



## SELLER FINANCING ADVISORY

Buyer and Seller have expressed interest in seller financing of Buyer's contemplated purchase of Property from Seller. Seller financing is when a seller of a property extends credit to a buyer to assist the buyer in paying the purchase price of the seller's property. Often, the amount of credit the seller will extend will be in the amount of the purchase price minus any down payment and minus any mortgage that the buyer takes out on the property. The extension of credit is secured by a deed of trust on the property.

Buyer and Seller both understand, acknowledge and agree: (a) that a Seller Financing Disclosure such as C.A.R. Form SFA, Seller Financing Addendum and Disclosure ("Form SFA") is required whenever the seller extends credit to the buyer in a transaction for the purchase of a 1-4 unit residential property in which there is an arranger of credit; and (b) that Buyer's and Seller's Broker(s) may generate a blank Form SFA to assist Buyer and Seller in their discussions, understanding, and negotiations concerning the contemplated financing.

However, Buyer and Seller also understand, acknowledge and agree that Buyer's and Seller's Broker(s) will not and cannot prepare any actual financing instruments. Typically, the terms under which a Seller will extend credit is memorialized in a promissory note and secured by a deed for trust on the Property. Unless the Seller/financier is particularly sophisticated and is regularly involved in seller financing transactions, the Seller/ financier should hire a qualified real estate attorney to draft, negotiate and provide advice regarding the promissory note and deed of trust.

Likewise, unless Buyer is particularly sophisticated and is regularly involved in seller financing transactions, Buyer also will need to retain a qualified real estate attorney to negotiate and provide advice regarding the format, terms and wording of the draft promissory note and deed of trust prepared by Seller's attorney.

Buyer and Seller acknowledge and agree: (a) that their Broker(s) will not provide legal or tax advice concerning the contemplated financing and will not draft the operative legal documents for any seller financing; (b) that Buyer and Seller will seek legal, tax and other desired assistance from appropriate professionals; and (c) that Buyer and Seller should begin consultation with their respective attorneys regarding any contemplated seller financing prior to completing and executing the Form SFA, so that Buyer's and Seller's attorneys can provide appropriate advice and assistance regarding completion of that form; and (d) although the Form SFA will be generated by Buyer's or Seller's Broker(s), Buyer and Seller are solely responsible for determining what substantive terms are to be incorporated into the Form, and should direct any questions to their respective attorneys.

### The undersigned acknowledge receipt of this Advisory.

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

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

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

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