

LAND CONTRACTS (EXCERPT)
Act 237 of 1879

565.360 Nonmortgaging vendor or vendee; rights or remedies affected; duties; payments; conditions; duties of third party.

Sec. 10. (1) A land contract mortgage shall not, absent voluntary subordination as provided by law, encumber or otherwise affect the rights or remedies of the nonmortgaging vendor or the nonmortgaging vendee except as otherwise provided in subsection (2) or (3).

(2) If the vendee's interest is encumbered by a recorded land contract mortgage, the nonmortgaging vendor shall do all of the following:

(a) Provide the same notices with respect to the remedies of forfeiture and foreclosure to the land contract mortgagee as are required to be provided to the vendee.

(b) Name the land contract mortgagee as a party in interest in any legal proceeding, the effect of which would be to terminate the vendee's interest, and thus the land contract mortgagee's lien.

(c) Accept from the land contract mortgagee any cure of any default that the nonmortgaging vendor would be obligated to accept from the vendee.

(3) A nonmortgaging vendee, when the vendor's interest has been subjected to a land contract mortgage, shall continue to make payments in accordance with the land contract's terms to the vendor or assignee until any of the following occur:

(a) Notice to the vendee of the completion of foreclosure and the expiration, without redemption, of the applicable redemption period with respect to the land contract mortgage, after which all payments shall be made to the successful bidder at the foreclosure, or the successful bidder's heirs, successors, and assigns. However, if the vendee has actual notice of the foreclosure sale, installment payments shall be made during the redemption period as provided in section 6058 of the revised judicature act of 1961, 1961 PA 236, MCL 600.6058.

(b) If the land contract mortgage contains a collateral assignment of the payments of the vendee under the land contract, delivery to the vendee of a notice of default signed under oath by the land contract mortgagee asserting that a default exists under the land contract mortgage together with a copy of the recorded land contract mortgage containing the collateral assignment and a demand that all further payments under the land contract be made to the land contract mortgagee, after which all payments shall thereafter be made in accordance with that notice.

(4) A third party asserting a prior lien or interest to that of a land contract mortgagee whose land contract mortgage has been recorded shall do all of the following:

(a) Provide to the land contract mortgagee copies of all notices that must be provided to the vendor or vendee as a prerequisite to the assertion or enforcement of the third party rights or remedies, but only to the extent that those notices would be required to be provided if the vendor or vendee were the fee owner of the real property and the land contract mortgage were a mortgage upon the fee.

(b) Name the land contract mortgagee as a party in interest in any legal proceeding, the effect of which would be to terminate, assert, or enforce a prior lien or encumbrance upon the vendor's or vendee's interest that is subject to the land contract mortgage.

(c) Accept from the land contract mortgagee any payment, performance, or cure that the third party would be obligated to accept from the vendor or the vendee.

History: Add. 1998, Act 106, Imd. Eff. June 3, 1998.