

# Form of LAND CONTRACT

**THIS CONTRACT**, made this \_\_\_\_\_ day of \_\_\_\_\_,

## Parties

by and between  
hereinafter referred to as "SELLER",  
whose address is

and  
hereinafter referred to as "PURCHASER",  
whose address is

## WITNESSETH:

### 1. Seller Agrees:

#### Description of Land:

(a) To sell and convey to Purchaser land situated in the \_\_\_\_\_ of \_\_\_\_\_, County of \_\_\_\_\_ and State of Michigan,  
described as:

COMMONLY KNOWN AS:  
PARCEL ID NO.

Hereinafter referred to as "LAND," together with all tenements, hereditaments, improvements and appurtenances, including any  
lighting or plumbing fixtures, shades, Venetian blinds, curtain rods, storm windows, storm doors, screens, awnings, and

now on the land, subject to any applicable building and use restrictions and to any easements affecting the land.

#### Terms of Payment

(b) That total consideration for the sale of the land to Purchaser is: .....

(\$ \_\_\_\_\_ ) dollars, of which the sum of .....

(\$ \_\_\_\_\_ ) dollars, has been paid to seller prior to the delivery hereof, the receipt of which is hereby acknowledged,  
and the additional sum of .....

(\$ \_\_\_\_\_ ) dollars, is to be paid to the Seller, with interest on any part thereof at any time unpaid at the rate of  
per cent per annum while Purchaser is not in default, and at the rate of \_\_\_\_\_ percent per annum, computed upon the balance of the  
purchase price then unpaid, during the period of any default in payment. Such additional purchase money and interest is to be paid in  
monthly installments of .....

(\$ \_\_\_\_\_ ) dollars each, or more at Purchaser's option, on the \_\_\_\_\_ day of each month, beginning \_\_\_\_\_, such  
payments to be applied first upon interest and the balance upon principal. There shall be an unanticipated late payment fee of  
(\$ \_\_\_\_\_ ) for payments not received within \_\_\_\_\_ days from the due date, this is a processing fee and not interest. All of the  
purchase money and interest shall, however, be fully paid within \_\_\_\_\_ years from the execution date hereof, anything herein to  
the contrary notwithstanding.

**Seller's Duty to Convey**

(c) To execute and deliver to Purchaser or his assigns, upon payment In full of all sums owing hereon, less the amount then owing on any unpaid mortgage or mortgages, and the surrender of the duplicate of this contract, a good and sufficient warranty deed conveying title to the land, subject to above mentioned restrictions and easements and to any then unpaid mortgage or mortgages, but free from all other encumbrances, except such as may be herein set forth or shall have accrued or attached since the date hereof through the acts or omissions of persons other than Seller or his assigns.

**Furnishing Evidence of Title**

(d) To deliver to Purchaser as evidence of title, at Seller's option, either an owner's policy of title Insurance or abstract of title covering the land, and furnished by: The effective date of the policy or Certification date of the abstract is to be approximately the date of this contract. Seller shall have the right to retain possession of such evidence of title during the life of this contract but upon demand shall lend it to Purchaser upon the pledging of a reasonable security.

**2. Purchaser Agrees:**

(a) To purchase the land and pay Seller the sum aforesaid, with interest thereon as above provided.

**Use and Maintenance of Premises**

(b) To use, maintain and occupy the land in accordance with any and all building and use restrictions applicable thereto.

(c) To keep the land in accordance with all police, sanitary or other regulations imposed by any governmental authority.

(d) To keep and maintain the land and the buildings thereon in as good condition as they are at the date hereof and not to commit waste, remove or demolish any improvements thereon, or otherwise diminish the value of Seller's security, without the written consent of Seller.

**Payment of Taxes**

*NOTE: If neither Paragraph. (f) or (g) have been completed, payment of taxes shall be governed by (e)*

(e) To pay all taxes and special assessments hereafter levied on the land before any penalty for non-payment attaches thereto, and submit receipts to Seller upon request, as evidence of payment thereof, and also at all times to keep the buildings now or hereafter on the land insured against loss or damage, in manner and to an amount approved by Seller, and to deliver the policies as issued to Seller with the premiums fully paid.

**Establishment of an Escrow**

*NOTE: if escrow is for taxes only, strike "1/12th of the estimated insurance premium" in the second line of (f)*

(f) Purchaser and Seller hereby understand and agree that the sum of N/A ..... (\$ N/A ) dollars which is approximately 1/12th of the annual property taxes and 1/12th of the estimated annual insurance premium will be placed in an escrow account by Seller each month and applied to the actual tax and insurance bill(s) as they become due. Seller reserves the right to adjust the monthly escrow amount annually in event of an increase in property taxes and or insurance premiums. This adjustment shall be made on demand of either of the parties, with notice to the other party and any deficiencies shall be paid by the purchaser upon the seller's demand.

**Estimate of Taxes and Insurance to be Added to Principal Balance on Contract**

(g) To pay monthly in addition to the monthly payment herein before stipulated, the sum of N/A ..... (\$ N/A ) dollars, which is an estimate of the monthly cost of taxes, special assessments, and insurance premiums for the land, which shall be credited by Seller on the unpaid principal balance owing on the contract. If Purchaser is not in default under the terms of this contract, Seller shall pay for the Purchaser's account the taxes, special assessments and Insurance premiums mentioned in Paragraph 2 (e) above when due and before any penalty attaches, and submit receipts therefore to Purchaser upon demand. The amounts so paid shall be added to the principal balance- of this contract. The amount of the estimated monthly payment, under this paragraph, may be adjusted from time to time so that the amount received shall be made on demand of either of the parties and any deficiencies shall be paid by Purchaser upon Seller's demand.

**Acceptance of Title and Premises**

(h) That he has examined a title insurance policy/commitment dated: an abstract of title certified to covering the land, and is satisfied with the marketability of title shown thereby. Delivery of such title policy or abstract, or an owner's title policy issued pursuant to such commitment, to Purchaser shall constitute fulfillment of Seller's agreement to furnish title evidence herein contained.

(i) Purchaser agrees to accept the subject premises in it's present condition "AS IS", and in that regard Purchaser hereby acknowledges that they have personally examined said premises and are relying solely on their personal examination and that Seller and or Broker have made no representations and will make no warrantees as to the physical condition of the premises and that there are no understandings, written or oral, between Purchaser and Seller or Purchaser and Broker concerning the premises other than those set forth in this land contract. Purchaser hereby waives any and all claims on account of any encroachments on the land or on any premises adjacent thereto.

### **Payment of Costs in the Event of Default**

(j) In the event the Seller should ever have to forfeit or foreclose this land contract, Purchasers will pay Seller's reasonable and actual attorney's fees, court costs, fees for services of process, and any other fees reasonably incurred by Seller in connection with such forfeiture or foreclosure. This covenant shall bind the parties hereto, their heirs, executors administrators and assigns.

### **3. Seller and Purchaser Mutually Agree:**

#### **Mortgage by Seller**

(a) That Seller may at any time encumber the land by mortgage to secure not more than the balance owing hereon at the time such mortgage or mortgages are executed, which mortgage or mortgages shall provide for payments of principal and/or interest not in excess of nor sooner than those provided for in this contract, and shall be a first lien upon the land superior to the rights of Purchaser therein; provided notice of the execution of such mortgage or mortgages containing the name and address of the mortgagee or his agent, the amount of such mortgage or mortgages and the rate of interest and maturity of the principal and interest shall be sent to Purchaser by certified mail promptly after execution thereof. Purchaser shall, on demand of the seller, execute any instruments that may be required for the exercise of the foregoing power. If Purchaser shall refuse to execute any such instruments demanded by Seller or to accept such certified mail, or such certified mail shall be returned unclaimed, then Seller may post such notice in two conspicuous places on the land, and make affidavit of such facts and of such posting, after which Purchaser's rights shall be subordinated to such mortgage or mortgages as herein before provided. The consent obtained, or subordination effected as herein provided, under or by virtue of the foregoing power, shall extend to any and all renewals, extensions or amendments of such mortgage or mortgages after Seller has given notice thereof to Purchaser in like manner as is herein provided for giving notice of the execution of such mortgage or mortgages, except as to amendments which would increase the mortgage amount to one in excess of that owing hereon, or provide for a rate of interest in excess of that provided or a maturity date sooner than provided herein.

#### **Encumbrances on Seller's Title**

(b) That if the title of Seller is evidenced by land contract or now or hereafter encumbered by mortgage, Seller shall meet the payments of principal and interest thereon as they mature and produce evidence thereof to Purchaser on demand. On Seller's default Purchaser may pay the same, which payments shall be credited on the sums matured or first maturing herein with interest at \_\_\_\_\_ % per annum on payments so made. If proceedings are commenced to recover possession on of the land or to enforce the payment of such contract or mortgage, because of Seller's default, Purchaser may at any time thereafter while such proceedings are pending encumber the land with mortgage securing such sums as can be obtained upon such terms as may be required and with the proceeds pay and discharge such mortgage or purchase money mortgage, and any mortgage so given shall be a first lien upon the Land superior to the rights of Seller therein. Thereafter Purchaser shall pay the principal and interest on such mortgage so given as they mature, which payments shall be credited on the sums matured or first maturing hereon. When the amount owing hereon is reduced to that owing upon such contract or mortgage or upon any mortgage executed under either of the powers contained in this contract, a conveyance shall be made in the form above provided with a covenant by the grantee to assume and pay the same.

#### **Non-Payment of Taxes and or Insurance**

(c) Purchaser agrees to pay all taxes, insurance and special assessments before any penalty for non-payment attaches thereto, and submit proof of payment to Seller upon request. Payment to be made to the taxing authority. Seller reserves the right to pay the unpaid taxes, insurance or assessments, if not paid by the Purchaser within thirty (30) days of due date. If purchaser fails to make any property tax payment prior to it becoming delinquent, the monthly payments shall be increased by the sum of 1/12th of the annual taxes for the remainder of the contract. A service charge of \$25.00 per month shall be assessed and continue until all taxes, insurance or assessments that are in arrears are paid in full, Purchaser shall be notified by mail in writing that taxes and/or insurance must be paid in full. within ten days of notice date. This provision shall be effective only if Paragraph 2 (e) applies.

#### **Disposition of Insurance Proceeds**

(d) That during the existence of this contract, any proceeds received from a hazard insurance policy covering the land shall first be used to repair the damage and restore the property, under the complete and total control and supervision of Seller, with the balance of such proceeds, if any, being distributed to Seller, and applied one hundred percent (100%) to the outstanding balance on this Land Contract, the remainder thereafter (if any) shall be apportioned to the Purchaser. Seller shall have the sole choice, at his own discretion, in choosing the adjuster in the event of an insurance claim.

(e) That, in the event of Purchaser having abandoned the subject property for a period of thirty (30) days or more and if any insurance claim shall occur during such time, the Seller shall have the right to one hundred percent (100%) of the insurance proceeds to use at his sole discretion. In such event, the Seller shall also have the exclusive right to have any insurance claims adjusted by a party of his choice.

#### **Transfer of the Property or a Beneficial Interest in the Land Contract by the Purchaser.**

(f) If all or any part of the Property or any interest in same is sold or transferred without seller's prior written consent, Seller may, at its option, require immediate payment in full of any and all sums secured by this Land Contract. If Seller exercises this option, Seller shall give Purchaser notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is delivered or mailed within which Purchaser must pay all sums secured by this Land Contract. If Purchaser fails to pay these sums prior to the expiration of this period, Seller may invoke any remedies permitted by this Land Contract without further notice or demand to Purchaser.

(g) In the event that Seller allows a transfer under the terms of 3(f), no assignment or conveyance by Purchaser shall create any liability whatsoever against Seller until a duplicate thereof duly witnessed and acknowledged, containing the residence address of the assignee, shall be delivered either personally or by certified mail to Seller and receipt therefore obtained. Purchaser's liability hereunder shall not be released or affected in any way by delivery of such assignment, or by Seller's endorsement of receipt or acceptance thereon.

### **Possession**

(h) That Purchaser shall have the right to possession of the land from and after the date hereof, unless otherwise herein provided, and be entitled to retain possession thereof only so long as there is no default on his part in carrying out the terms and conditions hereof. If the land is vacant or unimproved, Purchaser shall be deemed to be in constructive possession only, which possessory right shall cease and terminate after service of a notice of forfeiture of this contract. Erection of signs by Purchaser on vacant or unimproved property shall not constitute actual possession by him.

### **Right to Forfeit**

(i) That should Purchaser fail to perform this contract or any part thereof, Seller immediately after such default shall have the right to declare this contract forfeited and void, and retain whatever may have been paid hereon, and all improvements that may have been made upon the land, together with additions and accretions thereto, and consider and treat Purchaser as his tenant holding over without permission and may take immediate possession of the land, and Purchaser and each and every other occupant remove and put out. If service of a notice of forfeiture is relied upon by Seller to terminate rights hereunder, a notice to forfeit this contract shall have been served at least fifteen (15) days prior thereto.

### **Acceleration Clause**

(j) That if proceedings are taken to enforce this contract by equitable action, after Purchaser shall have been in default for a period of fifteen (15) days or more, the entire amount owing hereon shall be due and payable forthwith anything herein contained to the contrary notwithstanding.

(k) That time shall be deemed to be of the essence of this contract.

### **Notice to Purchaser**

(l) That any declarations, notices or papers necessary or proper to terminate, accelerate or enforce this contract shall be conclusively presumed to have been served upon Purchaser if such instrument was enclosed in an envelope with postage fully prepaid, addressed to Purchaser at the address set forth in the heading of this contract or at the latest other address which may have been specified by Purchaser and received for in writing by Seller, and such envelope was deposited in the United States government mail.

### **Transfer of Deed**

(m) At time of pay-off of this Land Contract, the Purchaser agrees to pay all costs involved with the transfer of the deed, including, but not limited to the payment of transfer tax and recording fees. Purchaser shall be responsible for the filing of said deed.

### **Availability of Future Financing**

(n) In the event that this contract calls for a lump sum payment (balloon) at the end of the term hereof, Purchaser understands and agrees that this sum may be substantial and that there have been no promises or warranties as to the availability of financing to pay said sums and that Seller is under no obligation to extend this land contract beyond its agreed upon termination date.

### **Conversion of property to rental/commercial use by Purchaser**

(o) In the event the Purchaser uses the subject property as a rental property or other commercial use, the Purchaser hereby agrees and consents to an immediate and complete assignment of rents, income and royalties to the Seller shall any default occur under this contract for a period of 15 days or more. The purchaser hereby waives any and all rights associated with the appointment of a receiver and said assignment. Further, the Purchaser agrees that any forfeiture or foreclosure action shall be deemed as one against a commercial use property and not an owner occupied residential property and further agrees that the Seller shall be granted whatever additional relief as may be available as such.

### **Dower Rights**

If the wife of Seller has dower rights to the land, she agrees, by joining in the execution of this contract, to join in executing the deed to be given in fulfillment hereof.

### **Capacity of Parties**

Any individual parties hereto represent themselves to be of full age. Any corporate parties hereto represent themselves to be existing corporations with their charters in full force and effect.

### **Interpretation of Contract**

The pronouns and relative words herein used are written in the masculine and singular. If, however, more than one person joins in the execution hereof as Seller or Purchaser, or either party be of the feminine sex or a corporation, such words shall be read as if written in plural feminine or neuter, respectively. The covenants herein shall bind their heirs, devisees, legatees, successors and assigns to the respective parties.

Signed, sealed and delivered by the parties in duplicate the day and year first above written.

**IN PRESENCE OF:**

**SIGNED AND SEALED:**

\_\_\_\_\_

\_\_\_\_\_ (L.S.)

\_\_\_\_\_

\_\_\_\_\_ (L.S.)

\_\_\_\_\_ (L.S.)

\_\_\_\_\_ (L.S.)

**Individual Acknowledgment**

STATE OF MICHIGAN        )  
  ) ss.  
COUNTY OF                    )

The forgoing instrument was acknowledged before me this        day of        ,        by:

My commission expires:

\_\_\_\_\_  
Notary Public,  
Oakland County, Michigan

**Corporate Acknowledgment**

STATE OF MICHIGAN        )  
  ) ss.  
COUNTY OF                    )

The forgoing instrument was acknowledged before me this        day of        ,:

of

a        Corporation.

My commission expires:

\_\_\_\_\_  
Notary Public,  
Oakland County, Michigan

Drafted By:

WHEN RECORDED RETURN TO:

VENDEE

**MEMORANDUM OF LAND CONTRACT**

THIS MEMORANDUM OF LAND CONTRACT entered into on this \_\_\_\_\_ day of \_\_\_\_\_, by and between:

\_\_\_\_\_, whose address is

\_\_\_\_\_, hereinafter "Seller" and

\_\_\_\_\_, whose address is

\_\_\_\_\_, hereinafter "Purchaser."

**WITNESSETH:**

WHEREAS, Purchaser and Seller have entered into a Land Contract of even date herewith, and,

WHEREAS, the parties desire to give record notice of the existence of said Land Contract.

THEREFORE, in consideration of the premises and for other good and valuable consideration Seller acknowledges and agrees that they have sold to Purchaser on Land Contract the following described premises situated in the \_\_\_\_\_ of \_\_\_\_\_, County of \_\_\_\_\_, and State of Michigan, described as:

COMMONLY KNOWN AS:  
PARCEL ID NO.:

TO WITNESS WHEREOF, the parties hereto have executed this Memorandum of Land Contract and have caused their hands and seals to be affixed hereto the day and year first above written.

*Witnessed by:*

*Signed by:*

\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

STATE OF MICHIGAN     )  
                                  ) ss.  
COUNTY OF             )

The foregoing instrument was acknowledged before me this  
by:

\_\_\_\_\_ day of \_\_\_\_\_,

My Comission Expires:

\_\_\_\_\_  
Notary Public,  
County, Michigan

Drafted by:  
Business Address:

After recording return to: PURCHASER