

DUE-ON-SALE CLAUSES (EXCERPT)
Act 351 of 1984

445.1625 Limitations on enforcement of due-on-sale clause during term of land contracts or second mortgages.

Sec. 5.

(1) With respect to any residential real property loan, other than a residential real property loan originated by a federal savings and loan association, a federal savings bank, a national bank, or a federally chartered credit union, if the property securing the loan was sold or transferred prior to October 15, 1982 either on any land contract which does not have a due-on-sale clause or subject to a second mortgage in favor of the seller which does not have a due-on-sale clause, then upon 1 or more subsequent sales or transfers of the property without a payoff of that land contract or second mortgage, a lender shall not enforce a due-on-sale clause in its loan contract.

(2) The limitations on enforcement of a due-on-sale clause in subsection (1) shall remain in force only for the term of any land contracts or second mortgages in effect on October 15, 1982 not containing a due-on-sale clause or until those land contracts or second mortgages are paid off, whichever occurs first.

History: 1984, Act 351, Eff. Oct. 15, 1985