

Term Sheet for Owner-Financed Residential Property Purchase of 1603 Taylor Gaines

Date: [Insert Date] **Parties:**

- **Seller:** Ten Bay LLC, Austin, TX. 78703
- **Buyer:** [Buyer's Full Name and Address]

Property: 1603 Taylor Gaines, Austin, TX. 78741

Purchase Price: \$1,500,000

Down Payment: 10% of the Purchase Price (\$150,000), payable in cash or certified funds at closing.

Financed Amount: \$1,350,000

Interest Rate: 5% per annum, simple interest, calculated on the outstanding principal balance.

Payment Terms: Interest-only payments due monthly, commencing on the first day of the month following closing and continuing for 60 months (5 years). Monthly payment amount: \$5,625 (Financed Amount x 0.05 / 12). Payments shall be made to Seller at [Insert Payment Address or Method]. Late fees: 5% of any installment not paid within 10 days of due date.

Term and Balloon Payment: 5-year term. At the end of the term, Buyer shall pay the entire adjusted principal balance in full (balloon payment), plus any accrued interest.

Principal Adjustment for CPI: The principal balance shall be adjusted annually on the anniversary of the closing date based on the percentage change in the Consumer Price Index for All Urban Consumers (CPI-U), U.S. City Average, as published by the U.S. Bureau of Labor Statistics (or a successor index if unavailable). The adjustment shall be calculated as follows: $\text{Adjusted Principal} = \text{Original Principal} \times (\text{Current CPI} / \text{Base CPI})$, where Base CPI is the index value at closing, and Current CPI is the index value for the most recent 12-month period available prior to the adjustment date. Interest payments shall be recalculated based on the adjusted principal. No negative adjustments; if CPI decreases, principal remains unchanged.

Prepayment: Buyer may prepay the note in whole or in part at any time without penalty or premium. Prepayments shall be applied first to accrued interest and then to principal.

Security: The obligation shall be evidenced by a Promissory Note secured by a Deed of Trust on the Property, granting Seller a first lien (or subordinate if applicable). The Deed of Trust shall include standard provisions for foreclosure in event of default, per Texas law.

Insurance and Property Taxes:

- **Escrow Required:** Buyer shall deposit with each monthly payment a pro rata portion of the estimated annual property taxes and hazard insurance premiums into an escrow account held by Seller (or a third-party servicer at Seller's option). Seller shall provide an annual accounting and use funds to pay taxes and insurance timely. Any deficiency must be paid by Buyer within 30 days of notice.
- **Insurance:** Buyer shall maintain hazard insurance on the Property in an amount not less than the replacement value, naming Seller as additional loss payee/mortgagee. Proof of insurance due annually.
- **Taxes:** Buyer responsible for all property taxes.

Credit Approval: Buyer to provide credit documentation (credit report, employment verification, financial statements) within fourteen days of execution. Seller may terminate if credit is deemed acceptable in Seller's sole discretion.

Default and Remedies: Default includes non-payment, failure to maintain insurance/taxes, or breach of other terms. Upon default, Seller may accelerate the balance, foreclose under Texas law, and pursue other remedies. Matured unpaid amounts bear interest at 18% per annum or the maximum lawful rate.

Other Provisions:

- No assumption without Seller's consent.
- Buyer to maintain Property in good condition.
- Compliance with Texas Finance Code and other applicable laws (e.g., TREC Seller Financing Addendum requirements).
- This Term Sheet is non-binding except for credit approval provisions; full terms in Promissory Note, Deed of Trust, and Contract for Deed. Parties advised to consult attorneys and financial professionals.
- Governing Law: Texas.

Accepted:

Seller: _____

Date: _____

Buyer: _____

Date: _____