



# FINANCIAL DISCLOSURE STATEMENT

For Entering into a Seller Carryback Note

Prepared by: Agent \_\_\_\_\_  
Broker \_\_\_\_\_

Phone \_\_\_\_\_  
Email \_\_\_\_\_

**NOTE:** This statement is required to be prepared when the seller carries back a note executed by the buyer as part of the sales price for property containing four-or-less residential units. [Calif. Civil Code §2956]  
This statement is to be prepared by the broker who obtains the signature of the person who first offers or counteroffers to buy, sell, exchange or option on terms which include a carryback note.  
Both the buyer and the seller shall be handed a copy of this statement and sign it to acknowledge they have read and received a copy.

**DATE:** \_\_\_\_\_, 20\_\_\_\_\_, at \_\_\_\_\_, California.

*Items left blank or unchecked are not applicable.*

1. This is an addendum to the following agreement:

- Purchase Agreement       Option to Purchase (with or without lease)
- Counteroffer               Exchange Agreement

- 1.1 dated \_\_\_\_\_, 20\_\_\_\_\_, at \_\_\_\_\_, California,
- 1.2 entered into by \_\_\_\_\_, as the Buyer,
- 1.3 and \_\_\_\_\_, as the Seller.

2. This addendum was prepared by \_\_\_\_\_.

### DISCLOSURES:

#### 3. GENERAL INFORMATION CONCERNING THE TERMS OF PAYMENT:

- 3.1 The Note to be executed by Buyer is in the original amount of \$\_\_\_\_\_, payable in constant monthly \_\_\_\_\_ installments of \$\_\_\_\_\_ to include \_\_\_\_\_% per annum interest, with a final/balloon payment due on \_\_\_\_\_, 20\_\_\_\_\_, in the approximate amount of \$\_\_\_\_\_.
- 3.2 The note will be secured by a trust deed on the property referred to as \_\_\_\_\_.
- 3.3 Should the Note contain a FINAL/BALLOON PAYMENT, the debt is not fully amortized. When the remaining balance of the Note is due and payable, there can now be no assurance that refinancing, modification or extension of the balloon payment will then be available to Buyer.
- 3.4 Unless stated and explained in an attached ARM addendum, the Note contains a fixed rate of interest with no variable or adjustable interest rates which would increase payments or result in a negative amortization of the debt. [See **ft** Form 155-1]
- 3.5 Unless otherwise agreed, the original amount of the Note will be adjusted by endorsement at the close of escrow to reflect differences in the then remaining balance of any underlying trust deed obligation(s) being assumed or obtained.
- 3.6  The Note and trust deed to be carried back by Seller is of the all-inclusive variety, and will contain provisions passing through to Buyer any prepayment penalties, late charges, due-on sale or further encumbrance acceleration and future advances due on the underlying wrapped loans.

#### 4. SPECIAL PROVISIONS AND DISCLOSURES CONCERNING THE CARRYBACK NOTE AND TRUST DEED:

- 4.1  The all-inclusive Note and trust deed to be carried back by Seller contains provisions calling for Seller to place the Note on contract collection with any institutional lender or real estate broker, other than Seller, and the collection agent will be instructed to first disburse funds on payments due senior encumbrances.  
**NOTE: Inclusion of this provision may cause adverse income tax consequences for Seller.**
- 4.2 A joint protection policy of title insurance will be delivered to Buyer and Seller insuring their interests in title on the close of escrow.
- 4.3 The trust deeds and grant deeds to be executed will be recorded with the county recorder at the close of escrow.
- 4.4 Seller will be named, through escrow, as a loss payee under the hazard and fire insurance obtained by Buyer.
- 4.5 A tax reporting service  will, or  will not, be obtained by Buyer for Seller. If not obtained, Seller will assure himself that real estate taxes have been paid while he holds the Note.
- 4.6  Requests for Notice of Default and Notice of Delinquency under California Civil Code Sections 2924b and 2924e will be recorded and served on behalf of Seller on encumbrancers senior to the carryback.

- 4.7 Seller is aware that in the event of a default under the carryback Note and trust deed, his sole source of recovery is limited to the net proceeds from a foreclosure sale or his subsequent resale of the real estate; and he is not entitled to rental value for Buyer's occupancy or a deficiency money judgment under the Note. [Calif. Code of Civil Procedure §580b]
- 4.8 Buyer  shall, or  shall not, receive net proceeds or cash back upon the close of escrow. Amount to be received is \$ \_\_\_\_\_; source of funds \_\_\_\_\_; reason for receipt \_\_\_\_\_.
- 4.9 The Note shall include the following provision: "This note is subject to Section 2966 of the Civil Code, which provides that the holder of this note shall give written notice to the trustor, or his successor in interest, of prescribed information at least 90 and not more than 150 days before any balloon payment is due."

**5. ENCUMBRANCES SENIOR AND PRIOR TO SELLER'S CARRYBACK TRUST DEED AND NOTE:**

5.1 Conditions of encumbrances, with priority over Seller's carryback Note and trust deed, which will remain or be placed of record at time of closing are as follows:

	First Trust Deed	Second Trust Deed
Original balance	\$ _____	\$ _____
Current balance	\$ _____	\$ _____
Interest rate	_____ % <input type="checkbox"/> ARM	_____ % <input type="checkbox"/> ARM
	Type: _____	Type: _____
Monthly payments	\$ _____	\$ _____
Due date	_____, 20__	_____, 20__
Balloon payment	\$ _____	\$ _____
Current defaults	\$ _____	\$ _____

5.2 If any of the senior encumbrances contain a due date, it may be difficult or impossible to refinance, modify or extend the balloon payment in the conventional mortgage marketplace.

**6. BUYER CREDIT INFORMATION (SUPPLIED BY BUYER):**

- 6.1 Buyer to hand Seller a completed credit application on acceptance. [See **ft** Form 302]
- 6.2 Seller may terminate the agreement within \_\_\_\_\_ days of receipt of the credit application by delivering to Buyer, Buyer's Broker or Escrow written Notice of Cancellation based on Seller's disapproval of Buyer's credit. [See **ft** Form 183]

**7. BROKER DISCLOSURES:**

- 7.1 Credit data is supplied by Buyer. Broker knows of no falsity or omission concerning Buyer's credit information.
- 7.2 This statement and its contents are statutorily required disclosures and do not limit Broker's duties to disclose other material facts about Seller to Buyer or Seller about the carryback financing arrangements and which are known to Broker or his agent.
- 7.3 Buyer and Seller are not to sign this statement until they have read and understood all of the information in it. All parts of the form must be completed before signing below.
- 7.4  See attached addendum for additional disclosures which are part of this disclosure. [See **ft** Form 250]

**8. OTHER:** \_\_\_\_\_  
\_\_\_\_\_

Date: \_\_\_\_\_, 20\_\_\_\_  
Buyer's Broker: \_\_\_\_\_  
DRE license ID: \_\_\_\_\_

By: \_\_\_\_\_

**I have read and received a copy of this statement.**

Date: \_\_\_\_\_, 20\_\_\_\_

Buyer: \_\_\_\_\_

Buyer: \_\_\_\_\_

Date: \_\_\_\_\_, 20\_\_\_\_  
Seller's Broker: \_\_\_\_\_  
DRE license ID: \_\_\_\_\_

By: \_\_\_\_\_

**I have read and received a copy of this statement.**

Date: \_\_\_\_\_, 20\_\_\_\_

Seller: \_\_\_\_\_

Seller: \_\_\_\_\_