



FINANCIAL DISCLOSURE STATEMENT

For Entering into a Seller Carryback Note

Prepared by: Agent _____
Broker _____

Phone _____
Email _____

NOTE: This form is used by an agent when preparing an offer or counteroffer to buy, sell, exchange or option a one-to-four unit residential property with seller carryback financing on a grant deed conveyance, to prepare an addendum to disclose the terms and conditions of the carryback note and trust deed.

DATE: _____, 20____, at _____, California.

Items left blank or unchecked are not applicable.

1. This is an addendum to the following agreement:

- Purchase Agreement Option to Purchase (with or without lease)
- Counteroffer Exchange Agreement

1.1 dated _____, 20____, at _____, California,

1.2 entered into by _____, as the Buyer,

1.3 and _____, as the Seller,

2. This addendum was prepared by _____.

DISCLOSURES:

3. GENERAL INFORMATION CONCERNING THE TERMS OF PAYMENT:

3.1 The Note to be executed by Buyer is in the original amount of \$_____, payable in constant monthly _____ installments of \$_____ to include _____ % per annum interest, with a final/balloon payment due on _____, 20____, in the approximate amount of \$_____.

3.2 The note will be secured by a trust deed on the property referred to as _____.

3.3 If the Note contains a FINAL/BALLOON PAYMENT, the debt is not fully amortized. When the remaining balance of the Note is due and payable, there can now be no assurance that refinancing, modification or extension of the balloon payment will then be available to Buyer.

3.4 Unless stated and explained in an attached ARM addendum, the Note contains a fixed rate of interest with no variable or adjustable interest rates which would increase payments or result in the negative amortization of the debt. [See RPI Form 155-1]

3.5 Unless otherwise agreed, the original amount of the Note will be adjusted by endorsement at the close of escrow to reflect differences in the then remaining balance of any underlying trust deed obligation(s) being assumed or obtained.

3.6 The Note and trust deed to be carried back by Seller is of the all-inclusive variety, and will contain provisions passing through to Buyer any prepayment penalties, late charges, due-on sale or further encumbrance acceleration and future advances due on the underlying wrapped loans.

4. SPECIAL PROVISIONS AND DISCLOSURES CONCERNING THE CARRYBACK NOTE AND TRUST DEED:

4.1 The all-inclusive Note and trust deed to be carried back by Seller contains provisions calling for Seller to place the Note on contract collection with any institutional lender or real estate broker, other than Seller, and the collection agent will be instructed to first disburse funds on payments due on senior encumbrances. **NOTE: Inclusion of this provision may cause adverse income tax consequences for Seller.**

4.2 A joint protection policy of title insurance will be delivered to Buyer and Seller insuring their interests in title on the close of escrow.

4.3 The trust deeds and grant deeds to be executed will be recorded with the county recorder at the close of escrow.

4.4 Seller will be named, through escrow, as a loss payee under the hazard and fire insurance policy obtained by Buyer.

4.5 A tax reporting service will, or will not, be obtained by Buyer for Seller. If not obtained, Seller will assure themselves that real estate taxes have been paid while they hold the Note.

4.6 Requests for Notice of Default and Notice of Delinquency under California Civil Code Sections 2924b and 2924e will be recorded and served on behalf of Seller on encumbrances senior to the carryback. [See RPI Form 412]

4.7 Seller is aware that in the event of a default under the carryback Note and trust deed, their sole source of recovery is limited to the net proceeds from a foreclosure sale or their subsequent resale of the real estate, and they are not entitled to rental value for Buyer's occupancy or a deficiency money judgment under the Note. [Calif. Code of Civil Procedure §580b]

- 4.8 Buyer will, or will not, receive net proceeds or cash back upon the close of escrow. Amount to be received is \$ _____; source of funds _____; reason for receipt _____.
- 4.9 The Note is to include the following provision: "This note is subject to Section 2966 of the Civil Code, which provides that the holder of this note is to give written notice to the trustor, or their successor in interest, of prescribed information at least 90 and not more than 150 days before any final/balloon payment is due."

5. ENCUMBRANCES SENIOR AND PRIOR TO SELLER'S CARRYBACK TRUST DEED AND NOTE:

5.1 Conditions of encumbrances, with priority over Seller's carryback Note and trust deed, which will remain or be placed of record at time of closing are as follows:

	First Trust Deed	Second Trust deed
Original balance	\$ _____	\$ _____
Current balance	\$ _____	\$ _____
Interest rate	_____ % <input type="checkbox"/> ARM Type: _____	_____ % <input type="checkbox"/> ARM Type: _____
Monthly payments	\$ _____	\$ _____
Due date	_____, 20____	_____, 20____
Final/balloon payment	\$ _____	\$ _____
Current defaults	\$ _____	\$ _____

5.2 If any of the senior encumbrances contain a due date, it may be difficult or impossible to refinance, modify or extend the final/balloon payment in the conventional mortgage market.

6. BUYER CREDIT INFORMATION (SUPPLIED BY BUYER):

- 6.1 Buyer to hand Seller a completed credit application on acceptance. [See RPI Form 302]
- 6.2 Seller may terminate the agreement within _____ days of receipt of the credit application by delivering to Buyer, Buyer's Broker or Escrow written Notice of Cancellation based on Seller's disapproval of Buyer's credit. [See RPI Form 183]

7. BROKER DISCLOSURES:

- 7.1 Credit data is supplied by Buyer. Broker knows of no falsity or omission concerning Buyer's credit information.
- 7.2 This statement and its contents are statutorily required disclosures and do not limit Broker's duties to disclose other material facts about Seller to Buyer or Seller about the carryback financing arrangements and which are known to Broker or their agent.
- 7.3 Buyer and Seller are not to sign this statement until they have read and understood all of the information in it. All parts of the form need to be completed before signing below.
- 7.4 See attached addendum for additional disclosures which are part of this disclosure. [See RPI Form 250]

8. OTHER: _____

Date: _____, 20____
 Buyer's Broker: _____
 CalBRE #: _____

By: _____
I have and received a copy of this statement.
 Date: _____, 20____

Buyer: _____

Buyer: _____

Date: _____, 20____
 Seller's Broker: _____
 CalBRE #: _____

By: _____
I have and received a copy of this statement.
 Date: _____, 20____

Seller: _____

Seller: _____