

ADDENDUM TO LAND CONTRACT PURCHASE AGREEMENT

Detroit Association of REALTORS®

THE UNDERSIGNED PURCHASERS AND SELLERS MUTUALLY AGREE THAT ANY INITIALED CLAUSES BELOW ARE TO BE INCORPORATED INTO AND BECOME PART OF THE PURCHASE AGREEMENT DATED _____ FOR THE PROPERTY DESCRIBED AS: _____

ALSO KNOWN AS: _____

ALL PARTIES WILL INITIAL ANY CLAUSE WHICH IS PART OF THIS SALE OR WRITE DNA (DOES NOT APPLY) IN ANY CLAUSE THAT DOES NOT APPLY.

INITIALS

1. _____ LAND CONTRACT PRINCIPAL AND INTEREST PAYMENT \$ _____

REAL ESTATE TAXES

2. _____ PURCHASER AGREES TO PAY ALL TAXES 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.

OR

3. _____ PURCHASER AGREES TO PAY AN ADDITIONAL MONTHLY AMOUNT OF \$ _____ WHICH IS AN ESTIMATE OF 1/12th 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 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

4. _____ WHEN SELLERS 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 OR BEFORE 15 DAYS AFTER RECEIPT OF PROOF OF SUCH PAYMENT.

INSURANCE

5. _____ INSURANCE WILL BE PAID IN ACCORDANCE WITH THE METHOD OUTLINED IN PARAGRAPH 2, 3, OR 4 ABOVE (CHECK ONE) (IF PARAGRAPH 3 IS SELECTED, THE MONTHLY AMOUNT IS \$ _____).

OCCUPANCY

6. _____ NO ESCROW WILL BE HELD FOR OCCUPANCY BY THE SELLER AFTER CLOSING. INTEREST WILL BEGIN TO ACCRUE FROM THE DATE THE PROPERTY IS VACATED AND KEYS SURRENDERED TO BROKER. FIRST PAYMENT WILL BE DUE 30 DAYS _____ THEREAFTER AND WILL BE DUE ON THAT DAY OF THE MONTH EACH MONTH THEREAFTER. ALL PRORATED ITEMS WILL BE ADJUSTED AS OF THE DATE OF CLOSING PER PURCHASE AGREEMENT.

CREDIT REPORT

7. _____ PURCHASER IS TO SUPPLY, AT HIS EXPENSE, TO SELLER A CURRENT CREDIT REPORT, EMPLOYMENT LETTER(S) AND FINANCIAL STATEMENT NOT LATER THAN _____ IF SAID INFORMATION DOES NOT DEMONSTRATE CREDIT _____ WORTHINESS SATISFACTORY TO SELLER OR IS NOT DELIVERED AS AGREED, SELLER MAY WITHIN 5 DAYS OF THE ABOVE DATE, DECLARE THIS SALE NULL AND VOID AND ALL DEPOSIT MONIES WILL BE RETURNED IN FULL TERMINATION OF THIS AGREEMENT.

LATE PAYMENT

8. _____ 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 _____ MANDATORY 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).

DEED IN ESCROW

9. _____ SELLER AGREES TO EXECUTE A WARRANTY DEED AT CLOSING TO BE PLACED IN ESCROW WITH A TITLE AGENCY COMPANY, _____ UNTIL CONTRACT IS PAID IN FULL. PURCHASER AGREES TO PAY THIS ESCROW FEE.

UNDERLYING MORTGAGE

10. _____ IF THERE IS AN UNDERLYING MORTGAGE OR LAND CONTRACT ON THIS PROPERTY, THIS AGREEMENT IS SUBJECT TO AND _____ CONDITIONAL UPON APPROVAL OF THE LENDER WITHIN _____ DAYS OF ACCEPTANCE HEREOF IF SAID LOAN INSTRUMENT _____ CONTAINS A "DUE ON SALE" CLAUSE.

MANDATORY

SEE REVERSE SIDE

RIGHT TO ASSUME FIRST MORTGAGE

11. _____ 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 INCLUDE PREPAID TAXES AND INSURANCE. IF SELLER HAS ACCUMULATED FUNDS HELD IN ESCROW FOR THE PAYMENT OF ANY PREPAID ITEMS, THE PURCHASER WILL REIMBURSE SELLER UPON PROPER ASSIGNMENT OF SAME, AT THE TIME OF ASSUMPTION. SELLER FURTHER AGREES TO MAKE ONLY THE MONTHLY PAYMENTS REQUIRED BY THE ABOVE LENDER, BUT NO ADDITIONAL PAYMENTS DURING THE TERM OF THIS LAND CONTRACT. **SELLER FURTHER AGREES TO TERMINATE THEIR PRESENT CREDIT LIFE INSURANCE, IF APPLICABLE, ON SAID MORTGAGE AS OF DATE OF CLOSING AND SHALL NOT OBTAIN ADDITIONAL CREDIT LIFE INSURANCE WHICH REQUIRES PAYOFF OF SAID MORTGAGE DURING THE LIFE OF THIS LAND CONTRACT.** THE SELLER HEREIN DOES **NOT** WARRANT THE PURCHASERS RIGHT TO ASSUME SAID MORTGAGE AND CANNOT BE HELD RESPONSIBLE IN THE EVENT LENDER CHANGES ITS POLICY REGARDING ASSUMPTIONS AT SOME FUTURE DATE. (NOTE: THIS PARAGRAPH, WHEN APPLICABLE, IS TO BE COPIED VERBATIM IN THE ADDITIONAL CONDITIONS OF THE LAND CONTRACT DOCUMENT.)

SELLERS RIGHT TO PROHIBIT FUTURE SALE ON ASSUMPTION OR LAND CONTRACT IF MORTGAGE DUE ON SALE CLAUSE IS ENFORCED

12. PURCHASER AND SELLER MUTUALLY AGREE THAT:

WHERE AS, THE TITLE OF THE SELLER IS NOW ENCUMBERED BY A MORTGAGE WHICH CONTAINS A CLAUSE CALLING FOR THE ACCELERATION OF THAT MORTGAGE'S PRINCIPAL BALANCE AND FOR THE PAYMENT IN FULL OF THE MORTGAGE BALANCE, OR FOR AN INCREASE IN THE INTEREST RATE WHICH IS PRESENTLY BEING CHARGED BY THE LENDER TO THE SELLER, UPON THE SALE (OR LEASE FOR MORE THAN A YEAR) OF THE PROPERTY, WHICH CLAUSE IS COMMONLY CALLED A "DUE ON SALE CLAUSE"; AND
WHERE AS, THE LENDER HAS AGREED TO THE CURRENT SALE OF THIS PROPERTY AS AGREED TO BETWEEN THE SELLER AND LENDER; AND
WHERE AS, THE LENDER MAY AT SOME FUTURE TIME, CHANGE ITS POLICY OR THE LAWS OR RULES AND REGULATIONS MAY CHANGE REGARDING THE SUBJECT MORTGAGE'S "DUE ON SALE CLAUSE", WHICH MAY PERMIT THE EXERCISE OF THE SAID "DUE ON SALE CLAUSE" BY SAID LENDER, IN THE EVENT OF A FUTURE SALE;
NOW THEREFORE: PURCHASER AGREES THAT HE SHALL NOT COMMIT ANY ACT, AND IS HEREBY EXPRESSLY PROHIBITED FROM COMMITTING SUCH ACT **INCLUDING THE SALE OF SAID PREMISES** DURING THE LIFE OF THIS CONTRACT WITHOUT THE EXPRESSED CONSENT OF THE SELLER'S LENDING INSTITUTION, WHICH ACT WILL RESULT IN THE LENDERS EXERCISE OF THIS "DUE ON SALE CLAUSE". THIS PROHIBITION SHALL NOT APPLY TO ANY FUTURE MORTGAGE WHICH THE SELLER MAY EXECUTE WITHIN THE LIMITS OF THIS LAND CONTRACT.

LUMP SUM (BALLOON) PAYMENT

13. _____ 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.

REPRESENTATIONS

14. _____ NO REPRESENTATIONS, ORAL OR OTHERWISE, HAVE BEEN MADE BY THE PARTIES HERETO AND/OR REAL ESTATE BROKER(S) AS TO THE FUTURE AVAILABILITY OR ALTERNATIVE FINANCING WHICH MIGHT BE REQUIRED BY THE PURCHASER TO FULLY PAY THE OBLIGATION THEN OWING ON SAID CONTRACT.

MANDATORY

EXTENSION OF CONTRACT

15. _____ SELLER IS UNDER NO OBLIGATION TO EXTEND THIS CONTRACT BEYOND THE AGREED UPON TERMINATION OR TO REFINANCE THE PRINCIPAL BALANCE BEYOND SAID TERMINATION DATE.

MANDATORY

SURVEY

16. _____ PURCHASER HAS BEEN ADVISED THAT A SURVEY SHOULD BE OBTAINED AND HAS: ORDERED A SURVEY, OR DECIDED NOT TO HAVE A SURVEY. (CHECK ONE) IF A SURVEY IS ORDERED IT WILL BE A MORTGAGE TYPE, STAKE TYPE (CHECK ONE) AT PURCHASER'S COST, PAID IN ADVANCE.

MANDATORY

NOTE: REALTOR MAKES NO REPRESENTATION AS TO THE RESULTS OF SAID SURVEY.

LEGAL ADVICE

17. _____ ALL PARTIES OF THIS TRANSACTION SHOULD SEEK THE COUNSEL OF AN ATTORNEY AND AN ACCOUNTANT TO PROTECT THEIR INTEREST. BROKERS AND SALES PERSONNEL ARE NEITHER TRAINED NOR EMPLOYED TO PROVIDE SUCH COUNSEL AND THE PARTIES HERETO ACKNOWLEDGE THEY HAVE NOT RELIED ON ANY SUCH ADVICE IF IT HAS BEEN GIVEN.

MANDATORY

18. _____ THIS IS A LONG 2 PAGE DOCUMENT BUT WE AFFIRM THAT WE HAVE REVIEWED EACH CLAUSE, HAVE INITIALED OR WRITTEN DNA (DOES NOT APPLY) IN SPACE PROVIDED, AND WE UNDERSTAND THE MEANING OF EACH OF THEM.

MANDATORY

WITNESS

PURCHASER

DATE

PURCHASER

WITNESS

SELLER

DATE

SELLER

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