

### **Seller Financing (Purchase Money Trust Deeds)**

Creative financing is on its way back into our market place and along with it we can expect to see more sellers' financing, also known as "seller carry backs". The buyer executes a note and deed of trust in favor of the seller for a portion of the purchase price. The deed of trust is then recorded at close of escrow.

The Purchase Contract doesn't provide an area to detail all the terms of the note and deed of trust. In order to prepare the documents, your escrow holder must be provided with a completed Seller Financing Disclosure Statement, preferably upon opening of escrow. Any senior lender will need to approve any junior liens. Most senior lenders will require a minimum of interest only payments and a minimum term on junior liens.

The Seller Financing Disclosure Statement will set forth the loan terms, including principal amount, interest rate, payment amount, prepayment penalty (if any), due date and acceleration clause (if any). It will indicate if tax service is to be ordered and at whose expense. It will also state whether a Request for Notice of Delinquency should be made to senior lienholders and/or a Request for Notice of Default will be recorded at close of escrow. The costs for preparing and recording these Requests for Notice are normally charged to the buyer.

Buyer and Seller are required to exchange Tax Identification Numbers.

Disclaimer-This flyer is for informational purposes only and not to be construed as legal or tax advice. The primary aim is to help real estate agents and mortgage loan professionals with information that helps them conduct their business. Before making any decisions dealing with the subject matter found in this flyer, we recommend you seek out specific advice from a legal or tax professional.

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