



LOAN ASSUMPTION ADDENDUM TO CONTRACT CONCERNING THE PROPERTY AT

(Address of Property)

A. CREDIT DOCUMENTATION. To establish Buyer's creditworthiness, Buyer shall deliver to Seller within _____ days after the effective date of this contract ☐ credit report ☐ verification of employment, including salary ☐ verification of funds on deposit in financial institutions ☐ current financial statement and ☐ _____. Buyer hereby authorizes any credit reporting agency to furnish copies of Buyer's credit reports to Seller at Buyer's sole expense.

B. CREDIT APPROVAL. If the credit documentation described in Paragraph A is not delivered within the specified time, Seller may terminate this contract by notice to Buyer within 7 days after expiration of the time for delivery, and the earnest money will be paid to Seller. If the credit documentation is timely delivered, and Seller determines in Seller's sole discretion that Buyer's credit is unacceptable, Seller may terminate this contract by notice to Buyer within 7 days after expiration of the time for delivery and the earnest money will be refunded to Buyer. If Seller does not terminate this contract within the time specified, Seller will be deemed to have approved Buyer's creditworthiness.

C. ASSUMPTION. Buyer's assumption of an existing note includes all obligations imposed by the deed of trust securing the note.

☐ (1) The unpaid principal balance of a first lien promissory note payable to _____ which unpaid balance at closing will be \$ _____. The total current monthly payment including principal, interest and any reserve deposits is \$ _____. Buyer's initial payment will be the first payment due after closing.

☐ (2) The unpaid principal balance of a second lien promissory note payable to _____ which unpaid balance at closing will be \$ _____. The total current monthly payment including principal, interest and any reserve deposits is \$ _____. Buyer's initial payment will be the first payment due after closing.

If the unpaid principal balance of any assumed loan as of the Closing Date varies from the loan balance stated above, the ☐ cash payable at closing ☐ Sales Price will be adjusted by the amount of any variance. If the total principal balance of all assumed loans varies in an amount greater than \$500 at closing, either party may terminate this contract and the earnest money will be refunded to Buyer unless the other party elects to pay the excess of the variance.

D. LOAN ASSUMPTION TERMS. Buyer may terminate this contract and the earnest money will be refunded to Buyer if the noteholder requires:

- (1) payment of an assumption fee in excess of \$ _____ in C(1) or \$ _____ in C(2) and Seller declines to pay such excess, or
- (2) an increase in the interest rate to more than _____% in C(1) or _____% in C(2), or
- (3) any other modification of the loan documents.

E. CONSENT BY NOTEHOLDER. If the noteholder fails to consent to the assumption of the loan, either Seller or Buyer may terminate this contract by notice to the other party and the earnest money will be refunded to the Buyer.

F. SELLER'S LIENS. Unless Seller is released from liability on any assumed note, a vendor's lien and deed of trust to secure assumption will be required. The vendor's lien will automatically be

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released on delivery of an executed release by noteholder.

G. TAX AND INSURANCE ESCROW. If noteholder maintains an escrow account for ad valorem taxes, casualty insurance premiums or mortgage insurance premiums, Seller shall transfer the escrow account to Buyer without any deficiency. Buyer shall reimburse Seller for the amount in the transferred accounts.

NOTICE TO BUYER: If you are concerned about the possibility of future adjustments, monthly payments, interest rates or other terms, do not sign the contract without examining the notes and deeds of trust.

NOTICE TO SELLER: Your liability to pay the notes assumed by Buyer will continue unless you obtain a release of liability from the noteholders. If you are concerned about future liability, you should use the TREC Release of Liability Addendum.

Buyer

Seller

Buyer

Seller

This form has been approved by the Texas Real Estate Commission for use with similarly approved or promulgated contract forms. Such approval relates to this form only. TREC forms are intended for use only by trained real estate licensees. No representation is made as to the legal validity or adequacy of any provision in any specific transactions. It is not suitable for complex transactions. Texas Real Estate Commission, P.O. Box 12188, Austin, TX 78711-2188, 1-800-250-8732 or (512) 459-6544 (<http://www.trec.state.tx.us>) TREC No. 41-1. This form replaces TREC No. 41-0.