

# FRACTIONAL COMMERCIAL MORTGAGE OBLIGATION CONTRACT

Location: \_\_\_\_\_ Effective Date: \_\_\_\_\_

## Issuer Information:

Full Legal Name: \_\_\_\_\_

Business Address: \_\_\_\_\_

Contact Person: \_\_\_\_\_

Phone/Email: \_\_\_\_\_

## Fractional CMO Details:

Total Principal Amount: \_\_\_\_\_ USD

Fractional Interest Percentage: \_\_\_\_\_

Number of Fractions: \_\_\_\_\_

Maturity Date: \_\_\_\_\_

## Investor Information:

Full Legal Name: \_\_\_\_\_

Address: \_\_\_\_\_

Phone/Email: \_\_\_\_\_

## Section 1 – Definitions

The terms used in this Agreement shall have the meanings ascribed to them herein and in any attached Schedules. Words importing the singular include the plural and vice versa; words importing persons include entities, partnerships, and corporations.

## Section 2 – Issuance of Fractional CMO

Issuer hereby issues to Investor, and Investor hereby subscribes for, a fractional interest in the Commercial Mortgage Obligation (CMO) described herein, subject to the terms and conditions of this Agreement.

## Section 3 – Purchase Price and Payment

Investor shall pay the Purchase Price for the fractional interest as set forth above. Payment shall be made by wire transfer or other immediately available funds acceptable to Issuer. Failure to timely pay shall constitute a material breach under this Agreement.

## Section 4 – Rights and Obligations of Investor

Investor's rights shall be limited solely to the fractional interest as specified. Investor shall not have any right to control, manage, or operate the underlying mortgage or related property. Investor shall receive distributions, if any, in proportion to their fractional interest.

## Section 5 – Representations and Warranties of Issuer

Issuer represents and warrants that: (a) Issuer is duly organized and validly existing under applicable laws; (b) Issuer has full authority to issue the fractional interest; (c) the CMO is valid, binding, and enforceable; (d) all information provided to Investor is true and correct to the best of Issuer's knowledge.

## **Section 6 – Covenants of Issuer**

Issuer shall administer the CMO in good faith, maintain all necessary records, provide Investor with periodic statements, and take all commercially reasonable actions to preserve and protect the value of the CMO.

## **Section 7 – Transfer Restrictions**

Investor may not transfer, assign, pledge, or otherwise dispose of their fractional interest except pursuant to applicable securities laws and with prior written consent of Issuer, which shall not be unreasonably withheld.

## **Section 8 – Distributions**

Distributions, if any, shall be made to Investor pro rata in accordance with their fractional interest. Issuer shall have no obligation to make distributions if insufficient funds are available.

## **Section 9 – Tax Treatment**

Investor acknowledges that the fractional interest may have tax consequences and agrees to consult their own tax advisors. Issuer shall provide such information as reasonably requested to enable Investor to comply with tax reporting requirements.

## **Section 10 – Indemnification**

Investor agrees to indemnify and hold harmless Issuer, its officers, directors, and agents from any claims, liabilities, or expenses arising from Investor's breach of this Agreement or violation of applicable law.

## **Section 11 – Term and Termination**

This Agreement shall remain in effect until the maturity of the CMO or earlier termination as provided herein. Termination shall not relieve any party of obligations accrued prior thereto.

## **Section 12 – Events of Default**

The occurrence of any material breach or failure to pay when due shall constitute an Event of Default. Upon Event of Default, Issuer may pursue all remedies available at law or equity, including termination of Investor's rights.

## **Section 13 – Governing Law and Venue**

This Agreement shall be governed by and construed in accordance with the laws of the State of \_\_\_\_\_, without regard to conflict-of-law principles. The parties consent to exclusive jurisdiction and venue in the state or federal courts located in \_\_\_\_\_ County.

## **Section 14 – Confidentiality**

Each party agrees to keep confidential all non-public information obtained from the other party in connection with this Agreement, except as required by law or regulatory authority.

## **Section 15 – Notices**

All notices shall be delivered in writing by hand, certified mail, overnight courier, or electronic means capable of confirming receipt, addressed to the parties at their respective addresses set forth herein.

## **Section 16 – Amendments and Waivers**

Any amendment or waiver of any provision of this Agreement must be in a writing signed by the party to be bound. No failure or delay in enforcing any right shall constitute a waiver thereof.

## **Section 17 – Severability**

If any provision of this Agreement is held invalid or unenforceable, the remaining provisions shall remain in full force and effect to the fullest extent permitted by law.

**Section 18 – Entire Agreement**

This Agreement, together with all schedules and exhibits, constitutes the entire agreement between the parties and supersedes all prior agreements and understandings.

**Section 19 – Counterparts; Electronic Signatures**

This Agreement may be executed in counterparts, each of which shall be deemed an original, and electronic signatures shall be deemed valid and enforceable.

**Section 20 – Compliance with Law**

Each party shall comply with all applicable federal, state, and local laws, rules, and regulations in connection with their performance under this Agreement.

**ISSUER'S SIGNATURE**

**INVESTOR'S SIGNATURE**

Signature: \_\_\_\_\_

Signature: \_\_\_\_\_

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