



Land Contract Buyer Guide: Before Signing

What is a land contract? A land contract is a real estate transaction in which the buyer pays the seller for the purchase of a property over time. A land contract purchaser is not a renter, but has partial ownership while they are making payments. The seller holds the deed until the purchase is fully paid, and the buyer has most of the other rights and responsibilities of ownership throughout the payment period. It is a legally binding agreement.

The first stage for a buyer considering purchasing a home on land contract is broken out in two parts.

Research the Home

- **Confirm ownership:** Is the person selling the home the same as the official owner of record?
- **Liens and debts:** Are there liens, debts, property taxes, or water bills the new owner may owe?
- **Value of the home:** Does the sale price align with the market value of the home?
- **Condition:** What repairs might the buyer need to make and at what cost?

Review the Land Contract

- **Confirm seller is owner:** Is the person or company selling the home the owner of public record?
- **Direct costs:** What costs are the buyer expected to pay to the seller, and when?
- **Indirect costs:** What costs will the buyer be responsible for other than the purchase price?
- **Red flags:** Are there terms or words in the contract that would make proceeding a bad idea?

See the back of this page for step-by-step guides that will take you through these questions. Additional information is also available at detroitlandcontracthelp.com.

Housing Counseling Services

The following offer free or low-cost counseling and services for housing, financial, legal, and other issues. Buyers are recommended to reach out to counseling services before signing a land contract.

- **Detroit Housing Network**
detroithousingnetwork.org
- **Detroit Justice Center**
1420 Washington Blvd #220
Detroit, MI 48226
313-736-5957
detroitjustice.org
- **Lakeshore Legal Aid**
2727 2nd Ave, #301
Detroit, MI 48202
888-783-8190
lakeshorelegalaid.org
- **Michigan Legal Help**
michiganlegalhelp.org
- **Michigan Legal Services/United Community Housing Coalition**
2727 2nd Ave, #313
Detroit, MI 48202
313-963-3310
uchcdetroit.org
help@uchcdetroit.org

Government Resources

- **Detroit Taxpayer Service Center**
Coleman A. Young Municipal Center, 2 Woodward Ave, Suite 130
Detroit, MI 48226
- **Wayne County Register of Deeds**
400 Monroe St, 7th Fl
Detroit, MI 48226
313-224-5850
waynecountylandrecords.com/recorder/web
- **Wayne County Treasurer**
400 Monroe St, 5th Fl
Detroit, MI 48226
313-224-5990
pta.waynecounty.com





Stage 1 Step-by-Step Guide: Before Signing – Research

Buyers: use these questions to research the home before signing. Fields with a red “stop sign” indicate possible red flags and risks that may be a problem to the buyer.

Research Questions	Answer		Source
1 Current owner’s name(s)			Wayne County Register of Deeds 400 Monroe 7th Fl
2 Are there liens on the property? ex: Mortgage, Foreclosure, Forfeiture	<input type="checkbox"/> No	<input type="radio"/> Yes	
3 Are any delinquent property taxes owed? 3 years of unpaid taxes put home in foreclosure risk.	<input type="checkbox"/> No	<input type="radio"/> Yes	Wayne County Treasurer 400 Monroe 5th Fl
4 Are any current-year property taxes owed?	<input type="checkbox"/> No	<input type="radio"/> Yes	Detroit Treasury 2 Woodward Ave. #154
5 Is there an outstanding water bill owed?	<input type="checkbox"/> No	<input type="radio"/> Yes	Detroit Water & Sewerage Dept.
6 What is the home’s estimated value?	\$		Appraisal, Online
What is the overall condition of the home?	<input type="checkbox"/> Good	<input type="radio"/> Needs Repair	Home Inspection
- Roof	<input type="checkbox"/> Good	<input type="radio"/> Needs Repair	
- Foundation	<input type="checkbox"/> Good	<input type="radio"/> Needs Repair	
7 - Plumbing	<input type="checkbox"/> Good	<input type="radio"/> Needs Repair	
- Electrical	<input type="checkbox"/> Good	<input type="radio"/> Needs Repair	
- Furnace/Boiler	<input type="checkbox"/> Good	<input type="radio"/> Needs Repair	
- Hot water tank	<input type="checkbox"/> Good	<input type="radio"/> Needs Repair	
8 Does the basement flood/back up?	<input type="checkbox"/> No	<input type="radio"/> Yes	
9 Is there lead paint in the home? Likely “yes” if the home was built before 1978.	<input type="checkbox"/> No	<input type="radio"/> Yes	
10 Any other major repair issues? E.g. Main drain, mold, termites, etc.	<input type="checkbox"/> No	<input type="radio"/> Yes	

Notes:



Stage 1 Step-by-Step Guide: Before Signing – Reviewing the Contract

Buyers: use these questions to research the land contract document before signing. Fields with a red “stop sign” indicate possible red flags and risks that may be a problem to the buyer.

Land Contract Review	Answer	
11 Name of Seller on land contract:		
Is the name of the seller listed on land contract (#11) and name of owner at Wayne County Register of Deeds (#1) the same?	<input type="checkbox"/> Yes	<input type="radio"/> No
12 Full purchase price of home:	\$	
Does the price on land contract (#12) seem reasonable compared to estimated value (#6)?	<input type="checkbox"/> Yes	<input type="radio"/> No
13 Monthly payment amount:	\$	
14 Down payment (if any)	\$	
15 Balloon payment at the end of contract (if any)	<input type="radio"/> \$	
16 Interest rate (if any):	%	
17 What is the length/term of the contract?	years	
18 Who is responsible for home insurance?	<input type="checkbox"/> Buyer	<input type="checkbox"/> Seller
19 Who is responsible for property taxes?	<input type="checkbox"/> Buyer	<input type="checkbox"/> Seller
If you are responsible for property taxes (#19), are you required to make immediate payment on delinquent property taxes to avoid foreclosure (#3)?	<input type="checkbox"/> No	<input type="radio"/> Yes
20 Does the contract have any of the following red-flag words: “TENANT”, “LEASE”, “EVICTION”, “OPTION TO BUY”, “REPOSSESSION”?	<input type="checkbox"/> No	<input type="radio"/> Yes
21 At the end of the land contract, what type of deed will you get?	<input type="checkbox"/> Warranty	<input type="radio"/> Quit claim

Notes: