



**IMPORTANT INFORMATION ABOUT
CONTRACTS FOR DEED**

1. Know What You Are Getting Into

- 2. (1) A contract for deed is a complex legal agreement. You are NOT a tenant. Mortgage foreclosure
- 3. laws don't apply.
- 4. (2) You should know ALL of your obligations and rights before you sign a purchase agreement or
- 5. contract for deed.
- 6. (3) You (*Seller must circle one*):
- 7. (a) **DO DO NOT** have to pay homeowner's insurance.
- 8. (b) **DO DO NOT** have to pay property taxes.
- 9. (c) **DO DO NOT** have to make and pay for some or all of the repairs or maintenance,
- 10. as described in the contract for deed.
- 11. (4) After some time, you may need to make a large lump sum payment (called a "balloon payment").
- 12. Know when it is due and how much it will be. You'll probably need to get a new mortgage, another
- 13. financial arrangement, or pay for the balance in cash at that time.
- 14. (5) If you miss just a single payment or can't make the balloon payment, the seller can cancel your
- 15. contract. You will likely lose all the money you have already paid. You will likely lose your ability
- 16. to purchase the home. The seller can begin an eviction action against you in just a few months.
- 17. (6) Within four (4) months of signing the contract for deed, you must "record" it in the office of the
- 18. county recorder or registrar of titles in the county in which the property is located. If you do not
- 19. do so, you could face a fine.

20. Key Things Highly Recommended Before You Sign

- 21. (1) Get advice from a lawyer or the Minnesota Home Ownership Center at 1-866-462-6466 or go
- 22. to www.hocmn.org. To find a lawyer through the Minnesota State Bar Association, go to
- 23. www.mnfindalawyer.com.
- 24. (2) Get an independent, professional appraisal of the property to learn what it is worth.
- 25. (3) Get an independent, professional inspection of the property.
- 26. (4) Buy title insurance or ask a real estate lawyer for a "title opinion."
- 27. (5) Check with the city or county to find out if there are inspection reports or unpaid utility bills.
- 28. (6) Check with a title agent or the county where the property is located to find out if there is a
- 29. mortgage or other lien on the property and if the property taxes have been paid.
- 30. (7) Ensure that your interest rate does not exceed the maximum allowed by law by calling the
- 31. Department of Commerce to get a recorded message for the current month's maximum rate.

32. If You Are Entering into a Purchase Agreement

- 33. (1) If you haven't already signed the contract for deed, you can cancel the purchase agreement
- 34. (and get all your money back) if you do so within five business days after getting this notice.
- 35. (2) To cancel the purchase agreement, you must follow the provisions of Minnesota Statutes, section
- 36. 559.217, subdivision 4. Ask a lawyer for help.

37. _____ (Buyer) _____ (Date) _____ (Buyer) _____ (Date)

