ADDENDUM

SUBJECT-TO EXISTING FINANCING ADDENDUM

Addendum to Real Estate Purchase Agreement

1. ORIGINAL AGREEMENT. This Subject-To Existing Financing Addendum ("Addendum") is attached to and made part of the Real Estate Purchase and Sale Agreement dated ____________________, 20____ (the "Agreement"), between ____ ("Seller") and ____ ("Buyer"), for the real property located at ____, City: ____________________, County: ____________________, State of ____________, ZIP: ____________ (the "Property"). If this Addendum conflicts with the Agreement, this Addendum controls. Capitalized terms not defined here have the meanings given in the Agreement.

2. EXISTING FINANCING. The Property is encumbered by the following existing loan(s), each secured by a mortgage or deed of trust recorded against the Property (each an "Existing Loan," together the "Existing Financing"):

First Loan. Lender/Servicer: ____; Loan number: ____________________; Approximate unpaid principal balance: $____________; Monthly payment (including any escrow for taxes and insurance): $____________; Interest rate: ____________%.

Second Loan (if any). Lender/Servicer: ____; Loan number: ____________________; Approximate unpaid principal balance: $____________; Monthly payment: $ ____________; Interest rate: ____________%.

3. PAYOFF VERIFICATION AND ADJUSTMENT. The loan balances stated in Section 2 are approximate. The actual balances will be verified by a current lender statement or a payoff or reinstatement letter obtained before Closing, and the cash portion of the consideration payable to Seller will adjust dollar-for-dollar to the verified balances. Any arrears, late fees, or reinstatement amounts outstanding at Closing will be paid by (check one):

□ Buyer □ Seller □ from Seller's proceeds at Closing.

4. CONVEYANCE SUBJECT TO EXISTING FINANCING. At Closing, Seller will convey title to the Property to Buyer **SUBJECT TO** the Existing Financing, which will remain in place and **remain in Seller's name**. Buyer is **NOT assuming** the Existing Loan(s), is not entering into any agreement with the lender(s), and has no direct contractual obligation to the lender(s). Seller remains the borrower of record on each Existing Loan and remains legally liable to the lender(s) under the promissory note(s). From and after the Effective Date of this Addendum, Seller will not further encumber the Property, grant any new lien or security interest against it, or draw on any line of credit secured by it.

5. BUYER'S PAYMENT COVENANT. From and after Closing, Buyer covenants and agrees, for the benefit of Seller, to timely pay each scheduled payment on the Existing Financing as it becomes due, together with any escrow amounts for taxes and insurance collected with the payment, until the Existing Financing is paid in full, refinanced, or the Property is resold and the Existing Financing satisfied. Payments will be made (check one):

□ Directly by Buyer to the lender/servicer of each Existing Loan; or
□ Through a third-party loan servicing company under Section 10 below.

Buyer's covenant runs to Seller only; nothing in this Addendum creates any obligation of Buyer to any lender or makes any lender a third-party beneficiary of this Addendum.

SELLER ACKNOWLEDGMENT - READ CAREFULLY BEFORE SIGNING

Seller acknowledges, understands, and agrees to each of the following:

(a) The loan stays in Seller's name and on Seller's credit. The Existing Financing will not be paid off at Closing. Seller remains the borrower of record, and the loan(s) will continue to appear on Seller's credit report and count toward Seller's debt obligations until paid in full.

(b) Due-on-sale clause. The mortgage(s) or deed(s) of trust securing the Existing Financing likely contain a due-on-sale clause. The transfer of title to Buyer may permit the lender, at its option, to declare the entire loan balance immediately due and payable. Neither Buyer nor Seller can guarantee that the lender will not exercise this right.

(c) Effect of Buyer's non-payment. If Buyer fails to make payments on the Existing Financing, the resulting late payments, delinquency, or foreclosure would be reported against Seller and would damage Seller's credit, and Seller could be pursued by the lender.

(d) Independent advice. Seller has had the opportunity to consult an independent attorney, accountant, and financial advisor of Seller's own choosing regarding this transaction before signing.

(e) Voluntary agreement. Seller enters into this arrangement knowingly and voluntarily, free of duress or undue influence, and believes it to be in Seller's own interest.

SELLER INITIALS: ______________ SELLER 2 INITIALS (if applicable): ______________

6. DEED DELIVERY AT CLOSING. At Closing, Seller will execute and deliver to Buyer a deed of the type specified in the Agreement, conveying title to the Property to Buyer subject only to the Existing Financing and any other permitted exceptions stated in the Agreement. The deed will be recorded at Closing. Possession of the Property transfers to Buyer at Closing.

7. LENDER COMMUNICATION AUTHORIZATION. Seller authorizes Buyer and Buyer's designated servicer to communicate directly with each lender/servicer of the Existing Financing regarding loan status, payoff figures, payment history, escrow balances, and account access. At or before Closing, Seller will execute a separate third-party borrower authorization form for each Existing Loan (and any additional authorization the lender requires) and will cooperate in providing online account access and updated authorizations upon request. Seller agrees to promptly forward to Buyer any notice received from any lender concerning the Existing Financing.

8. DEFAULT AND RECONVEYANCE PROTECTION. If Buyer fails to make a payment on the Existing Financing when due and does not cure within ______________ days after written notice from Seller, Seller may exercise the protection elected below (check one):

□ **Performance mortgage/deed of trust.** At Closing, Buyer will execute a subordinate mortgage or deed of trust against the Property in favor of Seller securing Buyer's payment covenant in Section 5, enforceable by foreclosure upon uncured default.

□ **Deed in escrow.** At Closing, Buyer will execute a deed reconveying the Property to Seller, to be held by ____ (escrow holder) and released for recording only upon Buyer's uncured default under written escrow instructions signed by both Parties, where permitted by law.

□ **Contractual remedies only.** Seller retains all remedies at law and in equity for breach of this Addendum, without a recorded security instrument.

9. INSURANCE. At or before Closing, Buyer will obtain a property insurance policy on the Property naming Buyer (or Buyer's assignee entity) as the named insured, with Seller named as an additional insured and the lender named as mortgagee/loss payee to the extent required by the Existing Financing, or such other structure as the Parties' insurance professionals recommend to preserve coverage. Buyer will keep the Property insured at all times while the Existing Financing remains outstanding and will provide Seller evidence of coverage upon request. The Parties acknowledge that changes to the named insured can affect an existing escrowed policy, and Buyer is responsible for coordinating the transition so that no lapse in coverage occurs.

10. ESCROW / LOAN SERVICING ELECTION. (Check one)

☐ The Parties will engage a third-party loan servicing company: ____, to receive Buyer's monthly payments, remit payments to the lender(s), maintain payment records available to both Parties, and provide annual accounting. Servicing setup and monthly fees will be paid by ☐ Buyer ☐ Seller ☐ split equally.

☐ No third-party servicer. Buyer will pay the lender(s) directly and will provide Seller proof of each payment within ____________ days after it is made, and lender account access sufficient for Seller to verify payment status at any time.

11. TAXES, ESCROW BALANCES, AND PRORATIONS. Amounts held in any lender escrow account at Closing will be ☐ credited to Seller at Closing ☐ assigned to Buyer without charge ☐ handled as follows: ____________________. Interest, taxes, and insurance will be prorated as of the date of Closing as provided in the Agreement.

12. MISCELLANEOUS. This Addendum, together with the Agreement, is the entire agreement of the Parties regarding its subject matter and supersedes all prior negotiations; it may be amended only in a writing signed by both Parties; it is governed by the laws of the State of ____________; it is binding on the Parties and their heirs, successors, and permitted assigns; it may be signed in counterparts, and electronic or scanned signatures are effective as originals; and if any provision is held unenforceable, the remaining provisions continue in effect. The covenants in Sections 5 through 11 survive Closing and delivery of the deed.

________________________________	________________________________
SELLER signature Date	BUYER signature Date
________________________________	________________________________
SELLER printed name	BUYER printed name / entity
________________________________	________________________________
SELLER 2 signature (if applicable) Date	SELLER 2 printed name (if applicable)