

## RESIDENTIAL LAND CONTRACT

The undersigned Purchasers and Sellers mutually understand and agree that any initialed clauses below are to be incorporated into and become a part of the Purchase Agreement dated \_\_\_\_\_ for the property described as:

\_\_\_\_\_. Also, known as:

\_\_\_\_\_. Down Payment of the sum of \$ \_\_\_\_\_ in cash or certified check, and execution of a land contract in the amount of \$ \_\_\_\_\_ and calling for the payment for the remainder of the purchase money within \_\_\_\_\_ months from the date in monthly payments of not less than \$ \_\_\_\_\_ each which include interest payments at the rate of \_\_\_\_\_ % per annum.

This Residential Land Contract contains certain optional clauses that are identified with a checkbox (☐). These clauses are designed to allow the parties to tailor the agreement to their specific needs and preferences.

### PLEASE READ CAREFULLY:

Only those clauses with a checked box (☒) shall be deemed incorporated into and enforceable under this Contract.

Any clause left unchecked (☐) shall be deemed intentionally excluded and not part of this Contract.

By signing this Contract, the parties acknowledge and agree that they have had the opportunity to review each optional clause and either accept or decline its inclusion.

Each party is encouraged to consult with legal counsel prior to executing this Contract to ensure a clear understanding of their rights and obligations.

### Real Estate Taxes

1. ☐ Purchaser agrees to pay all taxes and special assessments before any penalty for non-payment attaches thereto, and submit proof of payment of Seller upon request. Payment to be made to the taxing authority.

- OR -

2. ☐ Purchaser agrees to pay an additional monthly amount of \$ \_\_\_\_\_ which is an estimate of 1/12 of the annual cost of taxes and special assessments, which shall be credited by the Seller to the principal balance. Seller shall pay said taxes and assessments before any penalty attaches and add amounts so paid to the principal balance of the Contract. This amount may be adjusted periodically to approximate the total sum required annually for taxes and assessments.

- OR -

3. ☐ When Seller's property is encumbered by a mortgage and the Seller's mortgage payment includes taxes, Seller agrees to pay all taxes and assessments when due and before any penalty for non-payment attaches thereto. Seller will deliver proof of payment to Purchaser for each tax and assessment so paid. Purchaser agrees to reimburse Seller for each item so paid on before 15 days after receipt of proof of such payment.

## Insurance

4. ☐ Insurance will be paid in accordance with the method outlined in paragraph 1, 2, or 3 above (circle one). (If paragraph 2 is selected, the monthly amount is \$ \_\_\_\_\_).

## First Payment Due and Tax Proration

5. ☐ Purchaser's first monthly payment is due 30 days from the date of closing. Interest will begin to run from the closing date. If Seller occupies the property after closing, he/she/they will pay use and occupancy in accordance with paragraph 2 of the Purchase Agreement. In addition, if payments are to be due on the first of the month, place an "X" here \_\_\_\_\_. In this case, Purchaser will pay interest at closing for the period from the closing date to the first of the following month and the first payment will be due 30 days later

## Other

6. ☐ Purchaser is to supply, at his expense, to Seller a current credit report and financial statement not later than \_\_\_\_\_. If said information is not satisfactory to Seller or is not delivered as agreed, Seller may, within 5 days of receipt of the information, declare this sale null and void and all deposit monies will be returned.
7. ☐ In the event payments are not received within 15 days from due date, a late fee of \$ \_\_\_\_\_ per payment shall be assessed. 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. (Note: this paragraph, when applicable, is to be copied verbatim in the Additional Conditions of the Land Contract document.)
8. ☐ Seller will provide evidence of title prior to closing, but will not be required to update evidence of title when Contract is paid in full and deed issued. Deed to be placed in escrow with \_\_\_\_\_ until Contract is paid in full. Purchaser agrees to pay the Escrow fee.
9. **If there is an underlying mortgage on this property, the financial institution must be contacted by the Seller prior to closing to determine if the institution has any special provisions or requirements if the property is sold on a Land Contract.**
10. ☐ It is agreed that the Purchaser at any time during the term of this Land Contract has the right to assume, with lender's permission, and pay Seller's present mortgage on the property, which is held by \_\_\_\_\_ and which has a present unpaid balance of \$ \_\_\_\_\_, requiring present monthly payments of \$ \_\_\_\_\_ at \_\_\_\_\_ percent per annum. Such monthly payments ☐ DO ☐ DO NOT (CHECK ONE) include prepaid taxes and insurance. If Seller has any accumulated funds held in escrow for the payment of any prepaid items, the Purchaser will reimburse Seller upon proper assignment of same. Seller further agrees to make only the monthly payments required by the above lender, but no additional payments during the term of the Land Contract. Seller further agrees to terminate their present credit life insurance, if applicable, on said mortgage as of the date of closing and shall not obtain additional credit life insurance for said mortgage during the life of the Land Contract. (Note: this paragraph, when applicable, is to be copied verbatim in the Additional Conditions of the Land Contract document.) Purchaser is advised to verify unpaid balance and condition of loan annually.
11. ☐ It is mutually understood that the monthly installment payments specified in said Contract are insufficient to fully pay the obligation owing within the term of said contract; and that there will be a lump sum payment due Seller upon completion of said term.

12. No representations, oral or otherwise, 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 to fully pay the obligation then owing on said Contract.
13. ☐ Seller is under no obligation to extend this Contract beyond the agreed upon termination or to refinance the principal balance beyond said termination date.
14. Purchaser has been advised that a survey should be obtained and has ( ☐ ordered a survey ☐ decided not to have a survey) (CHECK APPLICABLE CHOICE). If survey is ordered, it will be a ( ☐ mortgage type ☐ stake type) CHECK APPLICABLE CHOICE; at Purchaser's cost, paid in advance.

This Contract contains multiple optional provisions identified by checkboxes. We affirm that we have reviewed each clause presented, and have either: Checked the box (☒) to incorporate the clause into this Contract; or Left the box unchecked (☐) to indicate that the clause does not apply and shall not be part of this Contract. We understand the content and legal effect of each clause, and agree that only those provisions expressly selected shall be binding.

ADDITIONAL CONDITIONS:

\_\_\_\_\_  
Witness:

\_\_\_\_\_  
Purchaser: Date

\_\_\_\_\_  
Purchaser: Date

\_\_\_\_\_  
Witness:

\_\_\_\_\_  
Seller: Date

\_\_\_\_\_  
Seller: Date

**Disclaimer:** This form is provided as a service of the Dearborn Area Board of REALTORS® (DABOR). Users are responsible for reviewing the form and the specific details of each transaction to determine whether its use is appropriate. DABOR assumes no responsibility for the use or misuse of this form, for any misrepresentation arising from its use, or for any express or implied warranties related to the transaction.