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LISA SMITH, COUNTY RECORDER
MADISON IOWA

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

Preparer Information: (name, address and phone number)

John E. Casper, 223 East Court Avenue, P.O. Box 67, Winterset, Iowa 50273-0067

Taxpayer Information: (name and complete address)

Donald J. Lynch
1601 Upland Trail
Prole, Iowa 50229

✓ **Return Document To:** (name and complete address)

John E. Casper
223 East Court Avenue
P.O. Box 67
Winterset, Iowa 50273-0067

Grantors:

Donald J. Lynch

Grantees:

Kelly J. Hayes

Legal Description: See Page 2

Document or instrument number of previously recorded documents:

REAL ESTATE CONTRACT

IT IS AGREED between Donald J. Lynch, a single person ("Seller"); and Kelly J. Hayes ("Buyer"):

Seller agrees to sell and Buyer agrees to buy real estate in Madison County, Iowa, described as:

The East Half (1/2) of the Southwest Quarter (1/4), except the East 33 1/3 rods of the South 24 rods thereof, and the West Half (1/2) of the Southwest Quarter (1/4) except the North one acre thereof, all in Section Three (3), in Township Seventy-four (74) North, Range Twenty-six (26) West of the Fifth P.M., Madison County, Iowa, and except Parcel "D" located in the Southwest Quarter (1/4) of said Section Three (3), containing 57.049 acres, as shown in Plat of Survey filed in Book 2007, Page 3107 on August 9, 2007, in the Office of the Recorder of Madison County, Iowa,

with any easements and appurtenant serviette 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 Seventy-five Thousand Dollars (\$275,000.00) of which Five Thousand Dollars (\$5,000.00) has been paid, receipt of which Seller acknowledges, and the Buyer shall pay the balance to Seller, as follows:

Fifty Thousand Dollars (\$50,000.00) on or before October 1, 2008; and, \$14,311.32, or more, due on or before October 1, 2009; and, \$14,311.32, or more, due on or before the first day of each year thereafter until October 1, 2016 when all remaining balances due hereunder shall become due and payable in full. The Buyer shall pay Seller interest upon the unpaid principal balances from October 1, 2008 at the rate of Five percent (5 %) per annum payable annually as provided herein. The annual payments include principal and interest. All payments shall be first credited towards the interest accrued to the date of the payment and the balance towards the reduction in principal. Buyer shall also pay interest at the rate provided under paragraph two of this contract on all delinquent amounts and any sums reasonably advanced by Seller to protect their interest in this Contract, computed from the date of the delinquency or advance.

2. **INTEREST.** Buyer shall pay interest from October 1, 2008 on the unpaid balance at the rate of Five percent (5%) per annum payable as provided in paragraph one above. Buyer shall also pay interest at the rate of Ten percent (10%) per annum on all delinquent amounts and any sum reasonably advanced by Seller to protect their interest in this contract, computed from the date of the delinquency or advance.

3. **REAL ESTATE TAXES.** Seller shall pay one-fourth (1/4th) of the property taxes payable upon the property during the fiscal year commencing on July 1, 2009 and any

unpaid real estate taxes payable in prior fiscal years. Buyer shall timely pay all subsequent real estate taxes. The parties shall not prorate the taxes on the Real Estate, but each party shall timely pay the property taxes for which each is responsible as provided above.

4. **SPECIAL ASSESSMENTS.** Seller shall pay all special assessments which are a lien on the Real Estate as of October 1, 2008. All other special assessments shall be paid by Buyer.

5. **POSSESSION CLOSING.** Seller shall give Buyer possession of the Real Estate on October 1, 2008, provided Buyer is not in default under this contract. Closing shall be on or about October 1, 2008.

6. **INSURANCE.** Seller shall maintain existing insurance upon the Real Estate for the structure until the date of the Buyer's possession. Buyer shall accept insurance proceeds instead of Seller replacing or repairing damaged improvements. After possession and until full payment of the purchase price, Buyer shall keep the improvements on the Real Estate insured against loss by fire, tornado, and extended coverage for a sum not less than 100 percent of full insurable value payable to the Seller and Buyer as their interests may appear. Buyer shall provide Seller with evidence of such insurance.

7. **ABSTRACT AND TITLE.** Seller, at their expense, shall promptly obtain an abstract of title to the Real Estate and deliver it to Buyer for examination. It shall show merchantable title in Seller 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 Buyer when the purchase price is paid in full. Seller shall pay the costs of any additional abstracting and title work due to any act or omission of Seller, including transfers by or the death of Seller or their assignees.

8. **FIXTURES AND APPLIANCES.** 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. The sales contract does NOT include the Hedge posts, which items Seller retains.

9. **CARE OF PROPERTY.** Buyer 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. Buyer shall not make any material alteration to the Real Estate without the written consent of the Seller.

10. **DEED.** Upon payment of purchase price, Seller shall convey the Real Estate to Buyer 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 Seller continuing up to time of delivery of the deed.

11. REMEDIES OF THE PARTIES. If Buyer (a) fails to make the payments aforesaid, or any part thereof, as same become due; or (b) fails to keep it in reasonable repair as herein required; or (c) fails to perform any of the agreements as herein made or required; then Seller, 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 Buyer 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 Seller 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 Buyer, 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 Buyer fails to timely perform this contract, Seller, 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 Buyer 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 Seller, in such action file an election to waive any deficiency judgment against Buyer 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 Buyer, 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) Seller in such action file an election to waive any deficiency judgment against Buyer or their successor in interest in such action. If the redemption period is so reduced, Buyer 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 Buyer 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 Buyer 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 Seller 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 Buyer, 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 Seller fails to timely perform their obligations under this contract, Buyer shall have the right to terminate this contract.

d. Buyer and Seller 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 Seller, immediately preceding this contract, holds 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 Seller, then the proceeds of this sale, and any continuing or recaptured rights of Seller in the Real Estate, shall belong to Seller as joint tenants with full right of survivorship and not as tenants in common; and Buyer, in the event of the death of either Seller, agree to pay any balance of the price due Seller 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, Buyer grants the Seller a security interest in the personal property and Buyer shall execute the necessary financing statements and deliver them to Seller.

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.** The Seller 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.

18. **CERTIFICATION.** Buyer and Seller each certify that they are not acting, directly or indirectly, for or on behalf of any person, group, entity or nation named by any Executive Order or the United States Treasury Department as a terrorist, "Specially Designated National and Blocked Person" or any other banned or blocked person, entity, nation or transaction pursuant to any law, order, rule or regulation that is enforced or administered by the Office of Foreign Assets Control; and are not engaged in this transaction, directly or indirectly on behalf of, any such person, group, entity or nation. Each party hereby agrees to defend, indemnify and hold harmless the other party from and against any and all claims, damages, losses, risks, liabilities and expenses (including attorney's fees and costs) arising from or related to my breach of the foregoing certification.

19. **ASSIGNMENT.** The Seller may, at Seller's option, declare the entire balance due under this Sales Contract to be immediately due and payable upon the creation of, or contract for the creation of, any lien, encumbrance, transfer, assignment or sale of all or any part of the real estate subject to this Sales Contract. This right is subject to the restrictions, if any, imposed by federal law, as applicable. This covenant shall run with the real estate subject to this Sales Contract and shall remain in effect until the balances due the Seller under this Sales Contract are paid in full and the Deed in fulfillment of this Sales Contract is tendered to the Buyer. Buyer may not assign or transfer this contract without the prior written permission of Seller.

20. **"AS IS" CONDITION.** The parties agree the premises are sold in its "AS IS" condition; the Seller makes no representation or warranties, express or implied, as to the habitability, structural quality or usability of the premises; and, the Buyer acknowledges full opportunity to inspect the conditions of the premises.

21. ENVIRONMENTAL MATTERS.


(a) SELLER makes no warranty or representation of any kind whatsoever about abandoned wells, solid waste disposal sites, hazardous wastes or substances, or underground storage tanks located on the Property, or the Property containing levels of radon gas, asbestos or urea-formaldehyde foam insulation which may require remediation under current governmental standards.

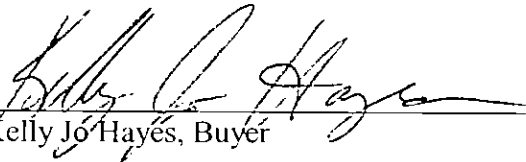
(b) BUYER waives any right or opportunity at their expense to obtain a report from a qualified engineer or other person qualified to analyze the existence or nature of any hazardous materials, substances, conditions or wastes located on the Property.

22. **SELLER'S MORTGAGE.** The Seller has a mortgage on the premises which is held by Farmers and Merchants State Bank with a current balance of about \$107,000.00 and Seller agrees this mortgage balance shall not increase during the contract term.

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 this 29 day of September, 2008.

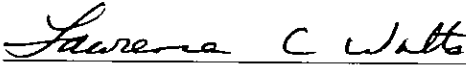

Donald J. Lynch, Seller


Kelly Jo Hayes, Buyer

STATE OF IOWA, MADISON COUNTY, ss;

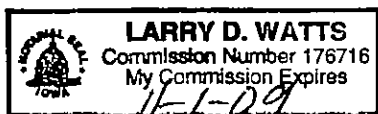
On this 29 day of September, 2008, before me, the undersigned, a Notary Public in and for said State, personally appeared Donald J. Lynch to me known to be the identical person named in and who executed the foregoing instrument, and acknowledged to me that he executed the same as his voluntary act and deed.

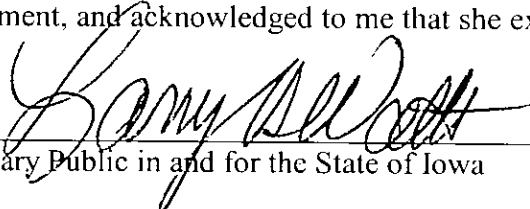
Lawrence C Watts
Notarial Seal - Iowa
Commission No. 703488
My Commission Expires 1/29/09


Notary Public in and for the State of Iowa

STATE OF IOWA, MADISON COUNTY, ss;

On this 29 day of September, 2008, before me, the undersigned, a Notary Public in and for said State, personally appeared Kelly Jo Hayes to me known to be the identical person named in and who executed the foregoing instrument, and acknowledged to me that she executed the same as her voluntary act and deed.




Notary Public in and for the State of Iowa