

Contract by purchaser to retain part of purchase money until removal of defect in title.

Agreement made _____, between _____, of _____, seller, and _____, of _____, purchaser.

Recitals:

By a contract bearing date the _____ day of _____, seller agreed to sell and purchaser agreed to purchase, for \$_____, the parcel of land described in the contract. In the course of investigating the title it is found that there is an undischarged mortgage upon the premises, and that the amount due upon the mortgage is in dispute so that it cannot be immediately discharged. Purchaser has agreed to complete the purchase immediately, on being allowed to retain \$_____ out of the purchase money until the mortgage shall be discharged.

Therefore purchaser agrees to pay the residue of the purchase money, and to complete the purchase whenever seller shall cause the mortgage to be discharged, and until such time to pay interest on the sum retained out of the purchase money at the rate of _____% per annum.

If seller shall be unable, or shall neglect to procure a discharge of the mortgage within _____ months from the date of this agreement, the \$_____ so retained out of the purchase money shall be absolutely forfeited and shall belong to purchaser, who shall be at liberty to retain the same to apply to the payment of the mortgage so far as required and as liquidated damages in respect of the defect of title. Purchaser shall in that case be no longer liable to pay or account for the sum, but shall be absolutely discharged from it; and seller shall be discharged from all obligation to procure a discharge of the mortgage.

In witness of which, etc.