

## 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](http://www.hocmn.org). To find a lawyer through the Minnesota State Bar Association, go to
23. [www.mnfindalawyer.com](http://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)