

Comprehensive Rider to the Residential Contract For Sale And Purchase

THIS FORM HAS BEEN APPROVED BY THE FLORIDA REALTORS AND THE FLORIDA BAR



If initialed by all parties, the clauses below will be incorporated into the Florida Realtors®/Florida Bar Residential Contract For Sale And Purchase between _____ (SELLER) and _____ (BUYER) concerning the Property described as _____

Buyer's Initials _____

Seller's Initials _____

C. SELLER FINANCING

(PURCHASE MONEY MORTGAGE; SECURITY AGREEMENT TO SELLER)

WARNING – PRIOR TO ENTERING INTO THE FINANCING CONTEMPLATED BELOW, SELLER AND BUYER ARE ADVISED TO SEEK THE ADVICE OF LEGAL COUNSEL TO DETERMINE IF THIS FINANCING COMPLIES WITH THE DODD-FRANK WALL STREET REFORM AND CONSUMER PROTECTION ACT (DODD-FRANK), AND OTHER RELEVANT FEDERAL AND STATE REQUIREMENTS.

I. SUMMARY OF SELLER FINANCING UNDER DODD-FRANK – PLEASE READ CAREFULLY

Dodd-Frank has made significant and important changes affecting seller financing on residential properties. Effective January 10, 2014, a seller of residential dwelling(s) who finances buyer's purchase of seller's residential property may be considered a "loan originator" under Dodd-Frank, and required to comply with certain Truth In Lending Act ("TILA") rules and disclosures, unless the seller is entitled to one of the two exclusions set forth in Dodd-Frank:

1. The "one property exclusion" where seller finances only **ONE** property in any 12 month period, and:
 - a. The seller owns the property and is a natural person, a trust or an estate; and
 - b. The seller did not construct or act as the contractor for the construction of a residence on the property in the ordinary course of business; and
 - c. The financing does not result in negative amortization; and
 - d. The financing has a fixed rate or an adjustable rate that does not adjust for the first 5 years and is subject to reasonable annual and lifetime rate adjustment limits.

OR

2. The "three property exclusion" where seller finances no more than **THREE** properties in any 12 month period, and:
 - a. The seller owns the property and is a natural person or organization (corporation, LLC, partnership, trust, estate, association, etc.); and
 - b. The seller did not construct or act as the contractor for the construction of a residence on the property in the ordinary course of business; and
 - c. The loan is fully amortized, specifically there is no balloon payment or negative amortization; and
 - d. The financing has a fixed rate or an adjustable rate that does not adjust for the first 5 years and is subject to reasonable annual and lifetime rate adjustment limits; and
 - e. The seller determines in good faith that the buyer/borrower has the reasonable ability to repay the loan.

A seller who finances the buyer's purchase of seller's residential property and who meets either of the two exclusions outlined above may use this Seller Financing Rider.

A seller who finances the buyer's purchase of seller's residential property and who is not exempt from Dodd-Frank should seek the advice of legal counsel regarding use of this Seller Financing Rider, including modifications or disclosures that may be required by Dodd-Frank, prior to completing this Rider.

II. SELLER FINANCING

Seller agrees to hold a note secured by (CHECK ONE): a first or a second purchase money mortgage, executed by Buyer in the principal amount of \$_____ at _____% interest per annum that will be

(CHECK ONE*):

(a) fully amortized for a term of _____ (if left blank, then 30) years; or

(b) a balloon mortgage that complies with the requirements of Dodd-Frank, set forth above, and initially amortized for a term of _____ (if left blank, then 30) years (Permitted for the one property exclusion only); or

(c) an adjustable rate mortgage loan for a minimum term of _____ (if left blank, then 30) years. The annual initial interest rate shall reset after _____ (but no less than 5, which shall be the number if left blank) years, and after that every _____ (if left blank, then 1) year(s). The annual interest rate adjustments shall be based on a widely available index, identified below, plus _____ percentage points (but no more than 2, which shall be the number if left blank), and the lifetime interest rate increase shall be limited to _____ percentage points (but no more than 6, which shall be the number if left blank). The widely available index to be used to calculate annual interest rate adjustments shall be the _____ (if left blank, then the "average prime offer rate", as defined in 15 U.S. Code Section 1639c.(b)(2)(B)) in effect as of the anniversary date(s) of the loan.

*PLEASE NOTE THAT PURSUANT TO DODD-FRANK NO OTHER OPTIONS ARE PERMITTED.

Principal plus interest shall be payable (in the event of an adjustable rate mortgage loan, initially) in equal (CHECK ONE) monthly quarterly or annual payments of \$_____ each, including interest, with the first payment due _____ month(s) after Closing. If a balloon mortgage, the final payment will exceed the periodic payments thereon, and the entire unpaid principal balance plus accrued interest shall be due and payable in _____ (not less than 60, which shall be the number if left blank) months or _____ (not less than 5, which shall be the number if left blank) years from date of Closing.

If a second mortgage, the amount of the first mortgage shall not exceed the amount set forth in Paragraph 2(c), and a default in the first mortgage shall, at the option of the holder, constitute a default of the second mortgage.

The purchase money mortgage and mortgage note to Seller shall provide for a 30 day grace period in the event of default if a first mortgage and a 15 day grace period if a second or lesser mortgage; shall provide for right of repayment in whole or in part without penalty; shall permit acceleration in event of transfer of the Real Property; shall require all prior liens and encumbrances to be kept in good standing; shall forbid modifications of, or future advances under, prior mortgage(s); shall require Buyer to maintain policies of insurance containing a standard mortgagee clause covering all improvements located on the Real Property against fire and all perils included within the term "extended coverage endorsements" and such other risks and perils as Seller may reasonably require, in an amount equal to their highest insurable value; and the mortgage, mortgage note and security agreement shall be otherwise in form and content required by Seller, but Seller may only require clauses and coverage customarily found in mortgages, mortgage notes and security agreements generally utilized by state or national banks or other residential lending institutions located in the county where the Real Property is located. All Personal Property and leases being conveyed or assigned shall, at Seller's option, be subject to the lien of a security agreement evidenced by recorded or filed financing statements or certificates of title.

Comprehensive Rider to the Residential Contract For Sale And Purchase

THIS FORM HAS BEEN APPROVED BY THE FLORIDA REALTORS AND THE FLORIDA BAR



If initialed by all parties, the clauses below will be incorporated into the Florida Realtors®/Florida Bar Residential Contract For Sale And Purchase between _____ (SELLER) and _____ (BUYER) concerning the Property described as _____

Buyer's Initials _____

Seller's Initials _____

E. FEDERAL HOUSING ADMINISTRATION (FHA)/U.S. DEPARTMENT OF VETERANS AFFAIRS (VA)

1. DEFINITIONS:

- (a) "Contract" is the Florida Realtors®/Florida Bar Residential Contract For Sale And Purchase (2013 ed.), to which this Rider is attached and intended to amend.
- (b) "Property" is the Property which is the subject matter of this Contract.
- (c) "HUD" is the Department of Housing and Urban Development.
- (d) "Purchaser" is the Buyer named in this Contract.

2. INSPECTIONS AND APPRAISAL:

In addition to the requirements of Paragraph 12 of this Contract, Seller shall comply with applicable FHA or VA regulations regarding termite inspection, roof inspection, and appraisal repairs (collectively "Appraisal Repairs"). The cost to Seller for Appraisal Repairs shall not exceed \$ _____ (if left blank, then \$250.00), which cost is in addition to the costs required to be paid under Paragraphs 9 (a) and 12 (b), (c) and (d).

3. **(CHECK IF APPLICABLE): FHA FINANCING:** It is expressly agreed that notwithstanding any other provisions of this Contract, the Purchaser shall not be obligated to complete the purchase of the Property described herein or to incur any penalty by forfeiture of earnest money deposits or otherwise unless the Purchaser has been given in accordance with HUD/FHA or VA requirements a written statement by the Federal Housing Commissioner, Veterans Administration, or a Direct Endorsement lender setting forth the appraised value of the Property of not less than the purchase price \$ _____. The Purchaser shall have the privilege and option of proceeding with consummation of this Contract without regard to the amount of the appraised valuation. The appraised valuation is arrived at to determine the maximum mortgage the Department of Housing and Urban Development will insure. HUD does not warrant the value or the condition of the Property. The Purchaser should satisfy himself/herself that the price and condition of the Property are acceptable.

- (a) **Fees, Prepayments:** Purchaser shall pay all loan expenses, except tax service fee which fee, if charged by Buyer's lender, shall be paid by Seller up to a maximum of \$ _____ (if left blank, then \$100.00).
- (b) **Appraisal Repairs:** If the cost of Appraisal Repairs exceeds the limit imposed by Paragraph 2 above, Seller must, within 3 days after receiving notice of the excess cost, give Purchaser written notice of Seller's intention to pay some, all, or none of the excess amount. If Seller elects to pay less than the full amount of the excess cost, Purchaser may elect to pay the balance or cancel this Contract. Purchaser's election must be in writing and provided to Seller within 3 days after receiving written notice of Seller's election.
- (c) **Certification:** We, the undersigned Seller, Purchaser and Broker involved in this transaction each certify individually and jointly that the terms of this Contract are true and correct to the best of our knowledge and belief and that any other agreements entered into by any of these parties in connection with this transaction are part of, or attached to, this Contract.

4. **(CHECK IF APPLICABLE): VA FINANCING:** It is expressly agreed that, notwithstanding any other provision of this Contract, the Purchaser shall not incur any penalty by forfeiture of earnest money or otherwise be obligated to complete the purchase of the Property described herein, if this Contract purchase price or cost exceeds the reasonable value of the Property as established by the U.S. Department of Veterans Affairs. The Purchaser shall, however, have the privilege and option of proceeding with the consummation of this Contract without regard to the amount of reasonable value established by the U.S. Department of Veterans Affairs.

Comprehensive Rider to the Residential Contract For Sale And Purchase

THIS FORM HAS BEEN APPROVED BY THE FLORIDA REALTORS AND THE FLORIDA BAR



If initialed by all parties, the clauses below will be incorporated into the Florida Realtors®/Florida Bar Residential Contract For Sale And Purchase between _____ (SELLER) and _____ (BUYER) concerning the Property described as _____

Buyer's Initials _____

Seller's Initials _____

H. HOMEOWNER'S/FLOOD INSURANCE

(CHECK IF APPLICABLE)

(a) **Homeowner's Insurance:** If Buyer is unable to obtain homeowner's insurance coverage (including windstorm) from a standard carrier or the Citizen's Property Insurance Corporation at a first year annual premium(s) not to exceed \$_____ or _____% of the Purchase Price by _____, 20____ (if left blank, then the earlier of 30 days after Effective Date or 5 days prior to Closing Date), Buyer may terminate this Contract by delivering written notice to the Seller by the date set forth in this Paragraph, and Buyer shall be refunded the Deposit, thereby releasing Buyer and Seller from all further obligations under this Contract.

(b) **Flood Insurance:** In addition to the right of termination provided to Buyer in Paragraph 10(d), if Buyer is unable to obtain flood insurance coverage through the National Flood Insurance Program **or through private flood insurance (as defined in 42 U.S.C. §4012a)**, at a first year premium not to exceed \$_____ or _____% of the purchase price by _____, 20____ (if left blank, then the earlier of 30 days after Effective Date or 5 days prior to Closing Date), Buyer may terminate this Contract by delivering written notice to the Seller by the date set forth in this Paragraph, and Buyer shall be refunded the Deposit, thereby releasing Buyer and Seller from all further obligations under this Contract.