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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. 141
Recorder's Cover Sheet

\$175,000

Preparer Information: (name, address and phone number)

William C. Strong, 210 NE Delaware Ave., Ste. 200, Ankeny, IA 50021, Phone: (515) 964-8777

Taxpayer Information: (name and complete address)

Scott A. Jarchow, 410 N. Jackson St., Truro, IA 50257

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

William C. Strong, 210 NE Delaware Ave., Ste. 200, Ankeny, IA 50021, Phone: (515) 964-8777

Grantors:

Jeffrey S. Fitzhugh
Renee M. Fitzhugh

Grantees:

Scott A. Jarchow

Legal Description: See Page 2

Document or instrument number of previously recorded documents:

William C. Strong

REAL ESTATE CONTRACT-INSTALLMENTS

IT IS AGREED this , by and between Jeffrey S. Fitzhugh, Renee M. Fitzhugh of the County Madison, State of Iowa, Sellers; and Scott A. Jarchow of the County of Boone, State of Iowa, Buyer:

That the Sellers, as in this contract provided, agree to sell to the Buyer, and the Buyer 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:

Lots Eight (8) and Nine (9) in Block (1) of Kale's Addition to the Town of Truro, Madison County, Iowa.

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 Buyer agrees to pay for said property the total of \$175,000.00 due and payable at such place as Sellers shall designate:

(a) **DOWN PAYMENT AND EARNEST MONEY:** \$1,000.00 to be paid as earnest money upon acceptance of this Offer to Buy and to be held in trust by the Buyer's attorney, William C. Strong of Lamberti, Gocke & Luetje, P.C., receipt of which is hereby acknowledged, and the balance of \$7,750.00 due as down payment at closing.

(b) **BALANCE OF PURCHASE PRICE.** Buyer shall pay Sellers the remaining balance of \$166,250.00, in equal monthly payments of as follows, with no penalty for prepayment:

Buyers shall pay the balance to Sellers at such place as may be directed by Sellers from time to time, with no penalty for prepayment, as follows:

Buyers shall pay Sellers the remaining \$166,250.00 amortized over thirty (30) years at 6.00% interest compounded monthly, in equal monthly payments of **Nine Hundred Ninety-Eight and 23/100 Dollars (\$998.23) per month principal and interest, along with the following payments**, due and payable on the 1st day of each month, beginning March 1, 2015 and continuing until the balloon date;

PLUS an additional amount, adjustable annually, equal to one twelfth of the homeowner's insurance policy maintained by the Sellers as a trust fund, in amounts reasonably calculated by the Sellers using their annual premium amount for the applicable period, for the timely payments of such items by Sellers to the extent of such fund. The initial additional monthly payment for homeowner's insurance for the 2015

year shall be \$72.50.

Initial Total Payment Amount: \$1,070.73.

Said monthly installment payments shall continue until August 1, 2016 ("Balloon Date"), when the entire outstanding balance ("Balloon Payment") shall become immediately due and payable.

If each month's payment is not received in full by the 5th day of the month, Buyers will be responsible for paying a \$35 late payment fee.

2. **POSSESSION.** Buyer, concurrently with due performance on their part shall be entitled to possession of said premises on the 23rd day of January, 2015; and thereafter so long as he shall perform the obligations of this contract. If Buyer is taking subject to the rights of lessees and are entitled to rentals therefrom on and after date of possession, so indicate by 'yes' in the space following: no.

3. **REAL ESTATE TAXES.** Sellers shall pay property taxes due and payable in March 2015, September 2015, and 1/12th of the March 2016 tax payment, and any unpaid real estate taxes payable in prior years, when they come due. Buyer shall pay 11/12ths of the March 2016 tax payment, and all subsequent real estate taxes. Whomever 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. Buyers shall

Buyer shall pay the taxes as they become due and payable and shall be given a credit, at satisfaction, for the Seller's share as calculated pursuant to the above.

4. **SPECIAL ASSESSMENTS.** Sellers shall pay the special assessments against this property:

(a) Which, if not paid, in the year 2015, would become delinquent and all assessments payable prior thereto.

(b) Which are a lien thereon as of _____.

(c) 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.

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. **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 100% 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.

Buyer hereby expressly consents to such a mortgage and agrees to execute and deliver all necessary papers to aid Sellers in securing such a mortgage which shall be prior and paramount to any of Buyer's then rights in said property. 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, 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 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, 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 Buyer for the use and benefit of the Buyer.

RISK OF CALL. Buyer and Sellers understand the risk implications in the financial arrangement attributable to the rights of the Sellers' Mortgage holder to call the loan due based on the "due on sale" provisions in the Promissory Note previously signed by the Sellers. The Buyer understands that, in the event of a "call," Buyer may lose the value of any and all considerations paid to the Sellers prior to the date of the "call" including their down payment and any principal reductions by way of monthly payment. Buyer and Sellers understand that if the Seller's Mortgage is called and neither Buyer nor Sellers are willing or able to pay the amount of the call, the Sellers' credit may be adversely affected, the Sellers and Buyer may lose their property interests altogether, and the Sellers may be subject to a deficiency judgment.

6. INSURANCE. Except as may be otherwise included in the last sentence of paragraph 1(b) above, Buyer as 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 Buyers as their 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 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 Buyer, 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 this 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 the 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 Buyer; (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 Buyer have been complied with, Sellers will execute and deliver to Buyer a Warranty Deed conveying said premises in fee simple pursuant to and in conformity with this contract.

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 in 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. All other updates of the abstract are at the Buyers expense.

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. Sellers shall pay all taxes on any such personal property payable in 2015, and all taxes thereon payable prior thereto.

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 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 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. If this contract is forfeited, Buyers shall be liable to Sellers for any material damages to the property caused by Buyers' intentional acts and/or negligence.

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 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 Buyer or their successor in interest in such action. If the redemption period is so reduced, Buyer 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 enforce this Contract, the rights and/or obligations therein, the parties agree to bear the cost of their own attorney 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 become 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 not be assignable by any party.

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 personal property 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 hereto 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 Sellers 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 Paint and/or Lead-Based Paint Hazard.

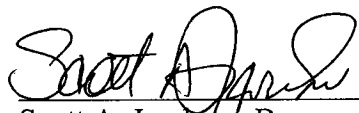
25. CERTIFICATION. Buyer and Sellers each certify that they are not acting, directly or indirectly, for or on behalf of any person, group, entity or nation named by any Executive Order or the United States Treasury Department as a terrorist, "Specially Designated National and Blocked Person" or any other 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.

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: 1/23/15



Scott A. Jarchow, Buyer

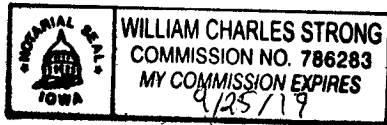
NOW WHEREFORE, in consideration of the above and for other good and valuable consideration, the sufficiency of which is hereby acknowledged, and in recognition whereof, the undersigned Buyer and Sellers hereunto set their hands:

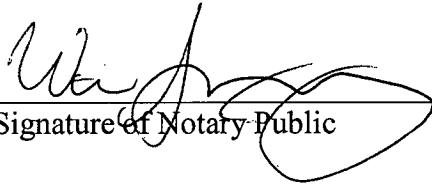


Scott Jarchow, Buyer

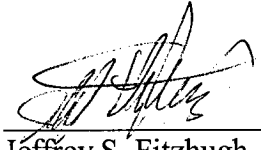
STATE OF IOWA, COUNTY OF POLK

This instrument was acknowledged before me this 23rd day of January, 2015, by Scott Jarchow.

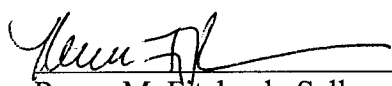




Signature of Notary Public



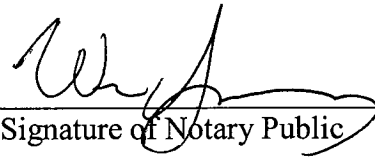
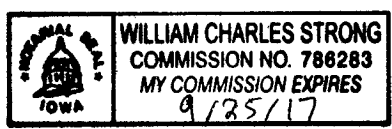
Jeffrey S. Fitzhugh, Seller



Renee M. Fitzhugh, Seller

STATE OF IOWA, COUNTY OF POLK

This record was acknowledged before me this 23rd day of January, 2015, by Jeffrey S. Fitzhugh and Renee M. Fitzhugh.



Signature of Notary Public