

**HP1039
LD 1426****Session - 129th Maine Legislature
C "A", Filing Number H-582, Sponsored by****LR 1767
Item 2**

Amend the bill by striking out all of section 2 and inserting the following:

'Sec. 2. 33 MRSA §481, sub-§2, as enacted by PL 1983, c. 368, is repealed and the following enacted in its place:

2. Land installment contract. "Land installment contract" means an agreement under which the vendor agrees to sell an interest in real property to the purchaser and the purchaser agrees to pay the purchase price in 5 or more subsequent payments exclusive of the down payment, if any, and the vendor retains title to the real property as security for the purchaser's obligation under the agreement. Land installment contracts include:

- A. A bond for deed and a contract for the sale of real estate that meets the criteria set forth in this subsection; and
- B. Option contracts for the purchase of real property, an agreement for the occupancy of residential real estate in which the occupant is required to make an initial payment in excess of 4 times the periodic monthly payments required to occupy the premises and any agreement in which a person is induced to occupy a property as a primary residence by a promise or offer to grant ownership of the property to the person at a future date.

Land installment contracts do not include purchase and sale agreements entered into with the good faith expectation of a separate transaction in which the parties agree that the purchase price will be paid in a single installment, either through a cash sale or when a 3rd party or the vendor agrees to finance the transaction.'

Amend the bill by striking out all of sections 5 and 6 and inserting the following:

'Sec. 5. 33 MRSA §482, sub-§2, as enacted by PL 1983, c. 368, is amended to read:

2. Recordation. Within 20 days after the contract has been signed by both the vendor and the purchaser, the vendor shall cause a copy of the contract or a memorandum of the contract to be recorded at the purchaser's expense in the registry of deeds in the county where the real property sold under the contract is located. If a memorandum of the contract is recorded, it shall must be entitled "Memorandum of a Land Installment Contract" and shall must contain, as at a minimum, the names of the parties, the signatures of the parties, a description of the real property and applicable time periods. A person other than a vendor and purchaser may rely on the recorded materials in determining whether the requirements of this subsection have been met. If a contract is not recorded pursuant to this subsection, the vendor may not enforce the contract. The recordation requirement of this subsection does not apply to purchase and sale agreements exempt from the definition of "land installment contract" pursuant to section 481, subsection 2 or option-to-buy contracts exempt from the definition of "land installment contract" pursuant to section 481, subsection 2.

Sec. 6. 33 MRSA §482, sub-§§4, 5 and 6 are enacted to read:

4. Option contracts. In any contract under section 481, subsection 2, paragraph B, the parties may agree that the relationship between the vendor and purchaser is subject to the provisions of Title 14, chapters 709, 710 and 710-A. The agreement must be in writing and must contain a written agreement whereby, in the event of any default by the purchaser, the vendor will return to the purchaser:

- A. Any initial payment made by the purchaser in excess of 4 times the periodic monthly payment;
- B. The value of any improvements to the real estate made by the purchaser necessary to bring the real estate into compliance with Title 14, sections 6021 and 6021-A;
- C. The value of any other improvements made to the real estate by the purchaser in excess of the amount of one monthly payment;
- D. Property taxes paid by the purchaser;
- E. Payments of homeowner's insurance paid by the purchaser; and
- F. Reimbursements by the purchaser to the vendor of homeowner's insurance, property taxes or improvements set forth in paragraphs B and C.

The vendor may not maintain an eviction action pursuant to Title 14, section 6001 against the purchaser until the vendor has returned to the purchaser the sums set forth in this subsection. In addition to returning any payments made under this subsection, the vendor shall also return any additional security deposit to the purchaser in accordance with Title 14, section 6033.

5. Vendor is creditor. A vendor in a land installment contract is a creditor under Title 9-A, section 1-301, subsection 17, except that an individual who engages in no more than one such transaction per year may not be considered a creditor for purposes of Title 9-A, section 1-301, subsection 17.

6. Violations. A violation of this chapter is a violation of the Maine Unfair Trade Practices Act. In addition to any other rights and remedies a purchaser may have in the law, upon a finding that a violation of this chapter by a vendor has occurred, a court shall find one or both of the following:

- A. The purchaser is entitled to recover all actual damages or \$1,000, whichever is greater; and
- B. The purchaser is entitled to recover the aggregate amount of costs, expenses and attorney's fees determined by the court to have reasonably been incurred on the purchaser's behalf in connection with the prosecution or defense of the matter.'

Amend the bill by relettering or renumbering any nonconsecutive Part letter or section number to read consecutively.

SUMMARY

This amendment is the majority report of the Joint Standing Committee on Judiciary. It amends the bill to make clear that the parties to a rent-to-own or option-to-buy contract may agree to treat the agreement as a residential lease subject to the rental statutes in the Maine Revised Statutes, Title 14, chapters 709, 710 and 710-A; otherwise the residential properties foreclosure procedures apply. If the contract is treated as a residential lease agreement, the down payment is treated as a security deposit and must be returned when the rental ends.

The bill requires vendors who engage in land installment contracts to be treated as creditors under the Maine Consumer Credit Code. The amendment exempts vendors who engage in no more than one land installment contract per year.

FISCAL NOTE REQUIRED
(See attached)

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