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DEBORAH L. PEYTON, RECORDER/REGISTRA
DELAWARE COUNTY IOWA

Real Estate Contract - Short Form

THE IOWA STATE BAR ASSOCIATION
Official Form No. 143
Recorder's Cover Sheet

Preparer Information: (Name, address and phone number)
E. Michael Carr, 117 S. Franklin Street, PO Box 333, Manchester, IA 52057, (563) 927-4164

Taxpayer Information: (Name and complete address)
Michael and Eden Gaul
580 Meadow Lane
Huxley, Iowa 50124

Return Document To: (Name and complete address)
Carr & Carr Attorneys
PO Box 33
Manchester, Iowa 52057

Grantors:
Francis N. Gassman
Berniece M. Gassman

Grantees:
Iowa Agricultural Development Authority
By: Jeff Ward, Executive Director

Legal description: See Page 2

Document or instrument number of previously recorded documents:

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REAL ESTATE CONTRACT
(SHORT FORM)

IT IS AGREED between Francis N. Gassman and Berniece M. Gassman, husband and wife

("Sellers"); and

Iowa Agricultural Development Authority

("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) of Section Six (6), Township Ninety North (T90N), Range Five West (R5W) of the Fifth Principal Meridian.

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; interest of others.)

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

1. **PRICE.** The total purchase price for the Real Estate is Two Hundred Fifty-Five Thousand and 0/100 Dollars ($ 255,000.00) of which No and 0/100 Dollars ($ 0.00) has been paid. Buyers shall pay the balance to Sellers at , or as directed by Sellers, as follows:

$63,750.00 on December 29, 2005; $63,750.00 plus interest on April 1, 2006; a minimum of $7,500.00 with a maximum of $20,000.00 plus interest on April 1, 2007; a minimum of $7,500.00 with a maximum of $20,000.00 plus interest on April 1, 2008; a minimum of $7,500.00 with a maximum of $20,000.00 plus interest on April 1, 2009; a minimum of $7,500.00 with a maximum of $20,000.00 plus interest on April 1, 2010; a minimum of $7,500.00 with a maximum of $20,000.00 plus interest on April 1, 2011; a minimum of $7,500.00 with a maximum of $20,000.00 plus interest on April 1, 2012; and the entire unpaid principal together with interest accrued shall be paid on April 1, 2013.

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2. INTEREST. Buyers shall pay interest from December 29, 2005 on the unpaid balance, at the rate of 5.5 percent per annum, payable as directed in paragraph 1. Buyers shall also pay interest at the rate of 5.5 percent per annum on all delinquent amounts and any sum reasonably advanced by Sellers to protect their interest in this contract, computed from the date of the delinquency or advance. See paragraph 18(b).

3. REAL ESTATE TAXES. Sellers shall pay pro-rated taxes to the date of possession 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 _____. All other special assessments shall be paid by Buyers.

5. POSSESSION CLOSING. Sellers shall give Buyers possession of the Real Estate on December 29, 2005, provided Buyers are not in default under this contract. Closing shall be on December 29, 2005.

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.

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 (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 lease, and may accordingly be ousted and removed as such as provided by law.

b. 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 file 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. Upon completion of such forfeiture Buyers shall have no right of reclamation or compensation for money paid, or improvements made; but such payments and for 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 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.

c. 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.

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

e. 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. RELEASE OF RIGHTS. Each of the Buyers hereby relinquishes all rights of dower, homestead and distributive share in and to the property and waives all rights of exemption as to any of the property.

I UNDERSTAND THAT HOMESTEAD PROPERTY IS IN MANY CASES PROTECTED FROM THE CLAIMS OF CREDITORS AND EXEMPT FROM JUDICIAL SALE; AND THAT BY SIGNING THIS CONTRACT, I VOLUNTARILY GIVE UP MY RIGHT TO THIS PROTECTION FOR THIS PROPERTY WITH RESPECT TO CLAIMS BASED UPON THIS CONTRACT.

Dated: December 29, 2005

Michael J. Gaul, Guarantor BUYERS

Dated: December 29, 2005

Eden C. Gaul, Guarantor BUYERS

18. ADDITIONAL PROVISIONS.

a. It is agreed the homestead has a value of $80,000.00.

b. The Iowa Agricultural Authority is financing $127,500.00 at 5.5.% interest per annum and Farm Service Agency is financing $117,500.00 at 5% interest per annum.

c. Michael J. Gaul and Eden C. Gaul, husband and wife each guaranty that all payments will be timely made to the sellers and each assumes personal liability therefor.

d. See Exhibit A attached .

SEAL IOWA

Dated: December 29, 2005

Francis N. Gassman

Berniece M. Gassman SELLERS

Iowa Agricultural Development Authority BUYERS

By: Jeff Ward, Executive Director

505 Fifth Ave., Suite 327, Des Moines, Iowa 50309

STATE OF Iowa, COUNTY OF Delaware

This instrument was acknowledged before me on December 29, 2005, by, Francis N. Gassman and Berniece M. Gassman and Michael J. Gaul and Eden C. Gaul

E. Michael Carr, Notary Public

E. MICHAEL CARR
Commission Number 222
My Commission Expires
December 10, 2007

STATE OF IOWA)
)
COUNTY OF POLK)

SS:

On this 28th day of December, 2005, before me, the undersigned, a Notary Public in and for the State of Iowa, personally appeared ***Jeff Ward***, 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 its Board and that the said ***Jeff Ward***, 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.

28th IN WITNESS WHEREOF, I have hereunto set my hand and official seal this 28th day of December, 2005.

Darlene F. Oliver
Notary Public

NOTARIAL SEAL IOWA
DARLENE F. OLIVER
Commission Number 180759
My Commission Expires
8/18/07

(Seal)

MJG ECG
J M. G.

EXHIBIT A

(BMG) This contract will be assigned by the Buyer (Iowa Agricultural Development Authority) to Michael J. Gaul and Eden C. Gaul, husband and wife as Joint Tenants With Full Rights of Survivorship and not as Tenants in Common (Beginning Farmer[s]) and may not be reassigned by Beginning Farmer[s] without the written consent of Seller[s] 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 Beginning Farmer[s] to reassign this contract without written consent shall entitle Seller[s] to declare all amounts due hereunder immediately due and payable.

MJG ECG (BMG) 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 one-half the unpaid balance of the purchase price contained herein and bearing interest at the rate of 5.5% per annum (the "Tax Exempt Rate") with payment terms identical to those contained herein. Beginning Farmer[s] have expressly warranted to Seller[s] that the interest payments received pursuant to the terms contained herein will come to the Seller[s] in the form that will make it not includable in gross income for federal income tax purposes. Seller[s] are relying on the representations made by the Beginning Farmer[s] 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 7% per annum (the "Taxable Rate") and Beginning Farmer[s] shall be responsible to make payment to the Seller[s] 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 the Beginning Farmer[s].

MJG ECG (BMG) The Seller[s] acknowledge that this contract will be assigned by the Iowa Agricultural Development Authority by separate instrument, the Guarantee, Assignment and Assumption Agreement (the "Guarantee") to the Beginning Farmer[s] 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. Seller[s] 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 the Seller[s] 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 the Beginning Farmer[s] 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.