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THIS FORM HAS IMPORTANT LEGAL CONSEQUENCES AND THE PARTIES SHOULD CONSULT LEGAL AND TAX OR OTHER COUNSEL BEFORE SIGNING.

**ADDENDUM TO RESIDENTIAL CONTRACT TO BUY AND SELL REAL ESTATE**

*(Subject To Existing Loans)*

(The following addendum and additional provisions have not been approved by the Colorado Real Estate Commission)

Date: _____________________

This agreement is an addendum to the contract dated {___________} by and between {___________} (Seller) and {___________} (Buyer), relating to the sale and purchase of the following legally described real estate in the County of {county} Colorado:

{___________}

also known as __________________________

1. SELLER EXISTING FINANCING, CONDITIONS AND OBLIGATIONS.

1.1. EXISTING ENCUMBRANCE. It is understood and agreed that there presently exist a promissory note secured by a deed of trust encumbering the Property (the "Existing Encumbrances"), described as follows:

   Promissory Note dated ____________ with an approximate outstanding principal balance of $________________, secured by a Deed of Trust of even date from Seller to the Public Trustee of the County of ____________, state of Colorado, for the benefit of __________________________, recorded __/__/200_, at Reception No. __________, of the real estate records in the office of the Clerk and Recorder of said County.

   Promissory Note dated ____________ with an approximate outstanding principal balance of $________________, secured by a Deed of Trust of even date from Seller to the Public Trustee of the County of ____________, state of Colorado, for the benefit of __________________________, recorded __/__/200_, at Reception No. __________, of the real estate records in the office of the Clerk and Recorder of said County.

Buyer agrees to accept conveyance of the Property subject to the Existing Encumbrance without assuming liability to pay the debt evidenced and secured thereby; and Buyer agrees to abide by all of the terms, conditions and provisions thereof so as not to create or allow any default thereunder, subject to the provisions hereof.

1.2. PAYMENTS TO EXISTING LENDERS. Buyer shall make monthly payments for the mortgage companies servicing the Existing Encumbrances beginning ____________, an continuing until the earlier of: (1) maturity of the loans, (2) payoff of the loans, or (3) transfer of the property back to seller pursuant to paragraph 1.6, herein. Buyer's payments shall be made directly to the mortgage companies. At Seller's request, Buyer agrees to provide Seller with written verification of payments.

1.3. PROPERTY TAX, INSURANCE & HOA. In addition to the payments for principal and interest under the Existing Encumbrances, Buyer shall pay annual premiums for insurance and property taxes on the Property, unless already included in the mortgage payments. Any applicable homeowner's association dues will be paid directly to the homeowner's association by the Buyer and are not included in the monthly payment as stated above.
1.4. DUE ON SALE. The parties are fully aware that the Existing Encumbrance contain(s) provisions prohibiting the transfer of any interest in the property without satisfying the principal balance remaining on the underlying loans and/or obtaining the lender's prior written consent (i.e., a "due on sale" clause), and that this transaction may trigger the lender's right to exercise the due on sale clause. The parties agree and understand that if said due on sale clause is enforced by the holders of the Existing Encumbrance, the entire balance due under the Existing Encumbrance will have to be paid off. In this event, Seller and Buyer agree to take all reasonable steps to satisfy said lender, including both parties taking steps to obtain financing and/or Buyer submitting an application to formally assume liability for said obligations. Buyer understands that in the event that the underlying debt is not paid off, the lender holding the security instrument forecloses on the property, and neither Seller or Buyer cure said foreclosure, Buyer's interest in the property will be extinguished.

1.5. EXISTING ENCUMBRANCE REVIEW. Seller shall deliver copies of the loan documents for the Existing Encumbrances (including most recent mortgage statement, note, deed of trust, and any modifications) to Buyer. This Contract is conditional upon Buyer's review and approval of the provisions of such loan documents and Buyer may cancel this contract at anytime before Closing if the terms of the loan documents are not acceptable to Buyer.

1.6. RETURN OF PROPERTY TO SELLER. Seller understands that Buyer is purchasing the Property for investment purposes. In the event Buyer is unable to lease the property in excess of the mortgage payment amount, or is unable to sell the property for more than the mortgage payoff amount, Buyer has the option, in Buyer's sole discretion, to transfer the property back to Seller, provided that Buyer is current on the mortgage payments. In the event of Buyer's decision to transfer the Property back to Seller, Buyer shall provide Seller with 30 days written notice prior to filing the transfer deed. The rights and obligations under this paragraph 4.6. shall survive the Closing.

2. TRANSFER OF TITLE. Subject to tender or payment at Closing as required herein and compliance by Buyer with the other terms and provisions hereof, Seller shall execute and deliver a good and sufficient General Warranty deed to Buyer, at Closing, conveying the Property free and clear of all taxes except the general taxes for the year of Closing, and except for the Existing Encumbrances. Except as provided herein, title shall be conveyed free and clear of all liens, including any governmental liens for special improvements installed as of the date of Buyer's signature hereon, whether assessed or not.

_______________________________   Date____     ______________________________  Date ____
Seller                           Purchaser

_______________________________   Date____     ______________________________  Date ____
Seller                           Purchaser