



**Compliments of:**

**PACIFIC NORTHWEST ESCROW, LLC**

**NWMLS FORM 22C – sample form completed by Angie DeArth with notes.**

**SAMPLE:**

**500,000 – sales price**

**50,000 – down (10,000 earnest money and 40,000 additional down)**

\_\_\_\_\_

**450,000 - note beginning balance**

**Terms: 30 amortization all due 10 years**

**Payment:**

**3,460.11 – principal and interest**

**555.44 – reserve for taxes (annual \$6,665.22)**

**157.42 – reserve for insurance (annual \$1,889.00)**

**4,172.97 – TOTAL PAYMENT AMOUNT**



**SELLER FINANCING ADDENDUM  
TO PURCHASE AND SALE AGREEMENT**

The following is part of the Purchase and Sale Agreement dated 7/28/23 1  
between John D. Pardo + Olive B. Pardo ("Buyer") 2  
Buyer Buyer  
and Angie DeArth ("Seller") 3  
Seller Seller  
concerning 2219 E 49th Spa Wa 99223 (the "Property"). 4  
Address City State Zip

**1. GENERAL TERMS** 5

- A. Limited Use.** Buyer represents that the Property  will;  will not (will, if not filled in) be used for a residential dwelling. If the Property will be used for a residential dwelling, this Addendum may only be used if: 6  
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- i. Seller is a natural person (and not a loan originator), estate or trust; 8
  - ii. Seller has not financed the sale of another property within the past 12 months; 9
  - iii. Seller did not construct or act as a contractor for the construction of a residence on the Property in the ordinary course of Seller's business; 10  
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  - iv. The repayment schedule does not result in a negative amortization; and 12
  - v. The financing has a fixed rate of interest or an adjustable rate of interest that is adjustable after five or more years, subject to reasonable annual and lifetime limitations on interest rate increases. 13  
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*Seller must do this*

- B. Washington State DFI Waiver or Exemption.** If the Property is used for a residential dwelling, Seller shall either: (i) obtain a waiver from the Washington State Department of Financial Institutions ("DFI") under RCW 31.04.025(3); or (ii) identify an exemption from the licensing requirements under RCW 31.04. If Seller does not give notice to Buyer that Seller either has: (i) obtained a DFI waiver; or (ii) identified an exemption from RCW 31.04 under WAC 208-620-104 or WAC 208-620-105, within 5 days (5 days if not filled in) of mutual acceptance, Buyer may terminate the Agreement at any time prior to Seller giving such notice. If Seller is not exempt from RCW 31.04 and DFI does not grant a DFI waiver, Seller may terminate the Agreement within 5 days (5 days if not filled in) of mutual acceptance, provided Seller timely applied for and made a good faith effort to obtain a DFI waiver. If either party terminates under this Paragraph B, the Earnest Money shall be refunded to Buyer. 15  
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*You must attach to this Form*

- C. Disclosure.** If the Property will be used for a residential dwelling, Seller shall provide Buyer with a residential disclosure summary prescribed by DFI or a compliant federal disclosure under Regulation Z (12 CFR 1026) that includes the material terms and conditions of the loan and the cost of financing. 25  
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- D. Limited Practice Board Forms.** The current version of any Limited Practice Board ("LPB") form referenced below shall be attached to this Agreement as a blank form. 28  
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- E. Attorney Review.** Buyer and Seller are advised to seek the counsel of an attorney to review the terms of this Agreement and this Agreement is conditioned upon review and approval by counsel for Buyer and Seller. Unless a party gives written notice of disapproval of this Agreement within 5 days (5 days if not filled in) of mutual acceptance, this contingency shall be deemed satisfied (waived). 30  
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If Buyer and Seller agree to financing terms that differ from the terms in this Addendum or an attached LPB form, including, but not limited to making interlineations or otherwise modifying or supplementing any pre-printed terms in this Addendum or attachments thereto, the parties shall have this Agreement reviewed by legal counsel. If Buyer and Seller do not give notice of approval of this Agreement by their counsel within 10 days (10 days if not filled in) of mutual acceptance, this Agreement shall terminate and the Earnest Money shall be refunded to Buyer. 34  
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- F. Prior Indebtedness and Security.** Seller understands that Seller's security interest in the Property may be inferior to a third party's interest in the Property, such as a prior lender. 40  
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JDP 7/28/23 OBP 7/28/23 AD 7/28/23  
Buyer's Initials Date Buyer's Initials Date Seller's Initials Date Seller's Initials Date

**SELLER FINANCING ADDENDUM  
TO PURCHASE AND SALE AGREEMENT**  
*Continued*

**2. PAYMENTS TO SELLER AND METHOD OF PAYMENT** 42

**A. Down Payment.** Buyer shall pay a down payment, including Earnest Money, which shall be applied to the Purchase Price at Closing as follows: 43  
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Earnest Money: \$ 10,000 + Additional Money Down: \$ 40,000 = Total Down Payment \$ 50,000 45

**B. Interest Rate.** The balance of the Purchase Price (the "Indebtedness") shall accrue interest at 8.5 % per annum. Interest will begin to accrue on  Closing;  \_\_\_\_\_ (Closing if not checked). 46  
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**C. Payments to Seller.** Buyer shall pay (check applicable box): 48

- i.  No installment payments are required. 49
- ii.  Principal and interest installments of \$ 3460.11 (30 year amt) 50
- iii.  Interest only payments on the outstanding principal balance. 51

The installment payments, if any, shall begin on the 1st day of Sept 2023, and shall continue on the 1st day of each succeeding (check applicable box):  calendar month;  third calendar month;  sixth calendar month;  twelfth calendar month;  Other: \_\_\_\_\_ 52  
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**D.  Promissory Note and Deed of Trust** 55

i. **Security.** The Indebtedness shall be evidenced by a Promissory Note and a  first;  second;  third (first, if not filled in) Deed of Trust, as set forth below. 56  
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ii. **Promissory Note.** Buyer agrees to sign at Closing LPB Form 28A (Promissory Note). 58

iii. **Deed of Trust.** Buyer agrees to sign at Closing the following selected form (check applicable box): 59

- a.  LPB Form 22 (Deed of Trust) securing the Property; or 60
- b.  LPB Form 22A (Deed of Trust with Due on Sale and Due Date) securing the Property. The parties shall initial the Due on Sale clause, which provides: "The property described in this security instrument may not be sold or transferred without the Beneficiary's consent. Upon breach of this provision, Beneficiary may declare all sums due under the note and Deed of Trust immediately due and payable, unless prohibited by applicable law." 61  
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iv. **Due Date.** The balance of principal and accrued interest shall be due and payable in full on 1st day of Sept 2033. 66  
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v. **Default and Default Interest.** During any period of Buyer's default, the principal shall bear interest at the rate of 18 % per annum (18% if not filled in) or the maximum rate allowed by law, whichever is less. A late charge of \$ \_\_\_\_\_ or 5% % of any installment payment (5% of the payment if neither is filled in) shall be added to any payment more than \_\_\_\_\_ days late (15 days if not filled in). If Buyer has not cured any default within 30 (30 days if not filled in) after written notice, Seller may declare all outstanding sums immediately due and payable. 68  
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vi. **Prepayment.** Buyer may prepay all or part of the balance owed under this Agreement at any time without penalty. 74  
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vii.  **No Further Encumbrances.** Buyer shall not further encumber the Property until Seller has released Seller's security interest in the Property. If selected, the Deed of Trust shall include the following provision: 76  
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As an express condition of Beneficiary making the loan secured by this Deed of Trust, Grantor shall not further encumber, pledge, mortgage, hypothecate, place any lien, charge or claim upon, or otherwise give as security the property or any interest therein nor cause or allow by operation of law the encumbrance of the Trust Estate or any interest therein without the written consent of Beneficiary even though such 78  
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JDP 7/28/23 OBP 7/28/23 AD 7/28/23  
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**SELLER FINANCING ADDENDUM  
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*Continued*

encumbrance may be junior to the encumbrance created by this Deed of Trust. Encumbrance of the property contrary to the provisions of this provision shall constitute a default and Beneficiary may, at Beneficiary's option, declare the entire balance of principal and interest immediately due and payable, whether the same be created by Grantor or an unaffiliated third party asserting a judgment lien, mechanic's or materialmen's lien or any other type of encumbrance or title defect.

**E.  Real Estate Contract** 87

Note: If the Property is primarily for agricultural purposes, then a non-judicial foreclosure/forfeiture remedy is available only by using a real estate contract. 88

i. **Real Estate Contract.** The parties agree to sign LPB Form 44 (Real Estate Contract). The parties agree to initial and make applicable the following Optional Provisions in LPB Form 44 if the corresponding box is checked: 90

- a.  Substitution and Security on Personal Property 93
- b.  Alterations 94
- c.  Due on Sale 95
- d.  Pre-Payment Penalties on Prior Encumbrances 96
- e.  Periodic Payments on Taxes and Insurance (The payments during the current year shall be \$ \_\_\_\_\_ per \_\_\_\_\_ ) 97-98

ii.  **Cash Out.** The entire balance of principal and interest shall be due and payable in full not later than \_\_\_\_\_ 99

Don't Need  
Don't Need

**3. ASSUMED UNDERLYING OBLIGATIONS AND METHOD OF PAYMENT** 101

A.  **Assumed Obligations.** Buyer shall assume the following obligations \$ \_\_\_\_\_ 102

B. **Consent of Holder of Underlying Obligation.** If there is an existing Deed of Trust, Real Estate Contract or other encumbrance which is to remain unpaid after Closing and its terms require the holder's consent to this sale, Buyer agrees to promptly apply for such consent upon mutual acceptance of this Agreement. This Agreement is subject to the written consent of the holder of the underlying obligation within \_\_\_\_\_ days (15 days if not filled in) of mutual acceptance. If the holder's written consent to this Agreement is not obtained by such date, this Agreement shall terminate, and the Earnest Money shall be refunded to Buyer. 103-108

C.  **Seller Wrap of Existing Loan.** 109

**Payments.** From the payments by Buyer to Seller, Seller will pay the monthly payments of \$ \_\_\_\_\_ due on an existing loan by \_\_\_\_\_ (the lender) having an approximate present principal balance of \$ \_\_\_\_\_ with interest at \_\_\_\_\_ % per annum computed on the unpaid principal and secured by the Property. Such balance remains the obligation of the Seller and Seller agrees to pay such obligation in accordance with its terms and conditions. Buyer shall have the right to remedy any default on the underlying obligation, provided Buyer is not in default to Seller, and all sums so paid shall be credited to Buyer's payments to Seller. 110-116

D.  **Cash Down to Existing Loan.** 117

i. **Type of Loan.** Buyer agrees to assume, at Closing, an existing  Deed of Trust;  Mortgage;  Real Estate Contract securing the Property and to pay the balance of the Purchase Price in cash, including Earnest Money, at Closing. The assumed loan  is;  is not an Adjustable Rate Mortgage ("ARM"). The monthly payments could increase or decrease if the assumed loan is an ARM. 118-121

**SELLER FINANCING ADDENDUM  
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*Continued*

- ii. **Loan Amount and Payments.** The assumed loan has a principal balance of approximately 122  
\$ \_\_\_\_\_ and is payable in monthly installments of approximately 123  
\$ \_\_\_\_\_ including interest at \_\_\_\_\_ % per annum computed on the declining 124  
principal balance, and including  real estate taxes;  hazard insurance. Seller shall pay any 125  
delinquencies at Closing. 126
- iii.  **Seller Warranty – Loan is Assumable.** Seller warrants that the assumed loan is assumable provided 127  
that Buyer complies with and agrees to abide by any requirements or conditions imposed by the holder of 128  
the assumed loan. 129
- iv.  **Buyer Review Period.** This Agreement is conditioned upon Buyer's review of the assumed loan. 130  
Unless Buyer gives written notice to Seller of Buyer's disapproval of the assumed loan within \_\_\_\_\_ 131  
days (5 days if not filled in) of mutual acceptance, this contingency shall be deemed satisfied (waived). 132
- v.  **Seller Review Period.** Seller understands that when a loan is "assumed," Seller may remain liable to 133  
pay the holder of the assumed loan if the Buyer fails to do so. This Agreement is conditioned upon 134  
Seller's review of the terms of the assumed loan. Unless Seller gives written notice to Buyer of Seller's 135  
disapproval of the terms of the assumed loan within \_\_\_\_\_ days (5 days if not filled in) of mutual 136  
acceptance, this contingency shall be deemed satisfied (waived). 137

**4. OTHER TERMS (Check all that apply).** 138

**A.  Payments to Collection Account.** 139

- i. **Collection Account.** Buyer's payments to or on behalf of Seller shall be made to a contract collection 140  
account at Pacific Northwest Escrow (the "Collection Account"), 141  
 to be established and paid for by Buyer and Seller equally; or  to be established and paid for as 142  
follows: purchasers (established and paid for equally if not filled in). 143  
Closing Agent  may;  may not (may if not checked) collect Collection Account set-up fees and annual 144  
escrow fees at Closing. IF you check this closer will collect 145
- ii.  **Escrow.** The Collection Account shall also serve as escrow for a request for reconveyance or 146  
fulfillment deed (as applicable), which shall be fully executed by Seller at Closing and held by the 147  
Collection Account pending payment of funds as provided for herein and shall be released to Buyer when 148  
full payment of funds due and owing have been received by the Collection Account. 149
- iii.  **Taxes and Insurance.** In addition to payments for the principal and interest, additional amounts 150  
determined by the Collection Account holder shall be paid by Buyer and applied to  real property taxes; 151  
 insurance, which amounts may change due to adjustments in taxes and insurance premiums. Closing 152  
Agent  may;  may not (may if not checked) collect the initial deposit for taxes and insurance at Closing. 153  
IF you check this closer will collect res at closing

**B.  Seller's Review of Buyer's Finances Contingency.** This Agreement is conditioned upon Seller's review 154  
and approval, in Seller's sole discretion, of (i)  Buyer's credit report and score; (ii)  Buyer's income tax 155  
returns for the prior \_\_\_\_\_ years (3 years if not filled in); (iii)  verification of Buyer's employment 156  
from Buyer's employer; and (iv)  other \_\_\_\_\_ 157  
Buyer will provide Seller with all applicable information including a credit report and score (if applicable) 158  
within \_\_\_\_\_ days (5 days if not filled in) of mutual acceptance. Unless Seller gives written notice to 159  
Buyer of Seller's disapproval of the applicable conditions within \_\_\_\_\_ days (2 days if not filled in) 160  
of the date the information is due, this contingency shall be deemed satisfied (waived). 161

**C.  Title Insurance.** Buyer shall pay the cost of a lender's standard title insurance policy insuring Seller's 162  
security interest and shall pay for an extended lender's title insurance policy if the cost of such extended 163  
policy does not exceed the cost of a standard policy by more than ten percent (10%). 164

JDP 7/28/22 GBP 7/28/23 AD 7/28/23  
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