

Installment Sales and Security Agreement

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General Information

Installment Sales and Security Agreement

This Installment Sales and Security Agreement is between a buyer and seller of goods which are being sold on installment terms and secured by a security agreement. This agreement defines the terms of the arrangement including a detailed description of the goods, purchase price and payment terms. It also contains a provision stating that a lien will be recorded on the goods which shall act as a perfected security interest until all installment payments are made.

A knowledgeable business person will insist that a sales agreement of this type be set out in writing. A well-written Installment Sales and Security Agreement will prove invaluable in the event of disagreements, misunderstandings or litigation regarding the sale of the goods or products.

Instructions and Checklist

Installment Sales and Security Agreement

- ☐ Both parties should read the agreement carefully.
- ☐ Insert all requested information in the spaces provided on the form.
- ☐ Read the "Purchase Price and Payment Terms" provision carefully and review the payment structure to ensure it contains all relevant terms.
- ☐ This agreement includes a provision regarding the recording of a lien. Read this provision carefully and ensure that the lien process is clearly understood before signing this agreement.
- ☐ This form contains the basic terms and language that should be included in similar agreements.
- ☐ Both the buyer and seller must sign the agreement.
- ☐ Both parties should retain either an original or copy of the signed agreement.
- ☐ All legal documents should be kept in a safe location such as a fireproof safe or safe deposit box.

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INSTALLMENT SALES AND SECURITY AGREEMENT

This agreement is entered on this _____[date] by and between [PARTY A], located at _____[Address of Party A] ("Seller") and [Party B], located at _____[Address of Party B] ("Buyer").

BOTH PARTIES AGREE AS FOLLOWS:

A. DESCRIPTION OF THE GOODS BEING SOLD

B. PURCHASE PRICE AND PAYMENT TERMS

Purchase Price: \$ _____ (_____)

Less Deposit Paid: \$ _____ (_____)

Outstanding Balance: \$ _____ (_____)

Interest Charges: Interest shall accrue at the rate of _____percent (_____%) per year on any unpaid balance.

Late Payment Fees: If payment is not made within _____days as stipulated in the payment terms the Buyer shall pay an additional late payment fee in the amount of \$ _____ (_____dollars).

The Buyer will pay to the Seller _____payments of \$ _____ (_____dollars) each at uninterrupted monthly intervals on the _____day of each month, starting on the _____day of _____2011 until the Outstanding Balance and accrued interest is paid in full. All payments shall first be applied to outstanding late payment fees, then to accrued interest and thereafter to the Outstanding Balance.

BOTH THE PARTIES FURTHER AGREE FOR THE FOLLOWING TERMS:

1. The Buyer may prepay the Outstanding Balance in full or in part at any time without premium or penalty. All prepayments shall first be applied to outstanding late fees, then to accrued interest and thereafter to the Outstanding Balance.

2. Payment in terms of this installment sale agreement shall be made at the above stated address of the Seller or at such place as may be designated from time to time in writing by the Seller or assignee of this agreement. For ease of payment the Buyer may exercise the option to effect payment by direct deposit or electronic transfer of funds into the account of Seller as specified in writing.

3. If the Buyer fails to make any payment when due for whatever reason and the Seller

provides notice of such failure, the Buyer must effect payment of the amount due within ____ days, failing which the Seller can demand immediate payment of the entire outstanding balance and accrued interest.

4. In the event of default this installment sale and security agreement may be turned over for collection and the Buyer agrees to pay all reasonable legal fees, collection and enforcement charges to the extent permissible by law, in addition to other amounts due.

5. The Seller guarantees that he/she is the true and lawful owner of the above described Goods and that it is free of all encumbrances, liens and any and all legal claims.

6. The Seller warrants that no person shall have legal claim against the Buyer for the removal of the Goods hereby sold and the Seller warrants to indemnify and hold harmless the Buyer from any and all adverse claims arising from the sale of the Goods.

7. The Goods are sold "As-Is" and the Seller shall not be liable for any defects, patent, latent or otherwise. The Buyer admits to having inspected the Goods to his/her satisfaction and that no guarantees or warranties were expressed or implied by the Seller or his/her agent regarding the condition, quality or fitness for any purpose of the Goods.

8. A lien shall be recorded on the goods and the Seller shall retain a perfected security interest in the goods until all installment payments and all other amounts under this agreement have been paid in full. The Buyer shall effect at his/her cost the filing of a financing statement at the relevant public offices within 5 (five) days of signing this agreement and shall furnish proof of such filing to the Seller.

9. The Seller shall issue a lien release within 5 (five) days of receiving full and final payment of all monies due under this agreement, where after the onus shall be on the Buyer to file the lien release with the relevant public offices.

10. The risk passes to the Buyer once the Buyer or his/her agent takes possession of the Goods. Loss of or damage to the goods will not release the Buyer from his/her obligations under the terms of this agreement. The Buyer agrees not to sell, dispose of or transfer the rights to the goods to another party without the prior written consent of the Seller until such time as all monies have been paid under this agreement.

11. The Buyer may not assign his obligations under this agreement to a third party without prior written consent by the Seller. The Seller may assign this installment sale and security agreement to a third party without notice to the Buyer and the Buyer agrees to remain bound to any subsequent holder of this agreement under the terms of this agreement.

12. Upon default by the Buyer under the terms of this agreement and within 3 (three) days of demand by the Seller, the Buyer shall deliver the goods to the Seller, failing which the Seller may enter any premises where the goods are being held with or without legal process and take possession of the goods. The Seller shall then have the right to sell the goods in any manner which he/she may deem fit and to apply the proceeds to the repayment of monies due under the

agreement.

13. Should there be more than one signatory to this installment sale and security agreement, their obligations shall be joint and several and each specifically agree to be bound by all the provisions as set out in this agreement.

14. The Buyer waives demand and presentment for payment, notice of non-payment, off-set, protest and notice of protest and agrees to remain fully bound until all monies are paid in full. The Buyer waives all defenses based on surety or impairment of collateral.

15. No relaxation, indulgence, waiver, release or concession of any terms of this agreement by the Seller on one occasion shall be binding unless in writing and if granted shall not be applicable to any other or future occasion.

16. This agreement shall be binding upon and accrue to the benefit of the parties, their successors, legal representatives and assigns.

17. This Agreement is made under, and will be construed according to the laws of the State of [Name of the State] without reference to the choice of law principles thereof and each of the parties consents to the jurisdiction of such courts in [Name of the State _____].

Signed at _____ on this _____ day of _____ 2011

SELLER:

WITNESS

WITNESS

BUYER:

WITNESS

WITNESS

STATE OF _____)
) SS
COUNTY OF _____)

This document was acknowledged before me by _____
on this _____ day of _____, 20____.

NOTARY PUBLIC

My commission expires _____