

PREPARED BY: AMY BENTLER 700 WALNUT STE 1600 DES MOINES IA 50309

ADDRESS TAX STATEMENT TO: ✓ BRIDGES WINERY LLC 4507 98TH ST. URBANDALE IA 50322

REAL ESTATE CONTRACT

THIS IS AN AGREEMENT made by and between Sellers and Buyers upon the following terms and conditions:

1. **DEFINITIONS.** As used in this Agreement, unless otherwise required by the context:

(a) "**Sellers**" means **Johnnie L. Lathrum and Patsy M. Lathrum**, husband and wife, whose mailing address is 2522 Violet Lane, St. Charles, Iowa 50240.

(b) "**Buyers**" means **Bridges Winery, L.L.C.**, an Iowa limited liability company, whose mailing address is 4507 98th Street, Urbandale, Iowa 50322.

(c) "**Agreement**" means this instrument as signed by Sellers and Buyers.

(d) "**Real Property**" means the real property (together with all easements and servient estates appurtenant thereto) located in Madison County, Iowa, and legally described as follows:

REC \$ 35⁰⁰
AUD \$ 5⁰⁰
R.M.F. \$ 1⁰⁰

The West 228 feet of the East 294 feet of the Northwest Quarter (1/4) of the Northwest Quarter (1/4); and also beginning at the Northeast Corner of the Southwest Quarter (1/4) of the Northwest Quarter (1/4), thence South 388.50 feet, thence South 89°20' West along the tangent and centerline of the public highway 294 feet, thence North 376 feet to the North line of the said Southwest Quarter (1/4) of the Northwest Quarter (1/4), thence Easterly along the said North line to the point of beginning, subject to road easement along the South side thereof, and the West 46 Rods and 14 Feet of the South 70 Rods of the East 42 Acres of the North Half (1/2) of the Northwest Quarter (1/4), all in Section Twenty-one (21), in Township Seventy-five (75) North, Range Twenty-six (26) West of the 5th P.M., Madison County, Iowa, shown on the attached map, labeled Exhibit "A", together with all easements and servient estates appurtenant thereto and subject to zoning restrictions, restrictive covenants, easements and mineral reservations, if any.

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RECORDER
MADISON COUNTY, IOWA

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(e) "**Date Of Possession**" means the date on which Buyers are to receive possession of the Real Property from Sellers and are thereafter entitled to the beneficial use of the Real Property.

2. **PURCHASE PRICE.** The total purchase price for the Real Property, which is 29.70 acres, as shown on Exhibit "A", is the sum of U.S. \$60,000.00 which Buyers agree to pay to Sellers as hereinafter provided.

3. **DEPOSIT ON SIGNING.** Buyers agree to pay to Sellers upon the signing of this Agreement by Sellers and Buyers \$2,000.00 of the purchase price as a good faith

deposit to be held in escrow by Sellers or Sellers' attorney, until the Date of Possession. On the Date of Possession, Buyers shall receive credit for partial payment of the purchase price in the amount of the deposit paid under this paragraph. Upon the occurrence of any event or the failure of any condition that results in the termination of this Agreement prior to the Date of Possession, if such event or failed condition does not constitute a breach of this agreement by either Sellers or Buyers, the deposit paid under this paragraph shall be returned to Buyers.

Sellers acknowledge receipt of the \$2,000.00 earnest money from the Buyers to be held in escrow by Sellers or Sellers' attorney until the Date of Possession.

Sellers' initials: *J. L. S.*

4. **PAYMENT ON POSSESSION.** Buyers agree to pay to Sellers on the Date of Possession one half (1/2) of the purchase price, in the amount of \$29,000.00. Payments shall be in the form of a certified check, a cashier's check or a bank money order issued by a commercial bank doing business in the state in which the Real Property is located and insured by the Federal Deposit Insurance Corporation.

5. **INSTALLMENT PAYMENTS OF PRINCIPAL.** The remaining principal balance owing under this Agreement shall be paid by Buyers on January 1, 2002, in the amount of \$29,000.00. There shall be no interest charged on any installment payments under this Agreement.

6. **DATE OF POSSESSION.** The Date of Possession, on which Buyers shall be entitled to take possession of the Real Property, shall be on or before October 1, 2001. If Sellers and Buyers hereafter select an alternate Date of Possession, such alternate date shall become the effective date for the proration of real estate taxes.

7. **REAL PROPERTY TAXES.** Real property taxes are levied annually upon the Real Property by public authorities for each fiscal year ended June 30th (the levy year) and are payable during the subsequent fiscal year (the collection year) without penalty, if paid in two equal installments on or before September 30th and March 31st of the collection year. Sellers agree to pay all of the real property taxes previously levied upon the Real Property and all or any prorated part of future real property taxes to be levied upon the Real Property and attributable to a levy year or any part of a levy year preceding the Date of Possession. Buyers agree to pay, before they become delinquent, all other real property taxes levied upon the Real Property.

8. **ASSESSMENTS FOR PUBLIC IMPROVEMENTS.** Sellers agree to pay all special assessments levied or to be levied against the Real Property for public improvements which have been installed at the date of this Agreement; and Buyers agree to pay, before they become delinquent, all other special assessments that may be levied against the Real Property for public improvements installed in the future.

9. **FIXTURES.** The property is bare ground without improvements.

10. **INSPECTION CONDITION.** Within 10 days after the date of this Agreement, Buyers and their agents may conduct a general inspection of the Real Property. If their inspection discloses any material and substantial deficiencies, Buyers shall give written notice thereof to Sellers within the inspection period or Buyers shall be deemed to have waived such deficiencies and accepted the Property "as is." If Sellers receive in a timely manner a deficiency notice from Buyers, and Sellers and Buyers do not, within 7 days thereafter, enter into a supplemental written agreement as to the manner in which such deficiencies shall be remedied, this Agreement shall thereupon become null and void and any part of the purchase price paid to Sellers shall be returned forthwith to Buyers.

11. **DUTY TO DISCLOSE.** Sellers agree they have the duty to disclose material defects in the property which they have actual knowledge and which a reasonable inspection by Buyers would not reveal.

12. **INSURANCE.** Sellers agree to carry existing liability insurance until the Date of Possession and bear the risk of loss or damage to the property prior to the Date of Possession. The property has no improvements therefore no fire and casualty insurance shall be required.

13. **CARE OF PROPERTY.** Buyers shall provide reasonable care, maintenance and repair for the Real Property and all improvements now or hereafter constituting a part thereof and shall make no unlawful use thereof. Buyers shall have the right to make material alterations of the existing improvements and to construct additional improvements which preserve or enhance the value of the Real Property, see for instance paragraph 17 below.

14. **ABSTRACT.** Sellers agree to forthwith deliver to Buyers for their examination, a reasonable time before the Date of Possession, abstract of title to the Real Property continued to the date of this Agreement showing merchantable title in conformity with this Agreement, the land title law of the State of Iowa and Iowa Title Standards of the Iowa State Bar Association. After examination of Buyers, the abstract shall be held by Buyer's attorney until delivery of deed. Sellers agree to pay for any additional abstracting which may be required by acts, omissions or change in the legal status of Sellers occurring before delivery of deed.

15. **SURVEY.** If necessary, the precise boundaries of the Real Property shall be determined by a field survey to be made at Buyer's expense, and, if necessary, a Plat of Survey thereof showing such boundaries by courses and distances and certified by a registered land surveyor shall be furnished to Buyers.

16. **RURAL WATER.** Buyers agree to pay for all costs associated to bring rural water to the real property.

17. **FENCES.** Buyers agree to pay for all costs associated with new fencing along the boundaries of the real property sufficient to mark the boundaries and prevent

cattle from crossing those boundaries, provided Sellers make a good faith effort to provide sufficient protection from their cattle entering the real property. Buyers further agree to pay for all costs associated with clean up of the real property, for example but not limited to, removal of old buildings, removal of excess fencing and excavation.

18. **TIMELY PERFORMANCE.** Time is of the essence in this Agreement. However, no delay by a party to this Agreement in exercising any right or remedy provided herein or otherwise afforded by law or equity shall be deemed a waiver of or preclude the exercise of such right or remedy or constitute a waiver of any existing or subsequent default by any other party to this Agreement.

19. **FORFEITURE.** If Buyers fail to perform any of the agreements provided for in this Agreement, Sellers may, at their option, forfeit and cancel this Agreement as provided by chapter 656 of the Iowa Code. Exercise of the remedy of forfeiture shall not preclude Sellers from exercising any other legal or equitable remedy they may have. Upon completion of forfeiture, Buyers shall have no right of reclamation or compensation for money paid or improvements made. Such payments or improvements or both, if any, shall be retained and kept by Sellers as compensation for the use of the Real Property, as liquidated damages for breach of this Agreement, or both. Upon completion of such forfeiture, Buyers or any other person in possession of the Real Property, or any part thereof, shall peacefully remove at once therefrom. Upon failure to remove from the Real Property, Sellers may treat Buyers or any person in possession of the Real Property, or any part thereof, as tenants holding over unlawfully after the expiration of a lease and may oust and remove them as such as provided by law.

20. **ATTORNEY FEES AND COSTS.** In case of any action or proceeding initiated by either Sellers or Buyers to enforce or protect their respective rights under this Agreement, the prevailing party shall be entitled to recover, to the extent permitted by law, reasonable attorney fees, court costs and other expenses advanced to enforce or protect the prevailing party's rights under this Agreement.

21. **SELLER'S SPOUSE.** If one of the Sellers is not a titleholder immediately preceding this sale, such Seller shall be presumed to have executed this Agreement as a spouse of a titleholder for the purpose of relinquishing all rights of dower, homestead, distributive share, or in compliance with section 561.13 of the Iowa Code, or any combination of these purposes. The use of the word "Sellers" in this Agreement, without more, shall not rebut such presumption or in any way enlarge or extend the previous interest of such spouse in the Real Property or in the sale proceeds, and such use shall not bind such spouse, except as aforesaid, to the terms and provisions of this Agreement.

22. **JOINT TENANCY OF SELLERS.** If, and only if, the Sellers, immediately preceding this sale, hold the title to the Real Property in joint tenancy, this sale shall not constitute a destruction of that joint tenancy. In that case, all rights of the Sellers in this Agreement, in the proceeds thereof, and in any continuing or recaptured rights of Sellers in the Real Property, shall be and continue in Sellers as joint tenants with full rights of survivorship and not as tenants in common. Buyers, in the event of the death of one of

such joint tenants, agree to pay any balance then owing under this Agreement to the surviving Seller and to accept deed executed solely by such survivor.

23. **NOTICES.** Unless otherwise required by law, any notice or demand required or permitted by the terms of this Agreement shall be sufficient and deemed complete when expressed in writing and either (a) personally delivered to the person entitled thereto, or (b) deposited at any office of the United States Postal Service in the form of certified mail addressed to the last known mailing address of the person entitled thereto, or (c) served on the person entitled thereto in the manner of an original notice under the Iowa Rules of Civil Procedure.

24. **FINANCING CONDITION.** Buyers shall have fifteen (15) days from and after the date of this Agreement within which to obtain a written loan commitment, with terms satisfactory to Buyers, from a commercial lender to finance 80% percent of the total purchase price of the Real Property; and in the event this condition is not satisfied, this Agreement shall thereafter be null and void and all sums paid hereunder to Sellers shall be returned to Buyers forthwith.

25. **USE CONDITION.** It is a condition of this Agreement that Buyers may, in accordance with applicable zoning, licensing and other regulatory laws, ordinances and regulations, lawfully use the Real Property at the Date of Possession for the purpose of growing and cultivating grape vines for use in making wine and wine related products and for the possible future development of a commercial building for use as a winery and public visiting center. If Buyers determine that there is a failure of this condition, Buyers may, at Buyers' option, elect to terminate this Agreement by giving notice of such election to Sellers not later than 15 days prior to the Date of Possession. Such notice shall describe the factual basis for Buyers' determination that there is a failure of this condition. Buyers' failure to give such notice to Sellers in a timely manner shall be a waiver of this condition.

26. **SURVIVAL OF COVENANTS.** The covenants and agreements of the parties contained in this Agreement shall survive the performance of all other provisions of this Agreement and shall thereafter be enforceable.

27. **ENTIRE AGREEMENT.** This instrument constitutes the entire agreement between the parties with respect to the subject matter thereof and supersedes all prior agreements, statements, representations and promises, oral or written. No addition to or change in the terms of this Agreement shall be binding upon the parties unless it is expressed in a writing signed by the parties.

28. **CONSTRUCTION.** Words and phrases used in this Agreement shall be construed as in the single or plural number, and as masculine, feminine or neuter gender, according to the context. This Agreement shall be governed exclusively by and construed in accordance with the laws of the State of Iowa. The paragraph headings in this Agreement are for convenience only and in no way define or limit the scope or intent of any provisions of this Agreement.

29. **MULTIPLE COPIES.** This Agreement may be executed in any number of counterparts, each of which shall be regarded as an original and all of which shall constitute but one and the same instrument.

30. **OFFER AND ACCEPTANCE.** Buyers, by signing duplicate originals of this Agreement and delivering them to Sellers, offer to buy the Real Property in accordance with the terms of this Agreement. Sellers shall accept Buyers' offer, if at all, BY SIGNING AND RETURNING ONE COPY OF THIS AGREEMENT TO BUYERS; and thereupon this Agreement shall constitute a contract between Buyers and Sellers. The effective date of this Agreement shall be the date it is signed by Sellers. Sellers shall have seven (7) days after the date Buyers sign this Agreement within which to accept Buyers' offer. If Buyers' offer is not accepted by Sellers within seven (7) days after the date this Agreement is signed by Buyers, it shall thereafter be deemed withdrawn and all signed copies of this Agreement and any payment tendered therewith to Sellers shall be returned to Buyers forthwith.

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IN WITNESS OF THIS AGREEMENT Buyers have signed their names below on this 29 day of August, 2001.

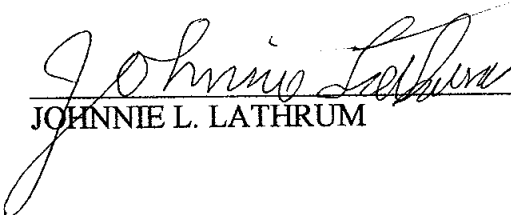
BRIDGES WINERY, L.L.C.

BY: 
DOUGLAS BAKKER, MANAGER

BY: 
KIRK NEUSTROM, MANAGER

ACCEPTANCE

IN WITNESS OF THIS AGREEMENT Sellers have signed their names below on this 4th day of September, 2001.


JOHNNIE L. LATHRUM


PATSY M. LATHRUM