

# Land Contract

**This Contract**, made this \_\_\_\_\_ day of \_\_\_\_\_, A.D. 20\_\_\_\_\_, by and between the following Parties:

The Seller: \_\_\_\_\_,

The Buyer: \_\_\_\_\_,

whose mailing address is: \_\_\_\_\_.

**Witnesseth**, that in consideration of the mutual Covenants to be performed between the respective Parties hereto as hereinafter expressed, it is agreed between the Parties hereto as follows:

1. Seller hereby sells and agrees to convey unto Buyer all of Seller's right, title and interest in that certain piece or parcel of land situated in \_\_\_\_\_ township, \_\_\_\_\_ county, Michigan, and described as follows, to-wit:

together with any and all improvements and appurtenances on the land, hereinafter collectively referred to as "Land," and subject to all recorded easements, conditions, encumbrances and limitations affecting the Land, and further subject to the following conditions: Seller reserves all oil and gas mineral rights.

2. Buyer hereby purchases Land of Seller and agrees to duly pay Seller therefor the sum of \$\_\_\_\_\_ in the manner following:

\$\_\_\_\_\_ on delivery of this Contract, the receipt whereof is hereby confessed and acknowledged by Seller, and the remaining principal balance of \$\_\_\_\_\_, the Sum which is secured by this Contract, together with interest on the whole sum that shall be from time to time unpaid, at the rate of \_\_\_\_\_ percent per annum, payable as follows:

The base monthly installment payment (BMIP) required to pay off the principal balance within \_\_\_\_\_ years, is \$\_\_\_\_\_. Property taxes for the prior year totaled \$\_\_\_\_\_ which, divided by twelve months, is \$\_\_\_\_\_. Buyer shall pay a combined monthly installment payment (CMIP) of \$\_\_\_\_\_, or more, per month, over the remaining term of this Contract, to be applied in the following manner:

- a) Each payment shall first be applied toward accrued interest. Interest shall accrue, at the rate stated above, beginning with the date of last payment, and ending with the current payment. In between those dates, if any transaction resulting in a debit or credit is made to the principal balance for any purpose (examples: property taxes, assessments, penalties, administrative charges), then interest shall first be calculated to the date of the transaction; after posting the transaction, then interest shall be calculated forward based on the new principal balance.
- b) The remaining balance, if any, shall go first toward property taxes in the above-stated amount, and then be deducted from the principal balance. If the remaining balance is less than zero, then the deficiency shall be added to the principal balance.

First payment shall be due and payable on the \_\_\_\_\_ day of \_\_\_\_\_, A.D. 20\_\_\_\_\_, and a like sum or more, due and payable on the \_\_\_\_\_ day of each month thereafter until the entire sum of principal is paid in full. It is intended that this term should not exceed \_\_\_\_\_ years from the Date hereof. Buyer may pay larger installments than above provided, and pay the whole, or any part of the principal balance remaining unpaid at any time before the same becomes due and payable. The effective date of payment shall be determined according to either a) actual date of hand-delivery, b) postmark, or c) date of the paying instrument, whichever is later. Any of Buyer's checks which are returned unpaid may be assessed a penalty of \$100.00.

3. While this Contract is in effect, Buyer shall promptly pay when due, all taxes and assessments of every nature which shall become a lien on Premises after the Date hereof. The current year's taxes shall be prorated, and treated as though paid in arrears. All tax bills and assessments shall be sent to Seller. The monthly payment (CMIP) includes approximate annual property taxes, divided by twelve months. If the actual property taxes are more or less than the amount paid for the year, then the difference shall be applied to the principal balance effective the first day of the following year.

4. This Contract shall be executed in duplicate, and Buyer's original shall be Buyer's evidence of Contract. Buyer shall not record, or cause to be recorded within any public record, this Contract or any notice thereof, until and unless Buyer has reduced the principal balance to at least fifty-percent of the original purchase price. Violation of this condition shall give Seller cause to declare Buyer in default. If Buyer's equity in this Contract is, or becomes more than fifty-percent of the whole sum due, then Buyer may, at Buyer's option and expense, request or cause that a memorandum of land contract be recorded with the county's Register of Deeds, and that bills for taxes and other assessments be sent directly to Buyer. If Buyer exercises this option, then Buyer may reduce the required monthly payment (CMIP) back to the above-stated sum before taxes were combined (BMIP), provided Buyer sends Seller timely proof each year that taxes have been paid. Once Buyer has exercised this option, then Buyer's subsequent failure to promptly pay taxes, or send Seller proofs shall give Seller cause to declare Buyer in fault. Seller reserves the right to pay any taxes or assessments, and to bill Buyer for full reimbursement including cost of billing, or add such sums to the principal balance owing, to bear interest in the manner and rate specified in paragraph two.

5. If Buyer fails to perform any of the Covenants or Conditions contained herein for a period of thirty days after the date on which such performance is required, Seller may give Buyer written notice specifying the fault which has occurred and inform Buyer that if fault continues for a period of thirty days after service of notice then Buyer will be in default. Upon Buyer's default, Buyer hereby authorizes Seller to immediately:

a) Declare the whole principal balance immediately due, and payable within ten days from service of notice of such declaration, notwithstanding that the Term specified in paragraph two for full payment of the whole sum may not then have expired. If Buyer then fails to timely satisfy this accelerated demand, then Seller may, at Seller's option, declare this Contract to be a rental agreement wherein Seller becomes Lessor, and Buyer becomes Lessee and holdover tenant; Land and all payments made on this Contract shall be forfeited to Lessor as rental for the use of Land and as stipulated damages for failure to perform; Lessor shall be entitled to immediate peaceable possession of Land without further notice, and may remove Lessee and all persons claiming thereunder; All personal property left behind shall become property of Seller, and Buyer shall be liable for the reasonable cost of any damage, and cleanup of any trash left behind. Buyer hereby appoints Seller as Buyer's Accommodation Party, and authorizes Accommodation Party to execute on Buyer's behalf any documents the Accommodation Party deems necessary to lawfully secure, restore and return title and physical possession of Land to Seller and, if necessary, hire people at Buyer's expense to clean up trash and/or make repairs. Buyer expressly consents in advance to this Default Procedure, and hereby waives all rights of homestead and statutory forfeiture until and unless this Contract has been satisfied in-full.

b) Take any other action authorized by law to secure, restore and return title and physical possession of Land to Seller.

Buyer shall pay Seller's reasonable attorney fees. Failure of Seller to exercise his Rights under this Contract shall not be deemed as a waiver by Seller to exercise such Rights at any time.

6. All written notices permitted or required by this Contract to be given to the Parties hereto shall be at their respective mailing locations listed hereinabove; be by First Class mail of the united States of America; identify this Contract by Date, Parties, and Description. Either Party may change such Location by giving written notice to the other Party specifying the new location.

7. All buildings, trees or other improvements now on Land, or hereafter made or placed thereon, shall be considered a part of the Land, and shall be security for the performance of this Contract and may not be removed therefrom, except as may be necessary to improve Land by constructing a driveway or building site. Buyer shall not commit, or suffer any other person to commit any waste or damage to Land and shall keep Land in its new and/or improved condition. Buyer shall, during the continuance of this Contract, keep insured against loss by fire and windstorm, any buildings on Land in the name of Seller, for such amount as Seller is due on this Contract, and forthwith deposit all policies of insurance with Seller, with loss, if any, payable to Seller. Should Buyer fail to keep said buildings insured, Seller may pay the same and have the buildings insured and the amounts thus expended shall be treated in the same manner as with unpaid taxes, as described in paragraph three above.

8. If Buyer shall, in the time and manner above specified, make all the payments as herein provided; observe and perform all Conditions and Agreements herein made, Seller shall thereupon, by good and sufficient warranty deed, convey the Land to Buyer on the Conditions herein Agreed, subject to reservations and/or restrictions of record, provided, however, that the Deed shall be limited so as to except acts or negligence of parties other than Seller subsequent to the Date of this Contract. Except for costs resulting from acts, negligence, or death of Seller, all cost of evidence of title, survey, recording fees, transfer tax and revenue stamps shall be the obligation of Buyer.

9. Possession of Land may be taken by Buyer on date of closing and retained for so long as no default is made by Buyer in any Terms or Conditions hereof. Buyer accepts Land "as-is", and agrees that no verbal promises have been made which do not appear in writing. Buyer assumes full responsibility as to suitability of Land for any particular purpose. Purchase and sale are further subject to the terms and conditions of the Purchase Agreement, if any, by and between the Parties hereto.

10. Buyer may assign and convey his interest in this Contract or any part thereof provided, however, that such act shall not result in the probability of waste or other impairment of Seller's security in Land or default on behalf of Buyer. Under no circumstances shall any assignment or conveyance release Buyer from his obligations under this Contract unless Seller releases him in writing. No assignment or conveyance, however, shall be valid until written notice thereof has been given to Seller.

11. Seller reserves the right to convey his interest in Land, and/or this Contract. Seller may, during the lifetime of this Contract, place, continue and renew a mortgage on the Land, which shall be a lien superior to the rights of Buyer, provided that no mortgage shall be scheduled to be paid in full on a date later than this Contract is scheduled to be satisfied, and Seller may not owe more on the Land than Buyer owes Seller. Priority of lien for same shall be secured by giving written notice to Buyer within thirty days of the execution of all such new mortgages and renewals containing the name and address of the mortgagee, the rate of interest of such mortgage, the amount and due date of payments and maturity of principal.

12. If more than one joins in the execution hereof as Seller or Buyer, or either be of the feminine sex, or a corporation, the pronouns and relative words herein used shall be read as if written in plural, feminine or neuter respectively. If any provision is deemed to be unlawful or unenforceable, that shall not affect the validity and enforceability of the remaining provisions. It is understood and agreed by the Parties hereto that time shall be deemed of the very essence, and all Stipulations and Agreements herein contained shall apply to and bind the heirs, executors, administrators, successors and assigns of the Parties hereto.

In Witness Whereof, the Parties hereto have hereunto set their Hands and Seals, effective the Day and Year first above written.

Witnesses:

**Seller:**

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Witnesses:

**Buyer:**

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