

LAND CONTRACT

This Contract (the "Contract") is made on the _____ day of _____, 20____, between _____ (Seller) whose address is _____, and _____ (Purchaser) whose address is _____,

on the following terms and conditions:

1. **Description.** Seller agrees to sell and convey to Purchaser land in **City/Village/Township** (circle one) of _____, _____ County, Michigan, with a street address of _____, _____, and legally described as _____,

[ATTACH COMPLETE LEGAL DESCRIPTION –not a tax description]

Tax ID No.

together with all available sub surface and mineral rights, all fixtures, improvements, appurtenances, tenements, hereditaments, and including _____

now in or on the property (the "Premises"), but subject to easements and restrictions of record and zoning laws and ordinances affecting the premises.

Seller's Initial(s) _____ Purchaser's Initial(s) _____

2. **Price and terms.** Purchaser agrees to pay to Seller the sum of _____
_____ [sales price] and ____/100 Dollars (\$ _____), together with interest, as follows:

The sum of \$ _____ [down payment] on execution of this Agreement, receipt of which Seller acknowledges, and the remaining principal balance of the purchase price, being \$ _____ [principal balance] plus interest at the rate of ____% [interest rate] until paid, in _____ [number of] installments as follows:

The sum of \$ _____, [monthly payment] on the _____ [due date] day of each month thereafter until the purchase price and interest are fully paid, provided that the purchase price and all interest will be fully paid on or before _____.

Any monthly installment not paid within _____ [number of] days as required hereunder, shall be charged a **late fee** of \$ _____. This is a service charge and is **not** interest. Purchaser further agrees and understands that assessment of the late fee does not constitute an election under the contract and that the Seller may pursue any other remedies available in law or equity.

Purchaser may prepay the balance in full, or in part, at any time without penalty.

All payments of principal and interest will be made to Seller at the address set forth above unless the Seller provides a different address.

3. **Conveyance.** Upon receiving payment in full of all sums owing herein, less the amount then due on any existing mortgage(s) and less State and County transfer tax to be paid at recording, Seller shall execute and deliver to the Purchaser or Purchaser's assigns, a good and sufficient warranty deed conveying title to said land, subject to aforesaid restrictions and easements and subject to any then existing mortgage(s), and free from all other encumbrances, except such as may be set forth here, and except such encumbrances as shall have accrued or attached since the date of this Land Contract through the acts or omissions of persons other than the Seller or his assigns.

4. **Possession.** Purchaser shall have the right to possession of the premises from and after the date of this contract, unless otherwise herein provided, and be entitled to retain possession only so long as there is no default on his part in carrying out the terms and conditions of this contract. In the event the premises are vacant or unimproved, the 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.

Purchaser agrees to use, maintain and occupy said premises in accordance with any and all restrictions thereon and also to keep the premises in accordance with all police, sanitary and other regulations imposed by any governmental authority.

5. **Waste.** Purchaser shall at all times maintain the Premises in the same condition it was in on the date of possession, reasonable wear and tear excepted, and Purchaser shall not commit or suffer any other person to commit waste or, without the consent of Seller in writing, remove, change, or demolish the improvements on the Premises in a way that may diminish Seller's security.

Seller's Initial(s) _____ Purchaser's Initial(s) _____

6. **Taxes and Assessments.** Purchaser shall pay all taxes and special assessments on the Premises that become due and payable after the date of possession and before they become subject to penalties. The Seller shall promptly furnish to the Purchaser all amounts due under this Section and subject to the Seller's approval, the Purchaser shall either (**select one**):

- a. [] Pay all taxes and special assessments as they become due and provide evidence of the payment to Seller on demand, or
- b. [] Pay the Seller one-twelfth (1/12) of the taxes and special assessments with Purchaser's monthly installment as required hereunder.

If the Purchaser is obligated to pay the taxes and special assessment direct, as set forth in Section 6(a), and fails to pay the taxes and special assessments, the Seller may exercise its rights under Section 9 and pay any such amount then due and the Purchaser shall then be obligated to the Seller for the full amount paid by the Seller. The Seller may then revoke any rights the Purchaser may have had under Section 6(a), and require payment as set forth in Section 6(b).

[] **Other Tax Provisions Attached**

7. **Insurance.** Purchaser agrees to keep all structures now or later on the premises insured against "all risk" property loss or damage in an amount approved by Seller, and to deliver the insurance policies to Seller with evidence that the premium is fully paid. Purchaser shall name Seller and all parties having an interest in the premises as additional insureds as their interest may appear. Seller may not require insurance in an amount greater than the maximum insurable value of the structures on the premises as established by an insurance underwriter.

8. **Insurance Proceeds.** If there is loss or damage resulting in insurance payments under a policy described in Section 7, Purchaser may, within 60 days of that loss or damage, notify Seller in writing that Purchaser elects to repair or rebuild the damaged portions of the premises. The insurance proceeds shall then be used for that purpose. Any proceeds which remain after the repairing or rebuilding (or all of the insurance proceeds if Purchaser elects not to repair or rebuild) shall be used first to cure any existing defaults, and then as a prepayment on the principal balance. Such a prepayment shall not defer the due date of any remaining payments required by this contract. Any insurance proceeds that exceed the Land Contract balance shall be paid to Purchaser.

9. **Insurance or tax default.** If Purchaser fails to obtain, maintain, or deliver the insurance policies or to pay taxes or special assessments payable by Purchaser, Seller may

- a. pay the insurance premiums, taxes, or special assessments and add them to the unpaid balance on the Contract;
- b. pay the insurance premiums, taxes, or special assessments and treat Purchaser's failure to pay them as a default; or
- c. not pay the insurance premiums, taxes, or special assessments and treat Purchaser's failure to pay them as a default.

Seller's Initial(s) _____ Purchaser's Initial(s) _____

10. **Seller's right to mortgage.** Seller's right to place a mortgage on the Premises, or to renew or amend any existing mortgage, is subject to the following limitations:

- a. The aggregate amount due on all outstanding mortgages shall not, at any time, be greater than the unpaid principal of this Contract.
- b. The aggregate payments of principal and interest required in any one year under the new or renewal mortgage shall not exceed those required under this Contract.
- c. The mortgage or mortgages shall not be amended to extend the term beyond the length of this Contract.
- d. Seller shall give to Purchaser written notice of the execution of any mortgage or renewal, containing the name and address of the mortgagee, the amount and rate of interest on the mortgage, the due date of payments, and the date of maturity of the principal.
- e. Seller covenants to meet the payments of principal and interest as they mature on any mortgage now or later placed on the Premises and to produce evidence of payment to Purchaser on demand.
- f. If Seller defaults on any mortgage, Purchaser has the right to do the acts or to make the payments necessary to cure the default and to be reimbursed by receiving credit to apply on the payments due or to become due on this Contract.
- g. Mortgage shall be first lien on the land superior to the rights of the Purchaser. Purchaser will, on demand, execute any instruments demanded by the seller, necessary to subordinate the rights of the Purchaser to the lien of any such mortgage(s).

When the Contract payments have reduced the amount due to the amount of the mortgage indebtedness, Purchaser is entitled to demand and to receive the deed specified in this Contract, subject to the mortgage indebtedness Purchaser assumes and agrees to pay. However, if the mortgage by its terms prohibits assumption, Purchaser does not have this right.

11. **Enforcement on default.** If Purchaser fails to perform any of the covenants or conditions in the Contract on or before the date on which the performance is required, Seller may:

- a. give Purchaser a written notice specifying the default that has occurred and inform Purchaser that if the default continues for 45 days after service of the notice, Seller will without further notice declare the entire balance due and payable and foreclose the Contract according to the statutes of the State of Michigan, or;
- b. not declare the entire balance due and payable and proceed according to the statutes of the State of Michigan, including but not limited to the right of Seller to declare a forfeiture in consequence of the nonpayment of any money required to be paid under the Contract or any other breach of the Contract, but if Seller elects to proceed under this subparagraph, Seller shall give Purchaser a written notice of forfeiture specifying the default that has occurred and shall give Purchaser 15 days after service of notice of forfeiture to cure the default.

Seller's Initial(s) _____ Purchaser's Initial(s) _____

12. **Assignment.** Either party [___] **may or** [___] **may not** assign, sell, or convey an interest in this Contract. If permitted to assign, sell, or convey an interest in this Contract, the conveying party shall immediately give written notice to the other party of the action; the notice shall give the name and address of the new party.

Purchaser must obtain Seller's prior written consent if all or any part of the property or any interest in it is sold or transferred. Consent to such an assignment shall not be unreasonably withheld by Seller. If Seller's prior written consent is not obtained, Seller may require immediate payment in full of all sums secured by this Land Contract, except where prohibited by federal law as of the date of 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 on Purchaser.

No assignment, sale, or conveyance shall release Purchaser from obligations under the provisions of this Contract unless Seller releases Purchaser in writing.

13. **Purchaser's acceptance title / premises.** Purchaser has reviewed a commitment for title insurance covering the Premises, **dated** _____, **provided by** _____ [name of title insurance agency], **commitment number** _____ and agrees to accept as marketable the title now disclosed except _____.

Purchaser has examined the above described premises and is satisfied with the physical condition of any structure thereon.

14. **Service of notices.** All notices or demands are sufficient when served:

- a. by personal service on the party or a member of the party's family or an employee of the party of suitable age and discretion with a request that the notice or demand be personally delivered to the party; or
- b. by depositing the notice or demand with the U.S. Postal Service with postage fully prepaid by first-class mail, addressed to the party at the party's last known address.

15. **Future Financing.** No representations have been made by the parties hereto and/or real estate broker(s) as to the future availability of alternative financing which might be required by the Purchaser(s) to fully pay the obligation then owing on said contract.

16. **Contract Extension.** Seller is under no obligation to extend this contract beyond agreed upon termination or to refinance the principal balance beyond said termination date.

It is mutually understood that the monthly installment payments specified in the contract are are not (choose one) sufficient to fully pay the obligation owing within the term of the Land Contract. If insufficient, there will be a lump sum payment due Seller upon completion of the term.

Seller's Initial(s) _____ Purchaser's Initial(s) _____

17. **Time of essence.** It is understood and agreed that time is deemed of the essence of this Contract. Failure of Seller to exercise any right on default of Purchaser shall not constitute a waiver of any rights and shall not prevent Seller from exercising any of its rights on subsequent default.

18. **Binding effect.** The covenants and agreements of this Contract shall bind the heirs, assigns, and successors of the respective parties.

19. **Effective date.** The parties have signed this Contract in duplicate, and it is effective as of the above date.

Seller's Initial(s) _____ Purchaser's Initial(s) _____

[ADDITIONAL CLAUSES]

20. **Limitations of Use.** Purchaser is prohibited or has limited use on property as described below until title is conveyed: _____
_____.

21. **Existing Mortgage.** Purchaser is aware that the property is presently encumbered by a mortgage held by _____.

22. **Existing Land Contract.** Purchaser is aware that this is a second Land Contract sale; Seller being first Land Contract purchaser from _____. Seller covenants and agrees to meet all obligations of that contract as they mature and to produce evidence that the obligation was met to Purchaser on demand. If Seller defaults on any prior Land Contract obligations, Purchaser may cure the default, and any payments by Purchaser shall be credited on the sums first due on this Contract.

Whenever the sum due and owing on this Contract is reduced to the amount owing on the prior Land Contract by which Seller is purchasing the Premises, and if Purchaser is not in default, Purchaser is entitled to demand and receive an assignment of Seller's right, title, and interest in and to the prior Land Contract, provided that Purchaser assumes and pays the prior Land Contract and provided further that the prior Land Contract does not prohibit assignment.

23. **Association.** Purchaser is aware that there is a Condominium or Homeowner's Association and agrees to comply with said Association's By-Laws, including but not limited to membership, voting rights, restrictions and payment of dues, assessments or fees.

24. **Land Divisions.** This property may be located within the vicinity of farmland or a farm operation. Generally accepted agricultural and management practices which may generate noise, dust, odors, and other associated conditions may be used and are protected by Michigan Right to Farm Act. The grantor grants the grantee the right to make _____ division(s) under Section 108 of the Land Division Act, Act No. 288 of the Public Acts of 1967.

25. **Private Road.** The subject property abuts a private road which is not maintained by the County Road Commission, notice of which is contained in a separate document attached and labeled "Notice as to Existence of Private Road".

[SIGNATURE PAGE TO FOLLOW]

Seller's Initial(s) _____ Purchaser's Initial(s) _____

SELLER

Dated: _____

Name:

Name:

STATE OF MICHIGAN)
_____ COUNTY)

Acknowledged before me on the _____ day of _____, 20____ by _____
_____.

Notary public, State of Michigan,
County of _____
My commission expires _____
Acting in the County of _____

PURCHASER

Dated: _____

Name:

Name:

STATE OF MICHIGAN)
_____ COUNTY)

Acknowledged before me on the _____ day of _____, 20____ by _____
_____.

Notary public, State of Michigan,
County of _____
My commission expires _____
Acting in the County of _____

Drafted By:

Return To:

Seller's Initial(s) _____ Purchaser's Initial(s) _____