

FINANCING ADDENDUM FOR ASSUMPTION

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(Use only with "Minnesota Standard Residential Purchase Agreement", Minnesota State Bar Association.)

This Addendum is a continuation of the PRICE AND TERMS contained in Paragraph 5 of the Purchase Agreement dated _____ by and between _____, as Seller, and _____, as Buyer, for property located at or legally described as: _____

A. ASSUMPTION OF FINANCING:

_____, shall be paid by Buyer assuming and agreeing to pay according to its terms and conditions the following *[strike (1) or (2) if not applicable]*:

(1) A *[strike out all inapplicable terms]* **D.V.A. / F.H.A. / CONVENTIONAL / PRIVATE PARTY** mortgages in favor of _____ with an approximate principal balance of _____, a present interest rate of _____ % per annum and a present monthly payment of *(strike out one)* **PRINCIPAL AND INTEREST / INTEREST ONLY** of _____. The entire balance of the mortgage is due and payable on _____. The final payment *(strike out one)* **IS / IS NOT** a balloon payment. The interest rate and/or monthly payment *(strike out one)* **MAY WILL WILL NOT** change during the remaining term of the mortgage. The present financing *(strike out one)* **IS / IS NOT** negatively amortized.

(2) A contract for deed in favor of _____, with an approximate principal balance of _____, a current interest rate of _____ % per annum, and a present monthly payment of *[strike out one]* **PRINCIPAL AND INTEREST / INTEREST ONLY OF** _____. The entire balance of the contract for deed is due and payable on _____. The final payment *(strike out one)* **IS / IS NOT** a balloon payment. The interest rate and/or monthly payment *(strike out one)* **WILL / WILL NOT** change during the remaining term of the contract for deed. The present financing *(strike out one)* **IS / IS NOT** negatively amortized.

Within _____ days following the Acceptance Date of the Purchase Agreement, Seller shall provide to Buyer true and correct copies of the mortgage(s) or contract(s) for deed being assumed, and, in the case of a mortgage(s), the note(s) secured thereby, together with any amendments to these documents. Buyer shall have ten (10) days following receipt of said documents to review them. If Buyer determines the documents to be unacceptable for any reason, Buyer may, by written notice to Seller within said ten (10) day period, cancel and terminate this Purchase Agreement, at which time the earnest money paid, less any costs incurred by Seller as a result of assumption applications, shall be refunded to Buyer. In such event, Buyer and Seller shall sign a cancellation of the Purchase Agreement.

The exact unpaid balance of the mortgage(s) and/or contract(s) for deed will be determined as of the date of closing and any difference between the actual mortgage(s) and/or contract(s) for deed balance and the amount stated in the Purchase Agreement will be adjusted in CASH at closing so the total purchase price will remain the same. If the actual mortgage(s) and/or contract(s) for deed balance as of the date hereof is less than _____ % or more than _____ % of the approximate balance stated in the Purchase Agreement, Buyer may, by notice in writing delivered to Seller, terminate the Purchase Agreement, at which time the earnest money paid, less any costs incurred by Seller as a result of the assumption applications shall be refunded to Buyer. In such event, Buyer and Seller shall sign a cancellation of the Purchase Agreement. However, Buyer, at Buyer's option, may proceed to closing under the Purchase Agreement regardless of the actual mortgage(s) and/or contract(s) for deed balance.

Seller represents that the mortgage(s) and/or contract(s) for deed *(strike out one)* **DOES / DOES NOT** contain a "due on sale clause" and that assumption of the mortgage(s) and/or contracts for deed *(strike out one)* **DOES / DOES NOT** require the approval of the mortgagee or vendor. In the event that the mortgage(s), mortgage note(s), or contract(s) for deed contains a due on sale clause and/or requires the approval of the mortgagee or vendor for a transfer of the property, the Buyer's obligations under this Agreement are contingent upon the Buyer receiving the written consent of the mortgagee or vendor, and, where applicable, a waiver of any applicable "due on sale" provision. If the mortgagee(s) or vendor(s) require(s) approval of the sale or of the creditworthiness of Buyer as a condition for allowing the assumption, Buyer shall make application for said assumption within five (5) business days of acceptance of the Purchase Agreement, and provide all financial or other information reasonably requested by the vendor(s) or mortgagee(s) including a credit report and verification of income and/or employment. If Buyer does not qualify for the assumption of the mortgage(s) and/or contract(s) for deed, or if the lender's, vendor's, or mortgagee's approval is conditioned upon the interest rate being changed to a rate greater than the rate set forth herein or in the loan documents, the Purchase Agreement may, at Buyer's option, be terminated, whereupon all earnest money paid less any costs incurred by Seller as a result of the assumption application, shall be refunded to Buyer. In such event Buyer and Seller shall sign a cancellation of the Purchase Agreement.

(strike out one) **BUYER / SELLER** shall pay an assumption fee, if required, not to exceed _____.

Buyer shall reimburse Seller for any portions of unused and unreimbursed escrows at time of closing.

NOTE: On D.V.A. assumption, Seller's entitlement shall remain with the property unless the assuming Buyer is a Veteran and is approved by the D.V.A. to substitute Buyer's entitlement or the loan is paid in full.

NOTE: On any mortgage or contract for deed assumption Seller shall remain liable for the mortgage or contract for deed obligation unless released from liability by D.V.A., F.H.A. and/or lender or vendor.

NOTE: For any F.H.A. mortgage dated on or after December 1, 1986, or D.V.A. Mortgage dated on or after March 1, 1988, check with lender(s) for assumption requirements.

SELLER:

Date

Date

BUYER:

Date

Date