



**LAND CONTRACT ADDENDUM**  
To be used in conjunction with the Residential Real Estate Purchase Agreement

This Addendum is made part of the Residential Real Estate Purchase Agreement dated \_\_\_\_\_, 20\_\_\_\_, between \_\_\_\_\_ as Seller(s) and \_\_\_\_\_ as Purchaser(s) for the property located at \_\_\_\_\_, \_\_\_\_\_ (Address), \_\_\_\_\_ (County) MI \_\_\_\_\_ (Zip Code).

This Agreement and Purchaser’s obligation to purchase the Property are conditioned upon Seller’s granting and executing a Land Contract, in a form complying with Michigan code and containing the following terms:

1. **AMOUNT.** The Land Contract will be in the amount of \$\_\_\_\_\_.
2. **INTEREST.** The rate of interest on the Land Contract will be \_\_\_\_\_% per annum computed and payable monthly on the unpaid balance. In the event of default, the rate of interest will be increased by two percent (2%) per annum.
3. **PAYMENTS.** The monthly payment will be \$\_\_\_\_\_ calculated on a loan amortization of \_\_\_\_\_ years with the total balance of the Land Contract to be paid on or before \_\_\_\_\_, 20\_\_\_\_. The Land Contract may be prepaid in whole or in part at anytime without penalty.
4. **TAXES.** Purchaser shall pay all real estate taxes and assessments as follows (check one):
  - Purchaser shall pay all real estate tax bills before the taxes become delinquent, and no later than thirty (30) days after the due date for each tax payment . Purchaser will provide Purchaser with evidence that the real estate taxes have been paid.
  - Purchaser shall pay to Seller with each Land Contract payment one-twelfth (1/12) of the estimated taxes. Such tax escrow shall be adjusted annually. Seller will provide Purchaser with evidence that the real estate taxes have been paid.
5. **INSURANCE.** Purchaser shall pay insurance as follows (check one):
  - Purchaser will provide Seller with a copy of a hazard insurance policy or a certificate thereof showing that such policy provides fire and extended coverage in an amount not less than the Land Contract principal balance and naming both Seller and Purchaser as named insured.
  - Seller will provide hazard insurance providing fire and extended coverage in an amount determined by purchaser but not less than the Land Contract principal balance and Purchaser shall pay to Seller with each Land Contract payment one twelfth (1/12) of the annual premium therefore and naming both Seller and Purchaser as named insured. Such insurance escrow shall be adjusted annually.

Purchaser’s Initials \_\_\_\_\_

Seller’s Initials \_\_\_\_\_





- 6. **CREDIT.** Purchaser hereby authorizes Seller or Seller’s agent to fully investigate the credit of Purchaser for purpose of analyzing the credit risk of the Land Contract. Purchaser shall provide Seller a current credit report to assist in such investigation. Seller’s obligations under the Agreement are subject to Seller approving the credit of the Purchaser.
- 7. **SELLER’S MORTGAGE.** If there is an underlying mortgage on the Property which will not be paid off prior to Closing, the following paragraph shall be a part of this Addendum:
  - A. Seller represents that there is an existing first mortgage on the Property having an unpaid balance of \_\_\_\_\_ as of the time of Acceptance of this Agreement. Seller agrees to promptly pay all mortgage payments as they become due and to prevent such mortgage from becoming in default. Seller will provide to purchase at least annually, evidence that all payments have been made and that the underlying mortgage is not in default. Seller represents that there are no other mortgages on the Property and agrees that during the term of the Land Contract, Seller will not grant additional mortgages or will not refinance or otherwise increase the amount of the underlying mortgage without Purchaser’s consent. Purchaser understands that the existence of a Land Contract may constitute a default under any due on sale clause contained in the underlying mortgage. Seller and Purchaser therefore agree to do one of the following (check one):

- The prior consent of the mortgagee shall not be a condition of this Agreement. In the event the mortgagee declares a default under the mortgage by reason of such Land Contract and accelerates payment of the mortgage loan. Purchaser will be fully responsible to pay off the mortgage loan in full or pay the costs (such as increased interest rate) to obtain the mortgagee’s waiver of the default under the mortgage and the mortgagee’s consent to the Land Contract.
- The parties will endeavor to obtain the consent of the mortgagee within \_\_\_\_\_ days of Acceptance this Agreement. The consent of the mortgagee shall be a condition to both Seller’s and Purchaser’s obligation under this Agreement.

**DATE OF OFFER: \_\_\_\_\_, 20\_\_\_\_. Purchaser(s) and Seller(s) acknowledge receipt of a copy of this Addendum.**

*Purchaser Signature:* \_\_\_\_\_ *Date:* \_\_\_\_\_

*Purchaser Signature:* \_\_\_\_\_ *Date:* \_\_\_\_\_

*Seller’s Signature:* \_\_\_\_\_ *Date:* \_\_\_\_\_  
(Marital Status)

*Seller’s Signature:* \_\_\_\_\_ *Date:* \_\_\_\_\_  
(Marital Status)