THE IOWA STATE BAR ASSOCIATION
Official Form No. 143

FOR THE LEGAL EFFECT OF THE USE OF THIS FORM, CONSULT YOUR LAWYER

David Zumbach
2078 300th St
Cogan, IA
52218

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138 PAGE 351
RECORDER
26.00

15-11147

A. F. Craig, Jr., Craig, Wilson & Flickinger, 316 First Street East, Independence, Iowa 50644, 319-334-6061

SPACE ABOVE THIS LINE FOR RECORDER

REAL ESTATE CONTRACT (SHORT FORM)

IT IS AGREED between Paul Norris and Anne Norris, Husband and Wife, of Buchanan County, Iowa, _____, ("Sellers"), and the Iowa Agricultural Development Authority, of Polk County, Iowa _____, ("Buyers") _____.

Sellers agree to sell and Buyers agree to buy real estate in Delaware County, Iowa, described as:

The West One-Half (W½) of the Southeast Quarter (SE¼), and the Southwest Quarter (SW¼) of the Northeast Quarter (NE¼) of Section Thirty-One (31), Township Eighty-Seven (87) North, Range Four (4), West of the Fifth P.M..

with any easements and appurtenant servient estates, but subject to the following: a. any zoning and other ordinances, b. any covenants of record; c. any easements of record for public utilities, roads and highways; and d. (consider: liens; mineral rights; other easements; interests of others.) _____

(the "Real Estate"), upon the following terms:

1. **PRICE.** The total purchase price for the Real Estate is Two Hundred Forty Thousand---------- Dollars ($ 240,000.00) of which Fourteen Thousand---------- Dollars ($ 14,000.00) has been paid. Buyers shall pay the balance to Sellers at _____, or as directed by Sellers, as follows:

Current annual payment is $15,556.20 based on a 30-year amortization. If the Seller desires, he may elect a balloon payment at the end of 20 years. Said payment would be $117,237.28, based on the current interest rate. This contract does not contain a prepayment penalty.

2. **INTEREST.** Buyers shall pay interest from March 1, 1997 on the unpaid balance, at the rate of 5.5 percent per annum, payable March 1, 1998 and annually. Interest will be variable with a review every 3 years. The rate is to be based upon FLCA Fixed Rate Installment Loan Debt "Base" which is currently at 6.4%. Actual interest rate is 0.9% below the base rate or 5.5% per annum. ~~Interest at the rate of~~ ~~percent per annum, payable~~ ~~and any sum reasonably advanced by Sellers to protect their interest in this contract, computed from the date of the delinquency or advance~~

3. **REAL ESTATE TAXES.** Sellers shall pay pro-rata share through March 1, 1997 and any unpaid real estate taxes payable in prior years. Buyers shall pay all subsequent real estate taxes. Any proration of real estate taxes on the Real Estate shall be based upon such taxes for the year currently payable unless the parties state otherwise.

4. **SPECIAL ASSESSMENTS.** Sellers shall pay all special assessments which are a lien on the Real Estate as of the date of this contract or Not applicable. All other special assessments shall be paid by Buyers.

5. **POSSESSION.** Sellers shall give Buyers possession of the Real Estate on March 1, 19 97, provided Buyers are not in default under this contract.

6. **INSURANCE.** Sellers shall maintain existing insurance upon the Real Estate until the date of possession. Buyers shall accept insurance proceeds instead of Sellers replacing or repairing damaged improvements. After possession and until full payment of the purchase price, Buyers shall keep the improvements on the Real Estate insured against loss by fire, tornado, and extended coverage for a sum not less than 80 percent of full insurable value payable to the Sellers and Buyers as their interests may appear. Buyers shall provide Sellers with evidence of such insurance.

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7. **ABSTRACT AND TITLE.** Sellers, at their expense, shall promptly obtain an abstract of title to the Real Estate continued through the date of this contract _____, and deliver it to Buyers for examination. It shall show merchantable title in Sellers in or conformity with this contract, Iowa law and the Title Standards of the Iowa State Bar Association. The abstract shall become the property of the Buyers when the purchase price is paid in full, however, Buyers reserve the right to occasionally use the abstract prior to full payment of the purchase price. Sellers shall pay the costs of any additional abstracting and title work due to any act or omission of Sellers, including transfers by or the death of Sellers or their assignees.

8. **FIXTURES.** All property that integrally belongs to or is part of the Real Estate, whether attached or detached, such as light fixtures, shades, rods, blinds, awnings, windows, storm doors, screens, plumbing fixtures, water heaters, water softeners, automatic heating equipment, air conditioning equipment, wall to wall carpeting, built-in items and electrical service cable, outside television towers and antenna, fencing, gates and landscaping shall be considered a part of Real Estate and included in the sale except: (consider: rental items.) _____

_____.

9. **CARE OF PROPERTY.** Buyers shall take good care of the property; shall keep the buildings and other improvements now or later placed on the Real Estate in good and reasonable repair and shall not injure, destroy or remove the property during the term of this contract. Buyers shall not make any material alteration to the Real Estate without the written consent of the Sellers.

10. **DEED.** Upon payment of purchase price, Sellers shall convey the Real Estate to Buyers or their assignees, by Warranty deed, free and clear of all liens, restrictions, and encumbrances except as provided herein. Any general warranties of title shall extend only to the date of this contract, with special warranties as to acts of Sellers continuing up to time of delivery of the deed.

11. **REMEDIES OF THE PARTIES.** a. If Buyers fail to timely perform this contract, Sellers may, at Sellers' option, forfeit Buyers' rights in this contract as provided in the Iowa Code, and all payments made by Buyers shall be forfeited. If Buyers fail to timely perform this contract, Sellers, at their option, may elect to declare the entire balance immediately due and payable after such notice, if any, as may be required by Chapter 654, The Code. Thereafter this contract may be foreclosed in equity and the court may appoint a receiver to take immediate possession of the property and of the revenues and income accruing therefrom and to rent or cultivate the same as the receiver may deem best for the interest of all parties concerned, and such receiver shall be liable to account to Buyers only for the net profits, after application of rents, issues and profits from the costs and expenses of the receivership and foreclosure and upon the contract obligation.

It is agreed that if this contract covers less than ten (10) acres of land, and in the event of the foreclosure of this contract and sale of the property by sheriff's sale in such foreclosure proceedings, the time of one year for redemption from said sale provided by the statutes of the State of Iowa shall be reduced to six (6) months provided the Sellers, in such action files an election to waive any deficiency judgment against Buyers which may arise out of the foreclosure proceedings; all to be consistent with the provisions of Chapter 628 of the Iowa Code. If the redemption period is so reduced, for the first three (3) months after sale such right of redemption shall be exclusive to the Buyers, and the time periods in Sections 628.5, 628.15 and 628.16 of the Iowa Code shall be reduced to four (4) months.

It is further agreed that the period of redemption after a foreclosure of this contract shall be reduced to sixty (60) days if all of the three following contingencies develop: (1) The real estate is less than ten (10) acres in size; (2) the Court finds affirmatively that the said real estate has been abandoned by the owners and those persons personally liable under this contract at the time of such foreclosure; and (3) Sellers in such action file an election to waive any deficiency judgment against Buyers or their successor in interest in such action. If the redemption period is so reduced, Buyers or their successors in interest or the owner shall have the exclusive right to redeem for the first thirty (30) days after such sale, and the time provided for redemption by creditors as provided in Sections 628.5, 628.15 and 628.16 of the Iowa Code shall be reduced to forty (40) days. Entry of appearance by pleading or docket entry by or on behalf of Buyers shall be presumption that the property is not abandoned. Any such redemption period shall be consistent with all of the provisions of Chapter 628 of the Iowa Code. This paragraph shall not be construed to limit or otherwise affect any other redemption provisions contained in Chapter 628 of the Iowa Code.

b. If Sellers fail to timely perform their obligations under this contract, Buyers shall have the right to terminate this contract and have all payments made returned to them.

c. Buyers and Sellers are also entitled to utilize any and all other remedies or actions at law or in equity available to them.

d. In any action or proceeding relating to this contract the successful party shall be entitled to receive reasonable attorney's fees and costs as permitted by law.

12. **JOINT TENANCY IN PROCEEDS AND IN REAL ESTATE.** If Sellers, immediately preceding this contract, hold title to the Real Estate in joint tenancy with full right of survivorship, and the joint tenancy is not later destroyed by operation of law or by acts of Sellers, then the proceeds of this sale, and any continuing or recaptured rights of Sellers in the Real Estate, shall belong to Sellers as joint tenants with full right of survivorship and not as tenants in common; and Buyers, in the event of the death of either Seller, agree to pay any balance of the price due Sellers under this contract to the surviving Seller and to accept a deed from the surviving Seller consistent with paragraph 10.

13. **JOINDER BY SELLER'S SPOUSE.** Seller's spouse, if not a titleholder immediately preceding acceptance of this offer, executes this contract only for the purpose of relinquishing all rights of dower, homestead and distributive shares or in compliance with Section 561.13 of the Iowa Code and agrees to execute the deed for this purpose.

14. **TIME IS OF THE ESSENCE.** Time is of the essence in this contract.

15. **PERSONAL PROPERTY.** If this contract includes the sale of any personal property, Buyers grant the Sellers a security interest in the personal property and Buyers shall execute the necessary financing statements and deliver them to Sellers.

16. **CONSTRUCTION.** Words and phrases in this contract shall be construed as in the singular or plural number, and as masculine, feminine or neuter gender, according to the context.

17. **ADDITIONAL PROVISIONS.** This Contract is replacement for and supplemental to original contract dated July 3, 1997. There are no changes in the terms from the original contract. This contract is redrafted and resigned to supplement and replace the original contract in a form which can be recorded.

18. See attached Exhibit "A", the provisions of which are by this reference made a part of this agreement.

Dated: OCTOBER 9, 19 97

Iowa Agricultural Development Authority

By: Steven K. Ferguson

Steven K. Ferguson, Executive Director, Insurance Exchange Bldg., Suite 327, Des Moines, IA 50309

BUYERS

Paul Norris

Anne Norris

SELLERS

2143 Horshoe Drive
Independence, IA 5064

STATE OF BUCHANAN, COUNTY OF IOWA, ss:

On this 9th day of OCTOBER, 19 97, before me, the undersigned, a Notary Public in and for said State, personally appeared Paul Norris and Anne Norris, Husband and Wife

to me known to be the identical persons named in and who executed the foregoing instrument, and acknowledged to me that they executed the same as their voluntary act and deed.

ARLO F. CRAIG, JR.
MY COMMISSION EXPIRES
December 10, 1998

Arlo F. Craig, Jr.

_____, Notary Public in and for Said State.

EXHIBIT A

This contract will be assigned by the Buyer (Iowa Agricultural Development Authority) to David M. Zumbach and may not be reassigned by David M. Zumbach without the written consent of Paul Norris and the Iowa Agricultural Development Authority which consent, if given, shall not operate as a waiver of the requirement of written consent on any subsequent assignment. Any attempt by David Zumbach to reassign this contract, without written consent shall entitle Paul Norris to declare all amounts due hereunder immediately due and payable.

To evidence its payment obligations under this contract, the Iowa Agricultural Development Authority will issue its tax exempt bond (the "Bond") in an amount equal to the unpaid balance of the purchase price contained herein and bearing interest at the rate of 5.5% per annum - currently - see attached review schedule (the "Tax Exempt Rate") with payment terms identical to those contained herein. David Zumbach has expressly warranted to Paul Norris that the interest payments received pursuant to the terms contained herein will come to Paul Norris in the form that will make it not includable in gross income for federal income tax purposes. Paul Norris is relying on the representations made by David Zumbach in this regard and in the event the interest payments are determined to be includable in gross income for federal income tax purposes, then all interest payments will be computed on the basis of interest at the rate of 5.5% per annum currently - see attached review schedule (the "Taxable Rate") and David Zumbach shall be responsible to make payment to Paul Norris for the difference between interest paid at the Tax Exempt Rate and the amount calculated on the basis of interest at the Taxable Rate. This provision shall not apply in the event the Bond is held by a Related Person (as defined by the Internal Revenue Code) to David Zumbach.

Paul Norris acknowledges that this contract will be assigned by the Iowa Agricultural Development Authority by separate instrument, the Guarantee Assignment and Assumption Agreement (the "Guarantee") to David Zumbach who will assume the rights, duties, obligations and liabilities of the Iowa Agricultural Development Authority hereunder and guarantee the payment of principal of and interest on the Bond. Paul Norris approves such assignment and assumption and acknowledges that the principal of, premium, if any, and interest on the Bond, the installment payments under this contract and other amounts due and owing to Paul Norris, as holder of the Bond and seller under this contract are special limited obligations of the Iowa Agricultural Development Authority and payable solely and only from the obligations of David Zumbach under the Guarantee and are not general obligations of the State of Iowa or any political subdivision or agency thereof, including the Iowa Agricultural Development Authority, within the meaning of any constitutional or statutory limitation and do not constitute or give rise to a pecuniary liability of the State of Iowa or any political subdivision or agency thereof, including the Iowa Agricultural Development Authority, or a charge against their general credit or general funds.

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Exhibit A - Continued

Interest will be variable with a review every three (3) years. The rate is to be based upon FLCA Fixed Rate Installment Loan Debt "Base" which is currently at 6.4%. Actual interest rate is 0.9% below the base rate or 5.5%.

EXHIBIT A
Zumbach Building Itemization

Machine Shed	40' x 96'	$ 10,000
Grain Bin	27' D x 10 rings (high)	5,000
Farrowing and Nursery	24' x 72'	13,000
Barn	40' x 54'	10,000
Barn	36' x 64'	10,000
Shed	45' x 75'	10,000
Driveway Crib	26' x 32'	2,000
	SUBTOTAL FOR FARM BUILDINGS	$ 60,000
House - 2 Story	24' x 40'	25,000
		$ 85,000

STATE OF IOWA :
: ss
COUNTY OF POLK :

On this 8th day of October, 1997, before me the undersigned, a Notary Public in and for the State of Iowa, personally appeared Steven K. Ferguson, to me personally known, who, being by me duly sworn, did say that he is the Executive Director of the Iowa Agricultural Development Authority, the state agency executing the within and foregoing Contract to which this is attached, that the seal affixed thereto is the seal of said agency; that said instrument was signed and sealed on behalf of said agency by authority of is Board and that the said Steven K. Ferguson, as such officer, acknowledges the execution of said instrument to be the voluntary act and deed of said agency, by it and by him voluntarily executed.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal this 8th day of October, 1997.

Darlene F. Oliver
Notary Public

(Seal)

NOTARIAL SEAL IOWA
DARLENE F. OLIVER
MY COMMISSION EXPIRES
8-18, 98

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