

CHAPTER 8

LAND INSTALLMENT CONTRACTS

§481. Definitions

As used in this chapter, unless the context indicates otherwise, the following terms have the following meanings. [PL 1983, c. 368 (NEW).]

1. Down payment. "Down payment" means the payment made by the purchaser to the vendor on account of the purchase price at or before the time of the execution of a land installment contract. [PL 1983, c. 368 (NEW).]

2. Land installment contract. "Land installment contract" means an agreement under which the vendor agrees to sell an interest in property to the purchaser and the purchaser agrees to pay the purchase price in 5 or more subsequent payments exclusive of the down payment, if any, and the vendor retains title to the property as security for the purchaser's obligation under the agreement. Land installment contracts do not include option contracts for the purchase of real property or purchase and sale agreements entered into with the good faith expectation of a separate transaction in which a 3rd party or the seller agrees to finance the purchase price in a single installment. [PL 1983, c. 368 (NEW).]

3. Property. "Property" means improved real property located in this State, sold to be occupied as a dwelling. [PL 1983, c. 368 (NEW).]

4. Purchaser. "Purchaser" means an individual who purchases property subject to a land installment contract, or any legal successor in interest to him, regardless of whether the individual has entered into an agreement as to extension, default or refund. [PL 1983, c. 368 (NEW).]

5. Vendor. "Vendor" means a person who makes a sale of property by means of a land installment contract or his successor in interest. [PL 1983, c. 368 (NEW).]

SECTION HISTORY

PL 1983, c. 368 (NEW).

§482. Minimum contents of land installment contracts; recordation

1. Contents. A land installment contract shall be executed in duplicate and a copy of the contract shall be provided to the vendor and the purchaser. The contract shall contain at least the following provisions:

- A. The full names and post-office addresses of all the parties to the contract; [PL 1983, c. 368 (NEW).]
- B. The date the contract is signed by each party; [PL 1983, c. 368 (NEW).]
- C. A legal description of the property conveyed; [PL 1983, c. 368 (NEW).]
- D. The sales price of the property conveyed; [PL 1983, c. 368 (NEW).]
- E. Any charges or fees for services included in the contract separate from the sales price; [PL 1983, c. 368 (NEW).]
- F. The amount of the purchaser's down payment; [PL 1983, c. 368 (NEW).]

G. The principal balance owed by the purchaser, which is the sum of the amounts described in paragraphs D and E, less the amount described in paragraph F; [PL 1983, c. 368 (NEW).]

H. The amount and due date of each installment payment and the total number of installment payments; [PL 1983, c. 368 (NEW).]

I. The interest rate on the unpaid balance and the method of determining the interest rate; [PL 1983, c. 368 (NEW).]

J. A conspicuous statement of any encumbrances against the property, including a statement of any pending order of any public agency or other matters of public record affecting the property; [PL 1983, c. 368 (NEW).]

K. A statement which explains that the contract is not a mortgage and that the purchaser does not obtain title to the property until the purchase price is paid in full; [PL 1983, c. 368 (NEW).]

L. A statement of the rights of the buyer established by Title 14, section 6111 to cure a default by the buyer; [PL 1993, c. 373, §3 (AMD).]

M. A provision that the vendor provide evidence of title by copy of deed, or otherwise, at the time of the execution of the agreement and, if the vendor is not prepared to deliver a full warranty deed on completion of the contract, a description of the deed which the vendor will deliver on completion; [PL 1983, c. 368 (NEW).]

N. A provision that, if the vendor defaults on any mortgage on the property, the purchaser may pay on the mortgage and receive credit on the land installment contract; [PL 1983, c. 368 (NEW).]

O. A requirement that the purchaser shall be responsible for the payment of taxes, assessments and other charges against the property from the date of the contract, unless agreed to the contrary; [PL 1983, c. 368 (NEW).]

P. A provision that the purchaser has the right to accelerate or prepay any installment payments without penalty, unless agreed to the contrary; and [PL 1983, c. 368 (NEW).]

Q. A clear and conspicuous provision above the place for the signature of the purchaser which acknowledges receipt by the purchaser of a copy of the land installment contract signed by the vendor. [PL 1983, c. 368 (NEW).]

[PL 1993, c. 373, §3 (AMD).]

2. Recordation. Within 20 days after the contract has been signed by both the vendor and the purchaser, the vendor shall cause a copy of the contract or a memorandum of the contract to be recorded at the purchaser's expense in the registry of deeds in the county where the property sold under the contract is located. If a memorandum of the contract is recorded, it shall be entitled "Memorandum of a Land Installment Contract" and shall contain, as a minimum, the names of the parties, the signatures of the parties, a description of the property and applicable time periods. A person other than a vendor and purchaser may rely on the recorded materials in determining whether the requirements of this subsection have been met.

[PL 1983, c. 368 (NEW).]

3. Other disclosures. Disclosures made by the vendor pursuant to Title 9-A, Article 8-A, Truth-in-Lending, are deemed to comply with subsection 1, paragraphs D to I.

[PL 2011, c. 427, Pt. D, §22 (AMD).]

SECTION HISTORY

PL 1983, c. 368 (NEW). PL 1993, c. 373, §3 (AMD). PL 2011, c. 427, Pt. D, §22 (AMD).

§483. Prohibited acts

1. Bad faith avoidance. A person may not in bad faith attempt to avoid the application of this chapter including engaging in subterfuge or designing or structuring a transaction with the purpose of evading the provisions of this chapter. [PL 2021, c. 350, §3 (NEW).]

2. Survival of foreclosure. A land installment contract may not require a purchaser to enter into a promissory note or any other financial instrument or obligation that survives the foreclosure of the purchaser's interest in the real estate, or enforce any such obligation, unless:

A. The term of the promissory note does not exceed the term of the land installment contract; [PL 2021, c. 350, §3 (NEW).]

B. Payments of principal made during the term of the promissory note are credited to reduce the principal due on the note; and [PL 2021, c. 350, §3 (NEW).]

C. After obtaining a judgment for foreclosure and the expiration of the period of redemption set forth in Title 14, section 6203-F, the vendor conducts a sale in the same manner as required for a mortgagee in Title 14, section 6323 and complies with the provisions of Title 14, section 6324 except with the equity of redemption being 60 days. [PL 2021, c. 350, §3 (NEW).]

[PL 2021, c. 350, §3 (NEW).]

SECTION HISTORY

PL 2021, c. 350, §3 (NEW).

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