



**PURCHASE MONEY NOTE AND MORTGAGE RIDER
REAL ESTATE CONTRACT**

Greater Hartford Association of REALTORS®, Inc.



Seller will take back a purchase money note and mortgage in the amount of _____. The interest rate will be _____% per annum. Monthly payments of principal and interest shall be made to Seller based on a _____ year amortization schedule. The entire unpaid principal balance and all accrued and unpaid interest thereon shall be finally due and payable _____ years from the date of closing. The purchase money mortgage shall be a [check one]: ___ first priority mortgage or ___ second priority mortgage subordinate to any Mortgage described in Section 5 of this Contract.

The purchase money note and mortgage shall contain such other additional terms as shall be agreed upon by Buyer and Seller, but in the absence of such agreement, the form of the purchase money note and mortgage shall be the most recently revised Connecticut / Single Family / Fannie Mae / Freddie Mac Uniform Instruments, except that no escrows for taxes and insurance shall be required. Buyer shall furnish Seller with proof that such purchase money mortgage has been recorded on the land records and is a security interest in the Property in the position set forth above.

BUYER: _____ DATE: _____

BUYER: _____ DATE: _____

SELLER: _____ DATE: _____

SELLER: _____ DATE: _____

This is a rider that would be used in the event a seller was providing private financing. This financing could be in the form of a first mortgage or even a second mortgage. This form was more typically used in years past when interest rates were high and/or when certain seasonal type properties could not be financed through conventional lenders. This rider spells out the basic terms of the loan such as:
1) what the interest rate will be;
2) what type of amortization schedule the payments will be based on (i.e. 30 year, 15 year or even a shorter term);
3) what is the actual term of the loan – in other words, when is the loan due and payable in full. (Note: Sometimes to make a loan more affordable, the payments are based on a longer amortization schedule such as a 30 year amortization, BUT the loan is actually due and payable much earlier than that with what is typically called a “balloon” payment).
Cautionary Note: This rider should only be used to establish the most basic terms of the loan. The actual mortgage and mortgage note should be drafted by the buyer’s or seller’s attorney.
The pros and cons of a seller providing private financing and the impacts on both buyers and sellers—whether it be a first or second mortgage—should be thoroughly explored by all parties along with their attorneys.