

LAND CONTRACTS IN INDIANA

STUDY SHEET

Summary

The land contract serves as an alternative to traditional financing for some buyers. The land contract is also known as a land installment contract or contract for deed.

Top Takeaways

SELLERS IN LAND CONTRACTS:

- Ensure the contract is legal and follows Indiana law.
- Hire an attorney to review the contract.

BUYERS IN LAND CONTRACTS:

- Confirm that traditional, conventional financing isn't a better option.
- Hire an attorney to review the contract.

SELLER ADVANTAGES AND DISADVANTAGES

Advantages	Disadvantages
Large pool of buyers	"Due-on-sale" mortgage clause may be activated
Opportunity for steady income	Possibility of buyer default and need to evict
Ability to cancel and reclaim property if buyer defaults	

INDIANA LAW ON LAND CONTRACT

- If less than 20% of the sales price has been paid, buyer default may lead to eviction proceedings.
- If 20% or more of the sales price has been paid, buyer default may lead to foreclosure proceedings
- The buyer is typically entitled to possession of the property as soon as he signs the contract, as soon as he tenders a down payment, or as soon as he pays the first periodic installment.
- Legal title to the property may remain with the seller until the buyer fulfills his duties under the contract, and sellers usually insist on this.
- The Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (the SAFE Act) requires parties that extend financing for the purchase of real estate, including sellers under land contracts, to be licensed.

BUYER ADVANTAGES AND DISADVANTAGES

Advantages	Disadvantages
Low or no down payment and flexible financing	Fewer consumer protections
Opportunity to improve credit score	Balloon payment due at end of term
Write-off of interest paid	Title holders can sell their interest, leaving the buyer with a new landowner