



Dear Representative Probst,

I am writing today in support of legislation crafted around the problems created by the improper use of Land Contracts as a means to facilitate the purchase/sale of property. I write to you as the immediate past Mayor of the City of Hutchinson. During my time on the city council, and as the Mayor I was privy to many complaints from citizens suffering because of the misuse of the "Land Contract". The traditional mortgage process might be cumbersome and expensive, but that's because it goes to great lengths to protect everyone. Land contracts offer homebuyers few legal protections. In many ways, they give you the responsibilities of homeownership without the benefits. Meanwhile, the seller has none of the responsibilities of a landlord. Here are some of the risks to the purchaser that we have seen in Hutchinson:

- If the purchaser misses any payments, the seller can quickly cancel the contract and retain all the payments made by the purchaser. The purchaser has no protection under any foreclosure laws.
- The seller retains the right to the property until it is paid in full, no matter how much money the purchaser puts into it. If the contract is voided and purchaser has made betterments or improvements, they will forfeit that investment as well.
- No professional appraisal is required, and without one, the purchaser risks paying more than the home is worth.
- Unless the purchaser pursues it themselves, there won't be a thorough title examination, which is a safeguard that all lenders require, the purchaser may be buying additional liabilities that were not disclosed to them.
- If the seller has a mortgage on the property, there's no guarantee they'll pay it, so if the home is foreclosed, the purchaser could be out all the payments made to that date.
- If the seller has a lien or second mortgage on the property, and the purchaser is unaware, those claims might legally supersede theirs.
- If there is a "Balloon payment" clause, the purchaser might not qualify for a mortgage when the balloon payment is due. If they can't pay, it is probable they will be left with nothing.
- If the true condition of the property is not disclosed, which is often the case, the purchaser could end up struggling to pay for expensive repairs. This could lead to being behind on payments, which then could cause the contract to go into forfeiture.



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These are just a few of the ways that a "Land Contract" can, and have, gone awry in Hutchinson. This legislation does not necessarily solve all the issues illustrated above, but would go a long way towards helping add some oversight to a completely unregulated tool for transferring real property.

If passed, I would encourage you to have further discussions that might help offset some of the other known disadvantages to this often one-sided contract. I would hope that they might include:

- Requiring the seller to provide evidence of title.
- Requiring the seller to verify that the property complies with the requirements of the applicable building codes and ordinances in the appropriate jurisdiction.
- Requiring that an appraisal to be filed at the same time of the contract.

Thank you for this opportunity to help lend perspective during your decision-making process.

Sincerely,

A handwritten signature in blue ink, appearing to read 'David A Inskeep'.

David A Inskeep
(former Mayor of the City of Hutchinson)