

**LAND CONTRACTS (EXCERPT)**  
**Act 237 of 1879**

**565.361 Payment and performance of contract obligations; conveyance of land; discharge of land contract mortgage or release of security assignment; failure or refusal to make conveyance or discharge; penalties; enforcement; title as marketable; subordination to other real estate interest.**

Sec. 11.

(1) When the vendee named in a land contract, or his or her heirs, successors, or assigns, has fully paid and performed the obligations under the contract that are a precondition to the sale and conveyance of the land, the vendor named in the contract shall make conveyance of the land to the vendee by a deed of conveyance as specified in the land contract, or, if the form of the deed is not specified in the land contract, by an appropriate deed. Until the vendor named in the contract has ceased in law to be bound by the provisions of the contract, the obligation to convey the land remains a continuing executory obligation on the part of the vendor.

(2) The vendor named in the land contract who has assigned his or her interest in the contract or sold or mortgaged the land subject to the contract, whether absolutely or as collateral security, shall remain fully obligated to deliver a deed of conveyance as provided in subsection (1). However, if the assignee assumed the conveyancing obligation of the vendor, the original vendor is only secondarily liable for that obligation.

(3) When the vendee named in a land contract, or his or her heirs, successors, or assigns, has fully paid and performed the obligations that are a precondition to the sale and conveyance of the land subject to the contract, the assignee and all succeeding assignees, including the holder of a land contract vendor's interest who has become the absolute holder of that interest as a result of security enforcement procedures after an assignment of the vendor's interest as collateral security, and the grantee, and all succeeding grantees including any grantee pursuant to a mortgage foreclosure regarding a mortgage made upon the land but subject to the land contract in any deed of the land given subject to the land contract by the vendor, shall make the conveyance of the land to the vendee. The conveyance shall be made as specified in the land contract if the vendor's assignee or grantee has assumed the vendor's continuing executory conveyancing obligation, or by quitclaim deed if the vendor's assignee or grantee has not assumed the vendor's conveyancing obligation. However, an assignee named in the contract who has not assumed the conveyancing obligation of the vendor and who has reassigned the entire vendor's interest and, therefore, retains no further interest, whether absolute or as security, has no obligation to provide a deed of conveyance.

(4) When the vendee named in the land contract, or his or her heirs, successors, or assigns, has fully paid and performed the obligations under the contract that are a precondition to the sale and conveyance of the land, the land contract mortgagee under any land contract mortgage of the land made by the vendor subject to the land contract, or the assignee of any assignment for collateral security purposes of the vendor's interest under the land contract, shall execute a discharge of the land contract mortgage or a release of the security assignment in the same manner as now provided by law for the discharge of mortgages.

(5) When the vendor named in the land contract has ceased in law to be bound by the provisions of the contract, and is entitled to a release from the contract, the vendee named in the contract, or his or her heirs, successors, or assigns, including, without limitation, any land contract mortgagees or other parties claiming a lien or security interest upon or in the vendee's interests in the contract, shall, when requested by the vendor, execute a discharge of the contract in the same manner as now provided by law for the discharge of mortgages.

(6) A person who is required under this section to enter into a conveyance or discharge and who fails or refuses to make the conveyance or discharge is subject to the same penalties, and to any other penalties or remedies existing before the effective date of this act, as are now provided by law for a refusal to discharge a real estate mortgage after the real estate mortgage has been fully paid. The party entitled to the conveyance or discharge may enforce the conveyance or discharge as provided in section 44 of 1846 RS 65, MCL 565.44, for enforcing the discharge of mortgages. The petition or bill asking for the discharge shall contain all the material averments regarding the matter as required by that section in regard to mortgages, as applicable to land contracts. However, a land contract is not invalid for want of acknowledgment or recording.

(7) This section does not render a title unmarketable if that title would otherwise have been marketable.

(8) For the purposes of this act, a mortgage, deed, or land contract is subject to another real estate interest if, by its terms or by an independent voluntary subordination, it is subordinate to the other real estate interest or, as a matter of law, it would be automatically subordinate to the other real estate interest.

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