

When recorded return to preparer

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MICHAEL UTSLER
RECORDER
MADISON COUNTY, IOWA

Prepared by: Jeremy C. Sharpe, The Financial Center, 666 Walnut Suite 2000, Des Moines, IA 50309-3989, 515-243-7100

Address Tax Statement: 525 SE 6th Street Des Moines Iowa 50309-5125
REAL ESTATE CONTRACT-INSTALLMENTS

WHEREAS, James Robert Sereg and Josephine Frances Salazer Sereg, husband and wife (the "Sellers") own Property (defined below) situated and lying in Winterset, Madison County, State of Iowa;

WHEREAS, the Sellers desire to sell and Shilling Place Apartments L.C. (the "Buyer") desires to purchase the Property pursuant to the terms hereof;

NOW, THEREFORE, in consideration of the premises above and the covenants, promises and agreements contained herein, receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

That the Sellers, as in this contract provided, agree to sell to the Buyer, and the Buyer in consideration of the premises, hereby agrees with the Sellers to purchase the following described real estate situated in the County of Madison, State of Iowa, to-wit:

Lots 1, 2, 3, and 4, Block 3 Pitzer and Knight's Addition to the Original Town of Winterset, Iowa



together with any and all improvements and fixtures thereon and any leases, 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 \$437,500.00 due and payable at Des Moines, Polk County, Iowa, as follows:

(a) **DOWN PAYMENT** of \$5,257.18 **RECEIPT OF WHICH IS HEREBY ACKNOWLEDGED:** and

(b) **BALANCE OF PURCHASE PRICE.** \$432,242.82 as follows:

Monthly installments (including interest at 8% per annum from the date hereof on the unpaid principal balance outstanding from time to time) of \$4000.00 each commencing September 1, 2003, and continuing on the first day of each month thereafter through August 1, 2004; commencing September 1, 2004, such monthly payments shall increase to \$5000.00 each, continuing on the first day of each month thereafter through August 1, 2006; commencing September 1, 2006, such monthly payments shall increase to \$6000.00 each, continuing on the first day of each month thereafter

until all unpaid principal plus interest has been paid in full. Payments shall be applied first to unpaid interest and the balance to principal. Buyer may prepay the principal balance of this Contract in whole or in part at any time without penalty.

2. **POSSESSION.** Buyer, concurrently with due performance on its part shall be entitled to possession of said premises on the 14th day of July, 2003; and thereafter so long as it shall perform the obligation of this Contract.

3. **TAXES.** Sellers shall pay all real estate taxes payable in the fiscal year in which possession is given to the Buyer and its prorated share, based on the date of this Contract, of the real estate taxes due and payable in the following fiscal year and any unpaid taxes thereon payable in prior years. Buyer 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, RENTS, UTILITIES AND RENT DEPOSITS.** Sellers shall pay the special assessments against this property:

- (a) Which are a lien thereon as of the date of this contract.
- (b) Including all sewage disposal assessments for overage charge heretofore assessed by any municipality having jurisdiction as of date of possession.

Buyer, except as above stated, shall pay all subsequent special assessments and charges, before they become delinquent.

The entitlement to rents and responsibility for utility costs (other than those paid directly by the tenants), shall be prorated between Buyer and Sellers as of the date of possession. As soon as possible thereafter, when all rents and utility bills for the month during which closing occurs have been received, the Buyer and Sellers shall "true up" such amounts as between them, with any party receiving rents responsible for reimbursing the other for the portion thereof, if any, owing to the other party, and any party paying utility bills receiving reimbursement from the other for the portion of each costs, if any, for which the reimbursing party is responsible. Sellers shall deliver to Buyer upon possession the amount of any rent deposits held by Sellers, and shall pay to Buyer one-half of the amount of any rent deposits collected from any tenants by previous owners but not held by Sellers. Buyer shall take the rent deposit amounts received from Sellers, add to that amount one-half of any rent deposits collected from tenants by previous owners but not held by Sellers, and shall thereafter establish an account for all such deposits for the benefit of tenants as required by Iowa law.

5. **MORTGAGE.** Any mortgage or encumbrance of a similar nature against the said property shall be timely paid by Sellers so as not to prejudice the Buyer's equity herein. Should Sellers fail to pay, Buyer may pay any such sums in default and shall receive credit on this contract for such sums so paid. **DEED FOR BUYER SUBJECT TO MORTGAGE.** If Buyer has reduced the balance of this contract to the amount of any existing mortgage balance on said premises, it may at its 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 Buyer has made such a mortgage commitment, may

reduce or pay off such mortgage. **ALLOCATED PAYMENTS.** Buyer, in the event of acquiring this property from an equity holder instead of a holder of the fee title, or in the event of a mortgage against said premises, reserves the right, if reasonably necessary for its protection to divide or allocate the payments to the interested parties as their interests 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 any moneys hereunder beyond such amount, they shall be considered and held as collecting and receiving said money as the agent and trustee of the Buyer for the use and benefit of the Buyer.

6. INSURANCE. Except as may be otherwise included in the last sentence of paragraph 1 (b) above, Buyer on and from said date of possession, shall constantly keep in force insurance, premiums therefore to be prepaid by Buyer (without notice or demand) against loss by fire, tornado and other hazards, casualties and contingencies as Sellers 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 Buyer as its interests may appear. Sellers' interest shall be protected in accordance with a standard or union-type loss payable clause. **BUYER 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. Buyer 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. Buyer shall not make any material alteration in said premises without the written consent of the Sellers. Buyer shall not use or permit said premises to be used for any illegal purpose.

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

9. ADVANCEMENT BY SELLERS. If Buyer fails 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 Buyer's 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 containing 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 Buyer, in the event of the death of one of such joint tenants, agrees 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 14 below unless and except this paragraph is stricken from the agreement.

11. [Intentionally Omitted.]

12. **TIME IS OF THE ESSENCE.** 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 TO 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; and (d) Sellers shall give Special Warranty as to the period after equitable title passes to Buyer.

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 Buyer has been complied with, Sellers will execute and deliver to Buyer 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 Buyer 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. This contract supersedes the previously executed Purchase Agreement between Buyer and Sellers dated April 23, 2003, except as to any representations and warranties therein which are stated to survive closing. 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 Buyer, Sellers shall execute and deliver a Bill of Sale consistent with the terms of this contract.

15. **APPROVAL OF ABSTRACT.** Buyer has examined the abstract of title to this property and such abstract is accepted.

16. **FORFEITURE.** If Buyer (a) fails to make the payments aforesaid, or any part thereof, as same become due; or (b) fails 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) fails to keep the property insured; or (d) fails to keep it in reasonable repair as herein required; or (e) fails 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 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 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 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.

17. **FORECLOSURE AND REDEMPTION.** If Buyer fails 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 Buyer only for the net profits, after application of rents, issues and profits from the costs and expenses of the receivership and foreclosure end upon the contract obligation.

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 Buyer or its successor in interest in such action. If the redemption period is so reduced, Buyer or its successor 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.

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 Buyer, or imposed upon it, or upon the above described property, Buyer agrees to pay reasonable attorneys' fees.

19. **INTEREST ON DELINQUENT AMOUNTS.** Either party will pay interest at 8% per annum to the other on all amounts herein as and after they became delinquent, and/or on cash reasonably advanced by either party pursuant to the terms of this contract, as protective disbursements.

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.

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 Buyer's 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.

23. **RELEASE OF RIGHTS.** The Buyer 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.

24. **[Intentionally Omitted.]**

25. **SPECIAL PROVISIONS.**

A. **ENVIRONMENTAL CONSIDERATIONS:**

1. Sellers represent, covenant and warrant to their knowledge as follows:
 - a. There have been no emissions, spills, discharges, or releases of any Hazardous Substances or pollutants of any nature on the Property which have not been properly

remediated in accordance with applicable federal, state and local statutes, ordinances and regulations regarding Hazardous Substances;

- b. There have been no underground storage tanks on the Property;
- c. There are no solid waste disposal sites, abandoned wells or abandoned Hazardous Substance or pollutant sites located on the Property;
- d. The Property is in compliance with all applicable local, state and federal statutes, regulations, ordinances, rules and notice requirements regarding Hazardous Substances or pollutants, and to Sellers' knowledge the Property is not subject to any local, state or federal judicial or administrative action, investigation or order, as the case may be, regarding wells, solid waste disposal sites, Hazardous Wastes or Substances, or underground storage tanks.
- e. Sellers warrant that prior to possession by Buyer, Sellers and Sellers' employees or agents shall do nothing to contaminate the property with Hazardous Wastes or Substances or pollutants. This warranty shall survive the Closing and delivery of a deed to Buyer.

2. Sellers shall indemnify and hold harmless Buyer and its directors, officers, agents, attorneys, representatives, employees, successors and assigns, and each of them, jointly and severally, from and against:

- a. Any and all claims, demands, causes of action, damages, losses, costs, expenses, lawsuits and liabilities, including but not limited to reasonable attorneys' fees, arising out of injury to or death of any person or persons and damage to or destruction of any property, threatened, brought, instituted or incurred, arising out of or in any manner directly or indirectly connected with Hazardous Substances or pollutants existing on the Property or released from the Property during or before Sellers' ownership and possession of the Property.
- b. A breach of Sellers' representations, warranties and covenants set forth above or in the previously executed Purchase Agreement, or from any corrective work performed by or for the Sellers.

This indemnity shall survive Sellers' delivery of possession to the Buyer, and delivery of any deed in satisfaction of this contract.

B. SELLERS' REPRESENTATIONS AND WARRANTIES. The Sellers represent, warrant and covenant as follows:

- 1. The property is free and clear of any and all mechanic's liens, and no work has been performed on the Property for which full payment has not been made.
- 2. There are no substantial violations of law or ordinances of any governmental entity of any type affecting the Property and Sellers covenant to cure any and all such violations.
- 3. Sellers have received no written or official notice of any condemnation proceedings against the whole or any part of the Property.

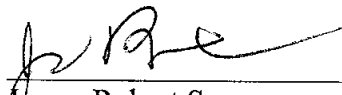
4. There are no tenancies affecting the Property other than as disclosed to Buyer by Sellers.

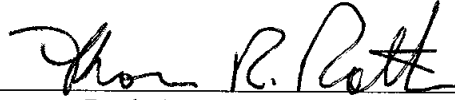
The representations and warranties set forth in this Contract shall survive the delivery of possession to the Buyer and delivery of any deed in satisfaction of the contract.


SELLERS:

BUYER:

SHILLING PLACE APARTMENTS, L.C.


James Robert Sereg

By 
Thomas Roth, Manager


Josephine Frances Salazar Sereg

525 SE 6th Street
Des Moines, Iowa 50309

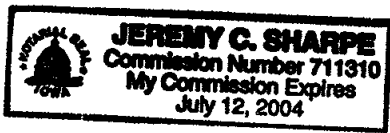
c/o Roth & Sons Services, L.C.
9338 Dubuque Street
Norwalk, Iowa 50211

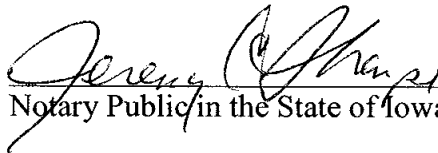
Sellers' Address

Buyer's Address

STATE OF IOWA, POLK COUNTY, ss:

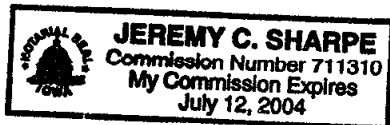
On this 14 day of July, 2003 before me, the undersigned, a Notary Public in and for said State, personally appeared James Robert Sereg and Josephine Frances Salazar Sereg, husband and wife, to me known to be the persons named in and who executed the foregoing instrument, and acknowledged that they executed the same as their voluntary act and deed.

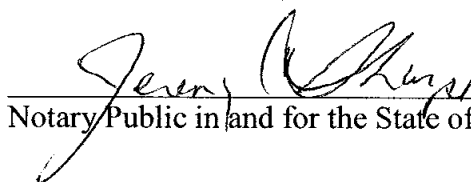



Notary Public in the State of Iowa

STATE OF IOWA, Polk COUNTY, ss:

This instrument was acknowledged before me on the 14 day of July, 2003 by Thomas Roth, Manager of Shilling Place Apartments, L.C. on behalf of whom this instrument was executed.




Notary Public in and for the State of Iowa

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EXHIBIT A
PERSONAL PROPERTY

1. Six Washers and Dryers
2. Fifty- Two Stoves and Refrigerators
3. Twenty- Six Air Conditioners
4. One Lawn Mower
5. One Carpet Extractor.
6. Miscellaneous Supplies