

FURTHER ENCUMBRANCE CONSENT

NOTE: This form is used by a prospective junior lender or carryback seller when the real estate is encumbered by an existing first mortgage containing a due-on clause, to obtain consent from the lender holding the mortgage to further encumber the property with a second mortgage.

DATE: _____, 20____, at _____, California.

Items left blank or unchecked are not applicable.

FACTS:

1. This consent agreement is entered into between
 - 1.1 _____, as the Existing First Lender,
 - 1.2 and _____, as the New Junior Lender,
 - 1.3 regarding the Existing First Lender's trust deed recorded on _____, as Instrument No. _____, in _____ County Records, California,
 - 1.4 executed by _____, as the Trustor,
 - 1.5 in which _____ is named as the Beneficiary,
 - 1.6 encumbering property referred to as _____.
2. A trust deed, junior and subordinate to the Existing First Lender's trust deed, will be executed in favor of the New Junior Lender in reliance on this consent agreement.

AGREEMENT:

3. The Existing First Lender hereby:
 - 3.1 Consents to the further encumbrance of the property in favor of the New Junior Lender.
 - 3.2 Waives its due-on rights until the New Junior Lender's trust deed encumbrance is reconveyed or foreclosed and no longer is a lien on the property.
 - 3.3 Waives its due-on rights if the New Junior Lender later acquires title to the property by foreclosure or deed-in-lieu of foreclosure under its trust deed, subject to the following checked conditions at the time of transfer:
 - a. Payment of an assumption/transfer fee of \$_____.
 - b. Modification of the Existing First Lender's note to reflect interest at the fixed rate of _____% per annum, amortized over the loan's remaining term, with the principal balance due _____, 20_____.
 - c. _____.
4. **GENERAL PROVISIONS:**
 - 4.1 All other provisions of the Existing First Lender's trust deed remain unaffected by this consent.
 - 4.2 This consent is for only one further encumbrance by the New Junior Lender.
 - 4.3 This consent inures to the benefit of the successors and assigns of the parties.

NOTE: The following agreements are used when an existing second trust deed will remain of record after further encumbering the property.

5. SUBORDINATION AGREEMENT to any modification agreed to in Section 3.3 above.

- 5.1 _____ is the Beneficiary under a second trust deed lien on the property recorded as Instrument No. _____, in _____ County Records, California.
- 5.2 The Existing Second Trust Deed Beneficiary consents to this modification and agrees to subordinate their trust deed to these modifications on demand.
- 5.3 The Existing Second Trust Deed Beneficiary consents to this further encumbrance and waives enforcement of any due-on clause in its trust deed.
- 5.4 The Existing Second Lender is _____.

Date: _____, 20____. Signature of Existing Second Lender: _____

EXISTING FIRST LENDER:

I agree to the terms stated above.

Lender: _____

By: _____

Signature: _____

Title: _____

NEW JUNIOR LENDER:

I agree to the terms stated above.

Lender: _____

By: _____

Signature: _____

Title: _____