



LOAN ASSUMPTION ADDENDUM

This Addendum is made a part of the attached contract dated _____, 20____, between
Buyer _____
Seller _____
regarding Property located at _____

Buyer shall pay a portion of the Price by assuming a note secured by a deed of trust on the Property under these terms:

“Loan.” The Property is encumbered by a deed of trust securing a note to _____ (“Lender”). This note bears interest at the rate of _____ % per annum, maturing on _____, with an approximate principal balance of \$_____

Assumability. The parties shall cooperate in determining (as soon as possible) whether the Lender shall permit Buyer to assume the Loan. If the Lender does not permit Buyer to assume the Loan, Buyer has the option of (1) canceling this contract or (2) purchasing the Property for cash. If Buyer cancels the contract, Buyer shall pay all costs associated with the Lender’s evaluation of Buyer’s assumption of the Loan; and Seller shall refund the Deposit. If Buyer purchases the Property for cash, all terms of this contract remain in effect except for this addendum; and Buyer shall pay all costs associated with Lender’s evaluation of Buyer’s assumption of the Loan.

Payment of Price.

- (1) The Price of \$_____ is [circle one] (approximate) (exact).
 - (2) Buyer shall pay \$_____ [circle one] (approximately) (exactly) in cash at Closing.
- The Deposit is a part of this amount. [Note: If item (1) is “approximate,” item (2) must be “exact”; if item (1) is “exact,” item (2) must be “approximate.”]

Prorations. Principal and interest shall be prorated between the parties.

Escrow Account. Buyer shall pay Seller the amount held by Lender in escrow for the payment of taxes and insurance.

Assumption Fee. Buyer shall pay all fees required by Lender to assume the loan.

Delinquencies. Seller shall pay all charges required by Lender that became payable (whether or not they were billed) prior to Closing (including without limitation, delinquent installment payments or late charges).

Documents. Buyer shall execute all documents required by Lender to assume the loan. Flood Insurance.

___ Is Required or
___ Is **Not** Required.

Insurance Policies.

___ Buyer may assume Seller's existing hazard and flood insurance (if any) policy issued by _____. If that company consents to assumption. The premium shall be prorated between the parties.

___ Buyer may not assume Seller's existing hazard and flood insurance (if any) policy, which will be canceled at Closing. Any unearned premiums shall be returned to Seller. Buyer shall provide any insurance policies required by Lender at Closing.

Mortgage Insurance.

___ Mortgage insurance is not required by Lender.

___ Buyer shall pay any mortgage Insurance premium required by Lender.

___ The EHA mortgage insurance premium (or VA funding fee) for this loan has been paid in full Seller releases all claims to any portion of any refund of this premium that may later be made.

___ The FHA mortgage insurance premium for this loan has been paid in full. In the event that Buyer (or any party acquiring an interest in the Property from Buyer, except for bona fide purchasers without notice of this provision) receives a refund of a portion of this premium, Buyer shall immediately pay to Seller an amount computed as follows: Divide the total refund by the number of months elapsed between the time the premium was paid and the time the refund was payable; multiply this number by the number of months that Seller owned the property.

Continuing Liability.

___ If permitted by the Lender, Seller shall be relieved of all liability for the loan. If Lender requires the payment of additional fees or the execution of additional documents to relieve Seller of liability, Buyer shall pay these fees and execute these documents (including without limitation providing any information requested to qualify Buyer to assume the loan).

___ Buyer shall not be required to pay any fee or execute any documents required by Lender solely to relieve Seller of continuing liability for the loan. However, Buyer agrees to indemnify and hold Seller harmless for any loss or expenses (Including a reasonable attorney fee) incurred as a result of the failure of Buyer (or any subsequent assuming party) to pay the loan.

Buyer

Buyer

Seller

Seller