

**§ 47H-2. Minimum contents for contracts for deed; recordation.**

(a) Writing Required. – Every contract for deed shall be evidenced by a contract signed and acknowledged by all parties to it and containing all the terms to which they have agreed. The seller shall deliver to the purchaser an exact copy of the contract, containing all the disclosures required by subsection (b) of this section, at the time the purchaser signs the contract.

- (b) Contents. – A contract for deed shall contain at least all of the following:
- (1) The full names and addresses of all the parties to the contract.
  - (2) The date the contract is signed by each party.
  - (3) A legal description and the physical address of the property conveyed.
  - (4) The sales price of the property conveyed.
  - (5) Any charges or fees for services included in the contract separate from the sale price.
  - (6) The amount of the purchaser's down payment.
  - (7) The principal balance owed by the purchaser, which is the sum of the amounts stated in subdivisions (4) and (5) of this subsection, less the amount stated in subdivision (6) of this subsection.
  - (8) The amount and due date of each installment payment and the total number of installment payments.
  - (9) The interest rate on the unpaid balance, if any, and the method of determining the interest rate.
  - (10) A conspicuous statement of any pending order of any public agency or other matters of public record adversely affecting the property, provided the seller has actual knowledge of the pending order or matter.
  - (11) A statement of the rights of the purchaser to cure a default.
  - (12) A statement setting forth the obligation of each party who is responsible for making repairs to the property, the payment of taxes, hazard insurance premiums, flood insurance premiums, homeowner association dues, and other charges against the property from the date of the contract.
  - (13) A provision that the purchaser has the right to accelerate or prepay any installment payments without penalty; unless the property is encumbered by a deed of trust as permitted by G.S. 47H-6 and the loan secured by the property contains a prepayment penalty, in which case the contract may specify that the purchaser will compensate the seller for the prepayment penalty.
  - (14) Repealed by Session Laws 2015-178, s. 4(a), effective October 1, 2015, and applicable to transactions entered into on or after that date.
  - (14a) A completed residential property disclosure statement that complies with Chapter 47E of the General Statutes, provided that the seller does not choose the option of making "No Representation" as to any characteristic or condition of the property.
  - (15) A statement indicating the current amount of any real estate taxes and/or homeowner association dues, or special assessments required to be paid on the property, and the amount of such taxes, dues, or assessments that are delinquent. To the extent these amounts are not known at the time the contract is executed, a reasonable estimate shall be given.
  - (16) Repealed by Session Laws 2015-178, s. 4(a), effective October 1, 2015, and applicable to transactions entered into on or after that date.
  - (17) A conspicuous statement, in not less than 14-point boldface type, immediately above the purchaser's signature, that the purchaser has the right

to cancel the contract at any time until midnight of the third business day following execution of the contract, or delivery of the contract, whichever occurs later.

(c) Right to Cancel. – The purchaser may exercise the right to cancel the contract for deed until midnight of the third business day following execution of the contract for deed or delivery of a copy of the contract with the required minimum contents, whichever occurs later. If the purchaser cancels the contract, the seller shall, not later than the tenth day after the date the seller receives the purchaser's notice of cancellation, return to the purchaser any and all property exchanged or payments made by the purchaser under the contract minus an offset of an amount equal to the fair rental value of the use of the property during the duration of the purchaser's possession of the property plus an amount necessary to compensate the seller for any damages caused to the property by the purchaser beyond normal wear and tear.

(d) Recordation. – Within five business days after the contract has been signed and acknowledged by both the seller and the purchaser, the seller shall cause a copy of the contract or a memorandum of the contract to be recorded in the office of the register of deeds in the county in which the property is located. If a memorandum of the contract is recorded, it shall be entitled "Memorandum of a Contract for Deed" and shall contain, as a minimum, the names of the parties, the signatures of the parties, a description of the property, and applicable time periods as described in subdivisions (b)(8) and (11) of this section. A person, other than a seller and purchaser may rely on the recorded materials in determining whether the requirements of this subsection have been met. The seller shall pay the fee to record the document unless the parties agree otherwise.

(e) Effect of Forfeiture. – Upon default and forfeiture after proper notice of default and intent to forfeit and failure of the purchaser to substantially cure the default, the purchaser's equitable right of redemption shall be extinguished by:

- (1) A mutual termination executed by the parties and recorded in the office of the register of deeds of the county in which the property is located, or
- (2) A final judgment or court order entered by a court of competent jurisdiction that terminates the purchaser's rights to the property and extinguishes the equity of redemption. A certified copy of the order shall be recorded in the office of the register of deeds of the county in which the property is located pursuant to G.S. 1-228.

(f) [Instrument Ineffective.] – No instrument purporting to extinguish the equity of redemption that is executed as a condition of the transaction or prior to a default will be effective. (2010-164, s. 4; 2015-178, s. 4(a).)