

## IMPORTANT INFORMATION YOU NEED TO KNOW

### BALLOON PAYMENT

This contract contains a lump-sum balloon payment or several balloon payments. When the final balloon payment comes due, you may need to get mortgage or other financing to pay it off (or you will have to sell the property). Even if you are able to sell the property, you may not get back all the money you paid for it.

If you can't come up with this large amount – even if you have made all your monthly payments – the seller can cancel the contract.

**Amount of Balloon Payment**

\$ \_\_\_\_\_  
(amount)

**When Balloon Payment is Due**

\_\_\_\_\_  
(month, year)

### INVESTOR SELLER'S PRICE TO BUY HOUSE BEING SOLD TO BUYER

**Date Investor Seller Acquired Property:** \_\_\_\_\_  
(date seller acquired ownership)

**Price Paid by Investor Seller to Acquire the Property:** \$ \_\_\_\_\_  
(total purchase price paid by seller to acquire ownership)

**Contract for Deed Purchase Price:** \$ \_\_\_\_\_  
(total sale price to the purchaser under the contract)

### COSTS AND ESSENTIAL TERMS

1. Purchase Price: \$ \_\_\_\_\_ (price)
2. Annual Interest Rate: \_\_\_\_\_ (interest rate) %
3. Down payment: \$ \_\_\_\_\_ (down payment)
4. Monthly/period installments: \$ \_\_\_\_\_ (amount of installment payment)
5. Taxes, homeowner's insurance, repairs and maintenance: \$ \_\_\_\_\_

You (*seller must check one*):

- a.  DO     DO NOT            have to pay property taxes
- b.  DO     DO NOT            have to pay homeowner's insurance
- c.  ARE     ARE NOT            responsible for repairs and maintenance.

*Remainder of page intentionally left blank.*

## KNOW WHAT YOU ARE GETTING INTO BEFORE YOU SIGN

### 1. How Contracts for Deed Work

A contract for deed is a complicated legal arrangement. Be sure you know exactly what you are getting into before you sign a contract for deed. A contract for deed is **NOT** a mortgage. Minnesota's foreclosure protections do **NOT** apply.

**You should get advice from a lawyer or the Minnesota Homeownership Center before you sign the contract.**

You can contact the Homeownership Center at 1-(866)-462-6466 or go to [www.hocmn.org](http://www.hocmn.org).

### 2. What If I Can't Make My Payments?

If you don't make your monthly installment payment or the balloon payment, the seller can cancel the contract in only 120 days from the date you missed the payment. If the contract is cancelled, **you lose your home and all the money you have paid, including any down payment, all the monthly payments, and any improvements to the property you have made.**

If the contract contains a final lump-sum "balloon payment," you will need to get a mortgage or other financing to pay it off (**or you will have to sell the property**). If you can't come up with this large amount – even if you have made all your monthly payments – the seller can cancel the contract. **Even if you are able to sell the property, you may not get back all the money you have paid for it.**

### 3. BEFORE YOU SIGN, YOU SHOULD:

- A. **Get an Independent, Professional Appraisal** of the property to learn what it's worth and make sure you are not overpaying for the house.
- B. **Get an Independent, Professional Inspection** of the property because you will probably be responsible for maintaining and making repairs on the house.
- C. **Buy Title Insurance** from a title insurance company or ask a lawyer for a "title opinion" to address or minimize potential title problems.

### 4. YOUR RIGHTS BEFORE YOU SIGN

A. **Waiting Period After Getting Disclosures** There is a 10-calendar day waiting period after you get these disclosures. The contract for deed cannot be signed by you or the seller during that 10-calendar day period.

B. **Cancelling a Purchase Agreement** You have 10 calendar days after you get these disclosures to cancel your purchase agreement and get back any money you paid. Your cancellation must be mailed or personally delivered to \_\_\_\_\_ at the following mailing address: \_\_\_\_\_

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**AMORTIZATION SCHEDULE.** An amortization schedule consistent with the terms and conditions of the contract for deed including the portion of each installment payment that will be applied to interest and principal and the amount and due date of any balloon payments was provided to the Purchaser separate from these disclosures but is also attached hereto as Exhibit A.

\_\_\_\_\_, as "Seller," delivered these disclosures and an amortization schedule consistent with the contract for deed to \_\_\_\_\_, as "Purchaser", on \_\_\_\_\_, 20\_\_\_\_.

Purchaser acknowledges receipt of the disclosures contained herein.

**Purchaser**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Date: \_\_\_\_\_

Seller acknowledges delivery of these disclosures and an amortization schedule as described herein and attached hereto.

**Seller**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Date: \_\_\_\_\_