AGREEMENT AND INSTRUCTION FOR DIRECT PAYMENT FROM LENDER OR TITLE COMPANY

This Agreement is made, with reference to the following facts, effective the day of , 20

by and between:

1. [“CLIENT”]
2. (“Payor”)

Lender/Title Company

1. (“Payee”)

Owner/Builder

1. Payee has contracted to provide certain services, equipment and materials in connection with a construction project located at (the “Project”). Payor has agreed to loan money or provide other financial accommodations in order to facilitate completion of the project.
2. [“CLIENT”] intends to extend credit to Payee in connection with the provision of certain products or materials to be provided concerning the Project on the condition that the Payor and Payee consent and agree to the direct payment procedure set forth herein.

NOW, THEREFORE, in consideration of the extension of credit by [“CLIENT”] to Payee and the provision of materials by [“CLIENT”] for the Project, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Payor shall make all payments due Payee for products, materials and/or labor supplied by [“CLIENT”] to the Project directly to [“CLIENT”].
2. Payor understands and acknowledges that [“CLIENT”] is relying on the adherence of Payor to the foregoing direct payment procedure. Accordingly, such direct payment procedure shall be maintained by Payor from and after the date set forth above until any parties’ actual receipt of written notice of termination of this Agreement.
3. Payments received by [“CLIENT”] in accordance with the foregoing direct payment procedure will be accepted by the Payee as sufficient consideration for the execution of an agreeable conditional waiver and release of any claim of mechanic's lien, or other lien or right, requested by Payor.
4. This agreement sets forth the entire understanding of the parties in regard to the subject matter hereof and supersedes all prior and contemporaneous understandings or agreements in regard thereto. Except for termination as provided in paragraph 2 hereof, the terms of this Agreement may not be modified or amended in any way without the prior written consent of each of the parties hereto. The rights and obligations specified in this Agreement shall inure to and be binding upon the successors and assigns of each of the parties hereto.
5. Payor and Payee understand that at no time does the Payee have an ownership interest in funds to be paid to [“CLIENT”] for products, materials and/or labor [“CLIENT”] provides for use in the project.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date set forth above. [“CLIENT”] PAYOR – Bank/Lender

By: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ By:

Title: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Title:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

PAYEE – Owner/Builder

By: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Title: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_