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LISA SMITH, COUNTY RECORDER
MADISON COUNTY IOWA

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REAL ESTATE CONTRACT-INSTALLMENTS

THE IOWA STATE BAR ASSOCIATION

Official Form No. 142

Recorder's Cover Sheet

Preparer Information: (name, address and phone number)

Joseph W. Coppola III, 4201 Westown Parkway - Suite 250, West Des Moines, IA 50266, Phone:
(515) 283-1801

Return to ↗

Taxpayer Information: (name and complete address)

✓ Ashley Ridout, 1854 305th Street, Lorimor, Iowa 50149

Return Document To: (name and complete address)

Joseph W. Coppola III, 4201 Westown Parkway - Suite 250, West Des Moines, IA 50266, Phone:
(515) 283-1801

Grantors:

Ashley J. Ridout

Marc A. Ridout

Grantees:

Michael J. Gallagher

Michaëlle M. Gallagher

Legal Description: See Page 2

Document or instrument number of previously recorded documents: ***Document Number
TE***

REAL ESTATE CONTRACT-INSTALLMENTS

IT IS AGREED this 05/24/2011, by and between Ashley J. Ridout f/k/a Ashley J. White and Marc A. Ridout, wife and husband, of the County Madison State of Iowa, Sellers; and Michael J. Gallagher and Michaelle M. Gallagher, husband and wife, as joint tenants with full rights of survivorship and not as tenants in common, of the County of Madison, 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 Madison, State of Iowa, to-wit:

Lot 3 in Block 5 in Birchwood Estates Plat No. 1, an Official Plat, now included in and forming a part of the City of Winterset, Madison County, Iowa.

Locally known as: 825 N. 14th Avenue, Winterset, Iowa 50273

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 Buyers agree to pay for said property the total of \$225,000.00 due and payable at Madison County, Iowa, as follows:

(a) **DOWN PAYMENT** of \$6,750.00 **PARTIAL RECEIPT OF WHICH IS HEREBY ACKNOWLEDGED** (SEE PARAGRAPH 1(b)); and

(b) **BALANCE OF PURCHASE PRICE.** \$223,000.00 as follows:

Monthly principal and interest payments in the amount of \$1,373.05 beginning on ~~August~~ July 1, 2011 and continuing in a like amount on the 1st day of each and every month thereafter. The outstanding balance shall accrue interest at the rate of 6.25% per annum and be amortized over a period of thirty (30) years. Buyers shall also remit with each payment a monthly amount of \$277.50 for real estate taxes.

Handwritten notes: MB, AG, July 1, 2011, CC, MA

Buyers have already paid one thousand dollars (\$1,000.00) down; Buyers shall pay an additional one thousand dollars (\$1,000.00) down at the time of closing and shall pay the remaining four thousand seven hundred and fifty dollars (\$4,750.00) of the down payment in one hundred ninety seven dollars and ninety two cent (\$197.92) increments over the twenty-four (24) month term of this contract. The additional \$197.92 payments under this paragraph shall be considered principal reduction payments.

Buyer's total monthly payment shall be \$1,848.47. Monthly payments received after the 15th day of the month shall be charged a \$25.00 late fee.

The outstanding balance may be prepaid at anytime without penalty.

2. POSSESSION. Buyers, concurrently with due performance on their part shall be entitled to possession of said premises on the 1st day of July, 2011 and thereafter so long as they shall perform the obligation of this contract.

3. TAXES. Sellers shall pay the September 2011 installment and shall pay all subsequent real estate taxes as they come due out of escrowed funds paid by Buyer within each monthly payment. Said funds shall be held in trust by Seller in a separate bank account. Further, Sellers shall pay 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:

(a) Which are liens thereon as of June 1, 2011.

(b) 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. 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 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 exceeding 75% of the then 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 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 holder 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 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 Buyers for the use and benefit of the Buyers.

6. INSURANCE. Sellers shall maintain existing dwelling insurance coverage in an amount of not less than the agreed upon purchase price for the subject real estate. All insurance must be in place as of the date of occupancy of the Buyers. All insurance proceeds payable under said policy shall be applied to the unpaid balance of this Contract.

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 alteration in 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' lien 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 14 below unless and except this paragraph is stricken from the agreement.

11. SELLERS. Spouse, if not titleholder immediately preceding this sale, shall be presumed 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 the 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. 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; (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 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 have been complied with, Sellers will execute and deliver to Buyers a Warranty 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. This contract supersedes any previous written offer of Buyers to buy the above described property. 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 any such personal property payable in 2011, and all taxes thereon payable prior thereto.

15. APPROVAL OF ABSTRACT. Buyers have not examined the abstract of title to this property and such abstract is not 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 at 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 end 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 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 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. 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 became delinquent, and/or on cash reasonably advanced by either party pursuant to the terms of this contract, as protective disbursements.

20. ASSIGNMENT. This contract shall be due and payable in full upon sale or assignment by the Buyers.

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. **RELEASE OF RIGHTS.** Each of 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.

24. **LEAD-BASED PAINT NOTICE.** If applicable, see attached Disclosure of Information on Lead-Based and/or Lead-Based Paint Hazards.

25. **CERTIFICATION.** Buyers and Sellers 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.

26. **INSPECTION OF PRIVATE SEWAGE DISPOSAL SYSTEM.** Seller represents and warrants to Buyer that the Property is not served by a private sewage disposal system, and there are no known private sewage disposal systems on the property.

27. **SPECIAL PROVISIONS.**

- (a) **STATUS OF BUYERS UPON FORFEITURE.** Upon default being made in the payment of the purchase money by the Buyers, and upon the forfeiture of this contract by the Sellers, the parties expressly agree that this contract shall be treated as a lease. Upon the completion of the forfeiture, the Buyers shall at once peacefully remove themselves from possession of the subject property and, upon the Buyers failure to do so; Buyers shall be treated as tenants holding over unlawfully after the expiration of the lease and may be ousted or removed as such.

The parties expressly agree that, upon the giving of a written three-day notice to quit, as provided in Iowa Code §648.3, the Buyers shall at once peacefully remove themselves from possession of the subject property. If the Buyers fail to do so, the Sellers may proceed with a Forcible Entry and Detainer Action, as provided in Iowa Code Chapter 648. Because the Buyers are treated as a tenants holding over, the parties expressly acknowledge that the District Court sitting in Small Claims shall have concurrent jurisdiction over any Forcible Entry and Detainer action, under the provisions of Iowa Code Chapter 631.

- (b) **BALLOON DATE.** The entire principal and balance due under this contract will be due and owing on ~~August 1, 2013~~ July 1, 2013 without exception. Failure of the Buyers to pay this balloon payment shall be deemed a breach of this installment contract permitting Sellers to forfeit the real estate as provided by Iowa Code Chapter 656.

- (c) **TAX PRORATION.** Buyer shall be given a tax proration credit of one thousand six hundred and sixty dollars and forty-four cents (\$1,660.44) at the time the contract is

refinanced and the outstanding contract balance is paid in full. No further tax proration credit shall be provided.

- (d) ESCROW ACCOUNT. Buyers acknowledge the total monthly payment for subsequent years of the contract will be analyzed annually to include any adjustment in real estate taxes
- (e) PROPERTY CONDITION. Buyers warrant and states that they have inspected the premises and that it has met their approval and satisfaction. The Seller does not warrant the real estate nor any appliances, structures, mechanical systems or any other items relating to the premises. Buyers further acknowledges that they are buying the real estate without any express or implied warranties and are buying said property "as is."

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.

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Dated: 5-24-2011



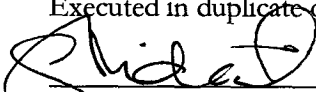
Michael J. Gallagher, Buyer

Dated: 5-24-2011

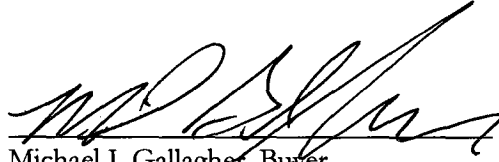


Michaelle M. Gallagher, Buyer

Executed in duplicate or triplicate



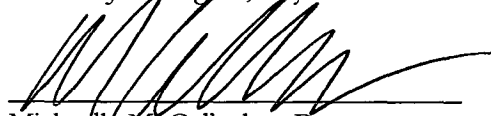
Ashley J. Ridout, Seller



Michael J. Gallagher, Buyer



Marc A. Ridout, Seller




Michaelle M. Gallagher, Buyer

1854 305th Street
Lorimor, Iowa 50149
Sellers' Address

825 N. 14th Avenue
Winterset, Iowa 50273
Buyers' Address

STATE OF IOWA, COUNTY OF Madison

This instrument was acknowledged before me on May 24, 2011, by Ashley J. Ridout f/k/a Ashley J. White and Marc A. Ridout, wife and husband, and Michael J. Gallagher and Michaelle M. Gallagher, husband and wife.


Madison County, Iowa, Notary Public

