



# SUBORDINATION/RELEASE ADDENDUM AGREEMENT TO BUY & SELL REAL ESTATE

- SUBORDINATION: Seller agrees to subordinate the lien of the mortgage securing the note payable to Seller to a new loan to be obtained by Buyer to be secured by a mortgage on the property upon the following Terms and Conditions:
  - (a) The principal amount of the new loan shall not exceed \$ \_\_\_\_\_ .
  - (b) The interest rate shall not exceed \_\_\_\_\_ % per annum.
  - (c) The new loan shall not be due and payable until the expiration of \_\_\_\_\_ months from the conveyance of the property. The new loan shall be payable in equal monthly installments including interest sufficient to amortize the loan principal over a period of not less than \_\_\_\_\_ years.
  - (d) Not more than \$ \_\_\_\_\_ of the loan proceeds may be used by the Buyer as cash down payment to the Seller.

The balance of the loan proceeds shall be used exclusively for the improvement of the real property including the payment of a loan fee not to exceed \_\_\_\_\_ % of the principal amount of the loan, title insurance premiums, interest and taxes during the period of construction or improvements, architect's fees, engineers, surveyors, and labor and materials for improvement of the property.

**IN THE EVENT BUYER DEFAULTS IN THE PAYMENT OF THE LOAN TO WHICH SELLER HAS SUBORDINATED, IT MAY BE NECESSARY FOR SELLER TO PAY ALL OR A PORTION OF SUCH LOAN IN ORDER TO PROTECT SELLER'S SECURITY INTEREST IN THE PROPERTY. SELLER HAS BEEN ADVISED BY BROKER THAT SELLER SHOULD CONSIDER CONSULTING SELLER'S ATTORNEY PRIOR TO AGREEING TO SUBORDINATION.**

- RELEASES (PARTIAL RECONVEYANCES): Buyer intends to subdivide the property and improve the property in stages over a period of time. The mortgage securing Seller's note shall contain provisions for partial reconveyances and release of portions of the property. An agreement with respect to the amount of the note to be repaid for such partial reconveyances and the location of the portions of the property to be reconveyed shall be the subject of an agreement between Buyer and Seller to be prepared by their respective attorneys. In the event the parties are unable to reach an agreement with respect to such provisions within \_\_\_\_\_ days from acceptance of this offer, this agreement, at the option of either party, shall be terminated and all deposits shall be refunded.

Seller _____	Date _____	Time _____
Witness _____	Date _____	Time _____
Seller _____	Date _____	Time _____
Witness _____	Date _____	Time _____
Buyer _____	Date _____	Time _____
Witness _____	Date _____	Time _____
Buyer _____	Date _____	Time _____
Witness _____	Date _____	Time _____

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