

MAINE STATE LEGISLATURE

The following document is provided by the
LAW AND LEGISLATIVE DIGITAL LIBRARY
at the Maine State Law and Legislative Reference Library
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied
(searchable text may contain some errors and/or omissions)

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32

(New Draft of H.P. 853, L.D. 1103)
(New Title)

FIRST REGULAR SESSION

ONE HUNDRED AND ELEVENTH LEGISLATURE

Legislative Document

No. 1609

H.P. 1213

House of Representatives, May 16, 1983

Reported by Representative Brannigan from the Committee on Business
Legislation and printed under Joint Rule 2.

Original bill presented by Representative Thompson of So. Portland.
Cosponsored by Representative Telow of Lewiston, Senator Bustin of
Kennebec and Representative MacBride of Presque Isle.

EDWIN H. PERT, Clerk

STATE OF MAINE

IN THE YEAR OF OUR LORD
NINETEEN HUNDRED AND EIGHTY-THREE

AN ACT to Require Certain Disclosures
in Land Installment Contracts for Improved
Residential Property and to Provide for
Recordation of those Contracts.

Be it enacted by the People of the State of Maine as
follows:

33 MRSA c. 8 is enacted to read:

CHAPTER 8

LAND INSTALLMENT CONTRACTS

§481. Definitions

As used in this chapter, unless the context indi-
cates otherwise, the following terms have the follow-
ing meanings.

1 1. Down payment. "Down payment" means the pay-
2 ment made by the purchaser to the vendor on account
3 of the purchase price at or before the time of the
4 execution of a land installment contract.

5 2. Land installment contract. "Land installment
6 contract" means an agreement under which the vendor
7 agrees to sell an interest in property to the pur-
8 chaser and the purchaser agrees to pay the purchase
9 price in 5 or more subsequent payments exclusive of
10 the down payment, if any, and the vendor retains
11 title to the property as security for the purchaser's
12 obligation under the agreement. Land installment
13 contracts do not include option contracts for the
14 purchase of real property or purchase and sale agree-
15 ments entered into with the good faith expectation of
16 a separate transaction in which a 3rd party or the
17 seller agrees to finance the purchase price in a sin-
18 gle installment.

19 3. Property. "Property" means improved real
20 property located in this State, sold to be occupied
21 as a dwelling.

22 4. Purchaser. "Purchaser" means an individual
23 who purchases property subject to a land installment
24 contract, or any legal successor in interest to him,
25 regardless of whether the individual has entered into
26 an agreement as to extension, default or refund.

27 5. Vendor. "Vendor" means a person who makes a
28 sale of property by means of a land installment con-
29 tract or his successor in interest.

30 §482. Minimum contents of land installment con-
31 tracts; recordation

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

37 A. The full names and post-office addresses of
38 all the parties to the contract;

39 B. The date the contract is signed by each
40 party;

- 1 C. A legal description of the property conveyed;
2 D. The sales price of the property conveyed;
3 E. Any charges or fees for services included in
4 the contract separate from the sales price;
5 F. The amount of the purchaser's down payment;
6 G. The principal balance owed by the purchaser,
7 which is the sum of the amounts described in
8 paragraphs D and E, less the amount described in
9 paragraph F;
10 H. The amount and due date of each installment
11 payment and the total number of installment pay-
12 ments;
13 I. The interest rate on the unpaid balance and
14 the method of determining the interest rate;
15 J. A conspicuous statement of any encumbrances
16 against the property, including a statement of
17 any pending order of any public agency or other
18 matters of public record affecting the property;
19 K. A statement which explains that the contract
20 is not a mortgage and that the purchaser does not
21 obtain title to the property until the purchase
22 price is paid in full;
23 L. A statement of the rights of the buyer to
24 cure a default by the buyer;
25 M. A provision that the vendor provide evidence
26 of title by copy of deed, or otherwise, at the
27 time of the execution of the agreement and, if
28 the vendor is not prepared to deliver a full war-
29 ranty deed on completion of the contract, a de-
30 scription of the deed which the vendor will
31 deliver on completion;
32 N. A provision that, if the vendor defaults on
33 any mortgage on the property, the purchaser may
34 pay on the mortgage and receive credit on the
35 land installment contract;

1 The land installment contract has been designed
2 as a mechanism which is distinct from the typical
3 mortgage. As such, it engenders different risks and
4 rights than the parties would undertake through a
5 purchase money mortgage. This new draft would re-
6 quire some of these differences to be addressed in
7 the contract itself, so that the parties are better
8 able to assess the impact of using this alternative.
9 At the same time, the new draft rejects an approach
10 which would substantially transform the nature of the
11 transaction, which was created by contract, by opera-
12 tion of statute.

13

3741050583