will be automatically terminated, and Buyer's deposit(s) will be promptly refunded.

4.2. Amortization Schedule. The balance of the Purchase Price will be repaid in monthly installments of principal and interest, based upon the following amortized Term: (*select one*)

- (a) 30-year amortization;
- (b) 25-year amortization;
- (c) 15-year amortization; or
- (d) Other (*specify*) _____.

4.3. Monthly Payment. Buyer's monthly principal and interest payments to Seller will be \$ _____ ("Installment" or "Installments") and will be paid on the first (1st) Calendar Day of each month. Seller and Buyer should consult

SELLER-CARRIED TRANSACTION ADDENDUM

an amortization table or similar resource to calculate all principal and interest payments throughout the Term, as defined in Section 6 (Final Payment), and append it to their Security Agreement, as defined in Section 8 (Security Agreement).

4.4. Installment Payment Schedule. Buyer's first Installment will be made on the first (1st) Calendar Day of the second (2nd) month following the Closing Date identified in the "Escrow and Closing" section of the Sale Agreement. (Example: If closing occurred in March, at that time, Buyer will prepay a sum equal to the per diem interest for the remaining number of Calendar Days of that month. Buyer would not pay an Installment in April. Then, on May 1, Buyer would pay Seller the first full Installment of principal and interest accrued during the month of April. Thereafter, Buyer would pay an Installment on the first [1st] Calendar Day of each successive month for the duration of the Term, as defined in Section 6 [Final Payment].)

A late charge of five percent (5.00%) of the unpaid Installment (*select one*) will will not ("will" if not filled in) be assessed for any Installment not received by Seller or Seller's designee by the fifteenth (15th) Calendar Day of the month.

5. OTHER IMPORTANT TERMS: The Security Agreement selected in Section 8 (Security Agreement) will include the following terms:

- (a) The entire remaining balance of the Purchase Price, plus accrued interest and all other charges or sums due, may be prepaid at any time without penalty;
- (b) Without Seller's express written consent, Buyer may not sell, assign, transfer, rent, lease, or sublease the Property, or any interest therein, during the Term, as defined in Section 6 (Final Payment);
- (c) All Installments will be paid by the first (1st) Calendar Day of each month;
- (d) A default ("Default") will be defined as follows:
 - (i) Buyer's failure to pay any sums due not less than ten (10) Business Days after Notice from Seller, or Seller's representative, to Buyer,

SELLER-CARRIED TRANSACTION ADDENDUM

(ii) Buyer's failure to perform any other terms, covenants, or conditions after not less than thirty (30) Calendar Days written notice from Seller, or Seller's representative, or if the Default cannot reasonably be cured within thirty (30) Calendar Days, Buyer's failure to make a good faith effort to commence doing so within the thirty (30) calendar days, and completing it within ninety (90) Calendar Days thereafter, or

(iii) Immediately upon violation of Section 5.(b), with no Notice required from Seller or Seller's representative.

Subject to [ORS 86.705 et seq](#) (Oregon's trust deed law), and [ORS 93.905 et seq](#) (Oregon's contract forfeiture law), upon Default, Seller will have the right to accelerate the entire unpaid principal balance, plus accrued interest, and other sums immediately due and payable;

(e) Subject to [ORS 86.705 et seq](#) (Oregon's trust deed law), and [ORS 93.905 et seq](#) (Oregon's contract forfeiture law) in the event legal action is filed to enforce or interpret the Security Agreement selected in Section 8 (Security Agreement), in arbitration or a court of law, the prevailing Party will be entitled to recover attorney fees, costs, and disbursements from the losing party;

(f) The Security Agreement selected in Section 8 (Security Agreement) will constitute a first lien on the Property, and Buyer will be prohibited, without Seller's express written consent, from placing or permitting, voluntarily or involuntarily, another lien on the Property, excepting only unpaid property taxes or assessments not yet due;

(g) Seller and Buyer (*select one*) agree decline to use a collection escrow to receive all funds due under the Security Agreement selected in Section 8 (Security Agreement). If a collection escrow is used, it will be (*identify*) _____

("Collection Escrow"), and it will serve to receive all of Buyer's Installments, payments for property taxes, casualty insurance, Homeowners' Association ("HOA") or Unit Owners' Association ("UOA") dues, reserves, and all other sums due under the selected Security Agreement, and will disburse payments to the agreed upon designee. If applicable, Seller and Buyer will sign all written instructions necessary

SELLER-CARRIED TRANSACTION ADDENDUM

or convenient for the Collection Escrow to perform its duties. If a conflict between the terms of the Security Agreement selected in Section 8 (Security Agreement), and the terms of the signed instructions of the Collection Escrow, the signed instructions of the Collection Escrow will prevail;

- (i) Set-up fee to be paid by: (*select only one*) Seller
 Buyer Seller and Buyer equally
- (ii) Installment fee to be paid by: (*select only one*) Seller
 Buyer Seller and Buyer equally
- (iii) Close-out fee to be paid by: (*select only one*) Seller
 Buyer Seller and Buyer equally

If any selection is not made, Buyer and Seller will share those costs equally.

If the Parties select a Contract of Sale ("Contract") as their Security Agreement in Section 8 (Security Agreement), at the time of closing, Seller will, at Seller's cost, place a duly signed and notarized statutory warranty deed with a neutral escrow identified at Section 9 (Place of Payments) or the Collection Escrow identified at Section 5.(g), with instructions to record the same when Buyer has made all payments and performed all other conditions required under the Contract; and

(h) Additional Provisions. Seller and Buyer are advised to secure the assistance of an MLO, attorney, or other expert qualified under [ORS 86A.203](#) regarding additions or deletions to the standard pre-printed text of this Seller-Carried Addendum, as doing so could result in unexpected legal or financial consequences. Real estate agents are not qualified to advise on the legal or financial consequences of such changes. (*describe*) _____

_____ (use Addendum if necessary)

6. FINAL PAYMENT: The "Term" of the Security Agreement selected in Section 8 (Security Agreement) will begin with the first Installment made under the Security Agreement, and end with the final payment of all sums due under the Security Agreement. Seller and Buyer agree that: (*select only one*)

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Page 6 of 10

SELLER-CARRIED TRANSACTION ADDENDUM

(a) **Balloon Payment.** The entire unpaid principal balance, together with all accrued interest and all other sums remaining due from Buyer to Seller, will be paid in advance of the fully amortized Term, see Section 4 (Financing Terms). This means all such sums will be due and owing on or before (*insert date*) _____.

(b) **No Balloon Payment.** The entire unpaid principal balance, including interest, is fully amortizing (that is, there will be no Balloon Payment); all sums due under the Security Agreement selected in Section 8 (Security Agreement), will be paid in full, on or before (*insert date*) _____. This should be the scheduled payment date for the final Installment at the end of the fully amortized Term.

7. INSURANCE, PROPERTY TAXES, SALE AGREEMENT PROVISIONS: For the duration of the Term: (*select all that apply*)

(a) **Casualty/Flood Insurance.** Buyer will secure and maintain a fire and casualty insurance policy with standard extended coverage endorsements on a replacement cost basis reasonably satisfactory to Seller. Additionally, if the Property is located in a designated flood plain, Buyer will secure a flood insurance policy reasonably satisfactory to Seller. The policies will provide coverage and will not be canceled or diminished without a minimum of thirty (30) Calendar Days written notice to Seller. If there is a loss, Buyer will give immediate notice to Seller. Seller may make proof of loss if Buyer fails to do so within fifteen (15) Calendar Days of the casualty. Buyer will provide Seller with a copy of the policy's Declaration Page within fifteen (15) Calendar Days of each renewal.

(b) **Property Taxes.** All real property taxes and governmental or other assessments levied against the Property for the current tax year will be prorated between Seller and Buyer as of the Closing Date. Seller will be responsible for all taxes and assessments through the Closing Date. Buyer will pay when due all taxes and assessments levied against the Property after the Closing Date. Buyer may elect to pay taxes and assessments in accordance with any available installment method, but property taxes will be repaid no less frequently than one-third on November 15, February 15, and May 15 (or the next Business Day) of

SELLER-CARRIED TRANSACTION ADDENDUM

each fiscal year. Buyer will provide Seller with written evidence of such payment within ten (10) Business Days after each required payment.

(c) HOA/UOA Dues and Assessments. Buyer will pay when due all dues, assessments, and other levies assessed by the HOA or UOA and provide Seller with written evidence of such payment within ten (10) Business Days after each required payment.

(d) Other. If Casualty/Flood Insurance, Property Taxes, and/or Homeowner or Unit Owner's Association dues and assessments will be paid differently than above, describe the terms here: _____

8. SECURITY AGREEMENT: Seller and Buyer agree the terms agreed upon in Sections 4 (Financing Terms), 5 (Other Important Terms), 6 (Final Payment), 7 (Insurance, Property Taxes, Sale Agreement Provisions), 8 (Security Agreement), and 9 (Place of Payments), together with any other applicable terms contained in the Sale Agreement, will be included in the following Security Agreement, which will be recorded in a first lien position in the County in which the Property is located. *(select and complete either (a) or (b) below)*

(a) Promissory Note and Deed of Trust: *(select only one)*

(i) Seller and Buyer agree the Promissory Note and Deed of Trust will be prepared or provided by: *(identify)* _____

_____. If this box is selected, Seller and Buyer will reach agreement on final terms of the documents within ___ Business Days (five [5] if not filled in) (the "Deadline") after the Sale Agreement has been signed and accepted. If mutual agreement is not reached on all final terms by 5:00 p.m. on the last Business Day of the Deadline, this transaction will be automatically terminated, and Buyer's deposit(s) promptly refunded.

(ii) Seller and Buyer to use OREF 035 – Seller-Carried Promissory Note Secured by Deed of Trust and OREF 034 – Seller-Carried Deed of Trust. By selecting this box, Seller and Buyer confirm that they have received and reviewed a copy of the forms or will do so before Closing and have had an opportunity to have their respective legal counsel do so or will do so prior to Closing. Buyer and Seller's

SELLER-CARRIED TRANSACTION ADDENDUM

respective Agents may not recommend one Security Agreement over another.

(b) **A Contract of Sale with Memorandum of Contract: (select only one)**

(i) Seller and Buyer agree that the Contract of Sale and Memorandum of Contract will be prepared or provided by: (identify)

If this box is selected, Seller and Buyer will reach agreement on final terms of the document within ___ Business Days (five [5] if not filled in) (the "Deadline") after the Sale Agreement has been signed and accepted. If mutual agreement is not reached on all final terms by 5:00 p.m. on the last Business Day of the Deadline, this transaction will be automatically terminated, and Buyer's deposit(s) promptly refunded.

(ii) Seller and Buyer to use OREF 036 – Seller-Carried Contract of Sale and OREF 037 – Seller-Carried Memorandum of Contract of Sale. By selecting this box, Seller and Buyer confirm that they have received and reviewed a copy of the forms or will do so before Closing and have had an opportunity to have their respective legal counsel do so or will do so prior to Closing. Buyer and Seller's respective Agents may not recommend one Security Agreement over another.

9. PLACE OF PAYMENTS: All sums due from Buyer to Seller under the Security Agreement selected in Section 8 (Security Agreement), will be made to: (select only one)

(a) Seller at: (insert address) _____

(b) Collection Escrow at: (insert address) _____

10. ADDITIONAL TERMS: (describe) _____

_____. For additional terms, see Addendum _____

11. ACKNOWLEDGMENT: The undersigned Parties acknowledge:

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SELLER-CARRIED TRANSACTION ADDENDUM

- (a) they have read and understand this addendum;
- (b) they have been provided a copy for their own files;
- (c) they have read OREF 032 – Advisory Regarding Seller-Carried Transactions; and
- (d) understand their respective Agent is not qualified to render any advice or recommendations regarding state and federal MLO laws or the legal, financial, and credit terms involved in this transaction.

Without any investigation or verification, Agents have the absolute right to rely upon Seller's and Buyer's certifications and/or representations contained above.

Buyer _____ Date _____ a.m. p.m. ←
Print Name _____

Buyer _____ Date _____ a.m. p.m. ←
Print Name _____

Seller _____ Date _____ a.m. p.m. ←
Print Name _____

Seller _____ Date _____ a.m. p.m. ←
Print Name _____

Buyer's Agent(s) _____ Seller's Agent(s) _____