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DEBORAH L. PEYTON, RECORDER/REGISTRA
DELAWARE COUNTY IOWA

This instrument prepared by Melissa Adams, Allen & Vernon, P.L.C.
1175 8th Avenue, P.O. Box 488, Marion, IA 52302-0488, (319) 377-9441
Name and address of person to whom property tax statement should be mailed
Return To:
Martin J. Kelzer and Angela M. Kelzer
1552 190th Ave
Manchester, IA 52507

REAL ESTATE CONTRACT - INSTALLMENTS

IT IS AGREED, this 29th day of September 2005, by and between Loren R. Harbaugh and Laura M. Harbaugh, husband and wife of the County of Delaware, State of Iowa, Sellers; and Martin J. Kelzer and Angela M. Kelzer, as joint tenants with full rights of survivorship and not as tenants in common of the County of Delaware, State of Iowa, Buyers; That the Sellers, as in this contract provided, agree to sell to the Buyers, and the Buyers in consideration of the premises, hereby agree with the Sellers to Purchase the following described real estate situated in the County of Delaware, State of Iowa, to-wit:

Lot Three (3) of Swiss Valley Farms Subdivision, City of Manchester, Delaware County, Iowa, according to plat recorded in Book 2004, Page 1563, from the 6th day of December, 1993, at 8:00 o'clock A.M. to the 1st day of September, 2004, at 8:00 o'clock A.M.

AND

Lot Four (4) of Swiss Valley Farms Subdivision, City of Manchester, Delaware County, Iowa, according to plat recorded in Book 2004, Page 1563, from the 24th day of March, 1994, at 8:00 o'clock A.M. to the 1st day of September, 2004, at 8:00 o'clock A.M.

together with any easements and servient estates appurtenant thereto, but with such reservations and exceptions of title as may be below stated, and certain personal property if and as may be herein described or if and as an itemized list is attached hereto and marked "Exhibit A" all upon the terms and conditions following:

1. TOTAL PURCHASE PRICE. The buyer agrees to pay for said property the total of $300,000.00, due and payable as directed by Seller in Delaware County, Iowa, as follows:

(a) NO DOWN PAYMENT IS REQUIRED: and

(b) BALANCE OF PURCHASE PRICE, $300,000.00, as follows: $1,829.99 which includes interest (or more at the option of the buyers) on or before the 15th day of October, 2005, and $1,829.99 which includes interest (or more at the option of the buyers) on or before the 15th of each and every month thereafter until all sums are paid in full, unless sooner paid, including interest on unpaid balances thereof at the rate of 6.50% per annum, payable monthly from date of possession until fully paid; said payments to be applied first to the interest then unpaid and next upon the balance of the principal. **See Special Provisions below.**

2. POSSESSION. Buyers, concurrently with due performance on their part shall be entitled to possession of said premises on the 30th day of September, 2005; and thereafter so long as they shall perform the obligations of this contract. If Buyers are taking subject to the rights of lessees and are entitled to rentals therefrom on and after date of possession, so indicate by "yes" in the space following ___yes___.

3. TAXES. SELLERS shall pay **2004-2005 fiscal year taxes, as same come due in September, 2005 and March 2006, together with 2005-2006 fiscal year taxes prorated to the date of possession** and any unpaid taxes thereon payable in prior years. Buyers shall pay any taxes not assumed by Sellers and all subsequent taxes before same become delinquent. Whoever may be responsible for the payment of said taxes, and the special assessments, if any, each year, shall furnish to the other parties evidence of payment of such items not later than July 15 of each year. ANY PRORATION OF TAXES SHALL BE BASED UPON THE TAXES FOR THE YEAR CURRENTLY PAYABLE UNLESS THE PARTIES STATE OTHERWISE.

4. SPECIAL ASSESSMENTS. Sellers shall pay the special assessments against this property: (Strike out (a) or (b) below)

~~(a) Which, if not paid in the year 19___, would become delinquent and all assessments payable prior thereto~~.

(b) Which are a lien thereon as of **the date of possession.**

(c) Including all sewage disposal assessments for overage charge heretofore assessed by any municipality having jurisdiction as of date of possession. Buyers, except as above stated, shall pay all subsequent special assessments and charges, before they become delinquent.

5. MORTGAGES. Any mortgage or encumbrance of a similar nature against the said property shall be timely paid by Sellers so as not to prejudice the Buyers' equity herein. Should Sellers fail to pay, Buyers may pay any such sums in default and shall receive credit on this contract for such sums so paid. MORTGAGE BY SELLERS. Sellers, their successors in interest or assigns, may, and hereby reserve the right to at any time mortgage their right, title or interest in such premises or to renew or extend any existing mortgage for any amount not to exceed **100%** of the unpaid balance of the purchase price herein provided. The interest rate and amortization thereof shall be no more onerous than the installment requirements of this contract. Buyers hereby expressly consent to such a mortgage and agree to execute and deliver all necessary papers to aid Sellers in securing such a mortgage which shall be prior and paramount to any of the Buyers' then rights in said property. DEED FOR BUYERS SUBJECT TO MORTGAGE. If Buyers have reduced the balance of this contract to the amount of any existing mortgage balance on said premises, they may at their option, assume and agree to pay said mortgage according to its terms, and subject to such mortgage shall receive a deed to said premises; or Sellers, at their option, any time before Buyers have made such a mortgage commitment, may reduce or pay off such mortgage. ALLOCATED PAYMENTS. Buyers, in the event of acquiring this property from an equity hold instead of a holder of the fee title, or in the event of a mortgage against said premises, reserve the right, if reasonably necessary for their protection to divide or allocate the payments to the interested parties as their interest may appear. SELLERS AS TRUSTEES. Sellers agree that they will collect no money hereunder in excess of the amount of the unpaid balance under the terms of this contract less the total amount of the encumbrance on the interest of Sellers or their assigns in said real estate; and if Sellers shall hereafter collect or receive moneys hereunder beyond such amounts, they shall be considered and held as collecting and receiving said money as the agent and trustee of the Buyers for the use and benefit of the Buyers.

6. INSURANCE. Except as may be otherwise included in the last sentence of paragraph 1(b) above, Buyers as and from said date of possession, shall constantly keep in force, insurance, premiums therefor to be prepaid by Buyers (without notice or demand) against loss by fire, tornado and other hazards, casualties and contingencies as Seller may reasonably require on all buildings and improvements, now on or hereafter placed on said premises and any personal property which may be the subject of this contract, in companies to be reasonably approved by Sellers in an amount not less than the full insurable value of such improvements and personal property or not less than the unpaid purchase price herein whichever amount is smaller with such insurance payable to Sellers and Buyers as their interest may appear. BUYERS SHALL PROMPTLY DEPOSIT SUCH POLICY WITH PROPER RIDERS WITH SELLERS for the further security for the payment of the sums herein mentioned. In the event of any such casualty loss, the insurance proceeds may be used under the supervision of the Sellers to replace or repair the loss if the proceeds be adequate; if not, then some other reasonable application of such funds shall be made; but in any event such proceeds shall stand as security for the payment of the obligations herein.

7. CARE OF PROPERTY. Buyers shall take good care of this property; shall keep the buildings and other improvements now or hereafter placed on the said premises in good and reasonable repair and shall not injure, destroy or remove the same during the life of this contract. Buyers shall not make any material alterations to said premises without the written consent of the Sellers. Buyers shall not use or permit said premises to be used for any illegal purpose.

8. LIENS. No mechanics' liens shall be imposed upon or foreclosed against the real estate described herein.

9. ADVANCEMENT BY SELLERS. If Buyers fail to pay such taxes, special assessments and insurance and effect necessary repairs, as above agreed, Sellers may, but need not, pay such taxes, special assessments, insurance and make necessary repairs, and all sums so advanced shall be due and payable on demand or such sums so advanced may, at the election of Sellers, be added to the principal amount due hereunder and so secured. (For Buyers' rights to make advancements, see paragraph 5 above.)

10. JOINT TENANCY IN PROCEEDS AND SECURITY RIGHTS IN REAL ESTATE. If, and only if, the Sellers immediately preceding this sale, hold the title to the above described property in joint tenancy, and such joint tenancy has not later been destroyed by operation of law or by acts of the Sellers, this sale shall not constitute such destruction and the proceeds of this contract and any continuing and/or recaptured rights of Sellers in said real estate, shall be and continue in Sellers as joint tenants with rights of survivorship and not as tenants in common; and Buyers, in the event of the death of one of such joint tenants, agree to pay any balance of the proceeds of this contract to the surviving Seller (or Sellers) and to accept deed solely from him or them consistent with paragraph 13 below unless and except this paragraph is stricken from this agreement.

11. "SELLERS". Spouse, if not titleholder immediately preceding this sale, shall be presume to have executed this instrument only for the purpose of relinquishing all rights of dower, homestead and distributive share and/or in compliance with section 561.13 Code of Iowa; and use of the word "Sellers" in the printed portion of this contract, without more, shall not rebut such presumption, nor in any way enlarge or extend the previous interest of such spouse in said property, or in the sale proceeds, nor bind such spouse except as aforesaid, to the terms and provisions of this contract.

12. TIME IS OF THE ESSENCE in this Agreement. Failure to promptly assert rights of Sellers herein shall not, however, be a waiver of such rights or a waiver of any existing or subsequent default.

13. EXCEPTIONS OF WARRANTIES OF TITLE. The warranties of title in any Deed made pursuant to this contract (see paragraph 14) shall be without reservation or qualification EXCEPT: (a) Zoning ordinances; (b) Such restrictive covenants as may be shown of record; (c) Easements of record, if any; (d) As limited by paragraphs 1, 2, 3, and 4 of this contract; (e) Sellers shall give Special Warranty as to the period after equitable title passes to Buyers; (f) Spouse if not a titleholder, need not join in any warranties of the deed unless otherwise stipulated.

14. DEED AND ABSTRACT, BILL OF SALE. If all said sums of money and interest are paid to Sellers during the life of this contract, and all other agreements for performance by Buyers has been complied with, Sellers will execute and deliver to Buyers a general Warranty Deed conveying said premises in fee simple pursuant to and in conformity with this contract; and Sellers will at this time deliver to Buyers an abstract showing merchantable title, in conformity with this contract. Such abstract shall begin with the government patent (unless pursuant to the Iowa State Bar Association title standards there is a lesser requirement as to period of abstracting) to said premises and shall show title thereto in Sellers as of the date of this contract, or as of such earlier date if and as designated in the next sentence. Sellers shall also pay the cost of any abstracting due to any act or change in the personal affairs of Sellers resulting in a change of title by operation of law or otherwise. If any personal property is a part of this agreement, then upon due performance by Buyers, Sellers shall execute and deliver a Bill of Sale CONSISTENT WITH THE TERMS OF THIS CONTRACT. Sellers shall pay all taxes on such personal property payable in 2005, and all taxes thereon payable prior thereto.

15. APPROVAL OF ABSTRACT. Buyers have examined the abstract of title to this property and such abstract is accepted.
16. FORFEITURE. If Buyers (a) fail to make the payments aforesaid, or any part thereof, as same become due; or (b) fail to pay the taxes or special assessments or charges, or any part thereof, levied upon said property, or assessed against it, by any taxing body before any of such items become delinquent; or (c) fail to keep the property insured; or (d) fail to keep it in reasonable repair as herein required; or (e) fail to perform any of the agreements as herein made or required; then sellers, in addition to any and all other legal and equitable remedies which they may have, at their option, may proceed to forfeit and cancel this contract as provided by law (Chapter 656 Code of Iowa). Upon completion of such forfeiture Buyers shall have no right of reclamation or compensation for money paid, or improvements made; but such payments and/or improvements if any shall be retained and kept by Sellers as compensation for the use of said property, and/or as liquidated damages for breach of this contract; and upon completion of such forfeiture, if the Buyers, or any other person or persons shall be in possession of said real estate or any part thereof, such party or parties in possession shall at once peacefully remove therefrom, or failing to do so may be treated as tenants holding over, unlawfully after the expiration of a lease, and may accordingly be ousted and removed as such as provided by law.
17. FORECLOSURE AND REDEMPTION. 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 reduces to six (6) months provided the Sellers, in such action files and 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.
18. ATTORNEY'S FEES. In case of any action, or in any proceedings in any Court to collect any sums payable or secured herein, or to protect the lien or title herein of Sellers, or in any other case permitted by law in which attorney's fees may be collected from Buyers, or imposed upon them, or upon the above described property. Buyers agree to pay reasonable attorneys fees.
19. INTEREST ON DELINQUENT AMOUNTS AND LATE CHARGE. Either party will pay interest at the highest legal contract rate applicable to a natural person to the other on all amounts herein as and after they become delinquent and/or cash reasonable advanced by either party pursuant to the terms of this contract, as protective disbursements. In the event any payment is not made within twelve days from the date it is due, Buyer shall also pay a "late charge" of five cents for each dollar so overdue, to cover any extra expense that may be involved by reason of such delinquent payment.
20. ASSIGNMENT. In case of the assignment of this Contract by either of the parties, prompt notice shall be given to the other parties, who shall at the time of such notice be furnished with a duplicate of such assignment by such assignors. Any such assignment shall not terminate the liability of the assignor to perform, unless a specific release in writing is given and signed by the other party to this Contract. **See Special Provisions below.**
21. PERSONAL PROPERTY. If this contract includes the sale of any personal property, then in the event of the forfeiture or foreclosure of this contract, such personalty shall be considered indivisible with the real estate above described; and any such termination of Buyers rights in said real estate shall concurrently operate as the forfeiture or foreclosure hereof against all such personal property.
22. CONSTRUCTION. Words and phrases herein, including acknowledgments hereof, shall be construed as in the singular or plural number, and as masculine, feminine or neuter gender, according to the context. See paragraph 11 above, for construction of the word "Sellers".
23. SPECIAL PROVISIONS.

A. Seller shall deduct from the down payment price Sellers' share of the 2004-2005 fiscal year property taxes and first one-half (½) of the 2005-2006 fiscal year property taxes prorated through September 30, 2005. Said taxes due by Seller at closing are $7,760.82. Seller shall also deduct $2,715.00 of rental deposits from the purchase price. Buyer shall place $2,715.00 in buyer's escrow account to cover said rental deposits in accordance with the Landlord-Tenant laws in the State of Iowa.

B. Buyers must pay at a minimum the interest due each month as a payment. All payments must be made within the thirty (30) years.

C. Buyers shall have thirty (30) years from the date of October 15, 2005 to complete payment. Should Buyers pay the entire balance before October 15, 2025, Buyers shall pay an additional $13,000.00 to Sellers if paid in 2005 or 2006. Beginning October 15, 2007, said amount shall decrease by $100.00, and shall decrease by $100 each subsequent year on October 15 should the entire balance be paid off before October 15, 2025

(e.g. $12,900.00 in 2007, $12,800.00 in 2008, etc.). No additional payment is due after October 15, 2025.

D. Buyers may not sell, assign, transfer or convey their interest in the real estate sold herein without Sellers' written consent. In the event of same, Seller may at its option declare the entire contract balance due and payable in full without notice.

E. Buyers are purchasing this property in its present condition, "as is." Buyers acknowledge a full and adequate opportunity to inspect the premises. Buyers are relying solely upon their own inspection and investigation, and not upon any representations of the Sellers, written or oral, concerning the condition of the property.

Loren R. Harbaugh, Seller

Martin J. Kelzer, Buyer

Laura M. Harbaugh, Seller

Angela M. Kelzer, Buyer

STATE OF IOWA, DELAWARE COUNTY, ss:

On this 27th day of September 2005, before me the undersigned, a Notary Public in and for said State, personally appeared **Loren R. Harbaugh and Laura M. Harbaugh** to me known to be the identical persons named in and who executed the foregoing instrument and acknowledged that they executed the same as their voluntary act and deed.

LAURA K. THOMAS
Commission Number 718135
My Commission Expires
8-26-08

Laura K. Thomas
Notary Public in and for the State of Iowa

STATE OF IOWA, DELAWARE COUNTY, ss:

On this 27th day of September 2005, before me the undersigned, a Notary Public in and for said State, personally appeared **Martin J. Kelzer and Angela M. Kelzer** to me known to be the identical persons named in and who executed the foregoing instrument and acknowledged that they executed the same as their voluntary act and deed.

Laura K. Thomas
Notary Public in and for the State of Iowa

LAURA K. THOMAS
Commission Number 718135
My Commission Expires
8-26-08