

SOME BASICS REGARDING REAL ESTATE TRANSACTIONS IN IOWA

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I. PURCHASE AGREEMENT.

A. Role of the Attorney.

The purchase agreement establishes and “locks in” the key terms of the real estate transaction. These terms include purchase price, dates of closing and possession, contingencies, description of real property conveyed, description of personal property included or excluded, responsibility for insuring the property, and a number of other provisions. Unfortunately, all too often purchase agreements are drafted by inexperienced persons. Real estate transactions are usually the most important business transactions in which people engage, and, therefore, the purchase agreement should be prepared with great care, preferably by an attorney or experienced realtor and reviewed by the parties’ attorneys. This procedure is often not followed.

1. Are you the realtor too?

Before drafting a purchase agreement, confirm whether client has a realtor. If not, expanded representation is required. Failure to provide any of the information below can result in a court-ordered rescission of the contract.

a. *For ALL residential transactions -*

Iowa Code Section 558A.2 provides that “[a] person interested in transferring real property...shall deliver a written disclosure statement to a person interested in being transferred the real property. The disclosure statement must be delivered prior to either the transferor making a written offer for the transfer of the real property, or accepting a written offer for the transfer of real property.”

b. *For Residential Installment Sales Contracts (Four or more sales in a calendar year) -*

In addition to Iowa Code Section 558A.2 disclosure, contract seller must provide information set forth in Iowa Code Section 558.70 (taxes, assessed value, amortization schedule plus much more). This information must be provided at least seven (7) days prior to the execution of the installments contract.

- c. Lead Based Paint Disclosure and Protecting your Family from Lead Based Paint Brochure.
- d. Radon Disclosure.

B. Typical Forms.

1. Iowa State Bar Association Iowa Docs Forms.

- a. *Residential Purchase Agreement.*
Iowa Docs form 152. *See Appendix A.*
- b. *Offer to Buy Real Estate and Acceptance*
Iowa Docs form 153. *See Appendix B.*
- c. *Residential Property Seller Disclosure Statement.*
Iowa Docs form 155. *See Appendix C.*
- d. *Lead-Based Paint Disclosure – Sales* (for dwellings built prior to 1978).
Iowa Docs form 156. *See Appendix D.*

2. Typical Realtor Form.

- a. *Iowa City Area Association of Realtors Purchase Agreement.*
See Appendix E.
- b. Compare with Iowa Docs Residential Purchase Agreement.

3. Others.

- a. Suggestion - Make your own form, the ISBA forms work well in so far as they go, but that isn't far. Additional benefit that use of your own agreement leads clients away from the idea that real estate is a commodity to be dealt with by standardized forms.

C. Items of Note in Purchase Agreement.

1. Examples of Common Contingency Clauses Include the Following:

- a. *Sale of Buyers' Existing Property.*
- b. *Financing Contingency.*

Be careful not to give buyers an “option” to purchase as opposed to an “obligation” to purchase.

- c. *Inspections.*

Inspections such as termite inspection, well tests, radon tests, septic system tests, building inspections.

2. When to Request a Survey.

See Iowa Docs form 152 (paragraph 9). Buyers rarely are willing to spend the money necessary to survey property unless required by the lender. It would be prudent to request a survey when boundaries are unclear, potential encroachments may exist, or adequacy of access to public roads is not apparent.

3. Disclosure Issues.

Chapter 558A of the Code requires sellers to make a good-faith disclosure relating to the condition and important characteristics of the property. See Appendix C.

4. Septic System.

Any property with a building serviced by a septic system must have that system inspected prior to closing and the inspection attached to the groundwater hazard statement filed with the warranty deed UNLESS an exemption applies. Failure to address in a timely fashion will result in a delayed closing and upset clients.

II. TITLE EXAMINATION (Buyer's Attorney).

A. Purpose of Preliminary Title Opinion.

The purpose of the preliminary title opinion is to provide information to the buyers and buyers' lender, if applicable, reporting on the merchantability of title to the real estate and warning them as to matters that they should, themselves, verify or ascertain. Your clients, the buyers, and lender, if applicable, will rely upon your title opinion. You are responsible to do it correctly.

- 1. Opine as to merchantability of title and draw buyers' attention to items of concern or interest based on Iowa law and Iowa State Bar Association Title Standards. See iowabar.org for free copy to all ISBA members.

2. Provide requirements to satisfy any objections, existing liens or encumbrances. This can be in the form of statements of objection or requirements that the seller comply with the relevant ISBA Title Standard.

3. Identify items with potential to be a lien or encumbrance.

B. Preliminary Title Opinion Contents.

1. Preliminary Items. Sample Opinion. See Appendix H.

a. Identify recipients of opinion.

Lending institution, buyers, others, if for Lending institution ensure that you indicate opinion is for “Loan Purposes Only”. Addressees are the parties that are entitled to rely on the opinion so be aware.

b. Identify abstractor with most recent certified entry.

c. Identify total number of entries in the abstract.

d. Set forth date and time of last entry.

e. Location (county, state) and full legal description based on the last caption in the abstract.

f. Opinion of examiner regarding current titleholder(s) and merchantability of title.

g. Identify persons (clients) in whom title will be held.

h. “Subject to the following objections and comments.”

List each objection or comment separately. Lender’s love simplicity and organization.

2. Unpaid or Unreleased Mortgages.

a. Unsatisfied mortgages.

You should refer to unsatisfied mortgages by entry number and set forth holder of mortgage, date of mortgage, and date and location of mortgage recording. Lenders also like references to the amount secured by the mortgage.

b. This item, if unsatisfied, could constitute a lien on the property.

- c. Require documentation of satisfaction of mortgage, including release of mortgage from lending institution.

3. Unpaid Real Estate Taxes.

Unpaid real estate taxes that are not delinquent should be included in a title opinion, as should the period and year for which taxes have not been paid, and the amount owed. It is appropriate to include the language “No other taxes show as a lien” when such is the case.

4. Existing Covenants, Easements, and Restrictions.

- a. Indicate whether comments are intended to be exhaustive or not.
- b. Direct buyers to confirm existence of homeowner’s association and its rules and membership requirements.
- c. Direct buyers to verify there are no existing and unpaid association assessments. Unpaid assessments may be a lien on the real estate.
- d. Attach copies of existing association agreements and subdividers’ agreements noting any obligations therein. Depending on the municipality, you may or may not be able to secure a release of obligations to construct public improvements.
- e. Note the existence and scope of any protective covenants and restrictions. *See Iowa Code §614.24.*
- f. The particular zone of the real estate and use or restrictions in that zone.
- g. Any judgments or other liens on the property.
- h. Noteworthy platting and subdivision documents should be attached to opinions

5. Access.

- a. Review plat to confirm legal access exists. In no plat exists (ie. ag. land) or if you can’t determine whether legal access exists, you should not as such in the opinion.

6. Method of Examination.

- a. Who has title? - 40 year chain.

- b. Encumbrances and Miscellaneous.

C. Coverage of Preliminary Title Opinion – Carve Out Clauses.

1. Attorneys should take care to provide appropriate carve out clauses in any preliminary title opinion, including:

- a. The limitations of the title opinion.
- b. Hazards of conducting a closing without an attorney or real estate professional.
- c. Admonition for clients to obtain through independent knowledge or investigation matters affecting the title not included in the abstract.
- d. Parties in possession not recorded as record title holders.
- e. Public improvements that have been ordered but not assessed.
- f. Recent unpaid claims for materials or labor.
- g. Recent unpaid utility bills.

D. Post-Closing Requirements – Final Title Opinion

- 1. Buyers to obtain an update to the abstract of title for the time period in between the date of continuation and through the date of closing.
- 2. “Information contained in the abstract” should be the limited scope of an attorney’s opinion.
- 3. Purpose is to show that title has been transferred, liens and encumbrances noted in the preliminary opinion have been released and that new mortgage holder, if any, has first lien on the real estate.

III. TRANSFER DOCUMENTS (Seller’s Attorney).

A. Deed

- 1. Type of Deed (warranty, special warranty, quit claim, court officer, trustee, deed without warranty).
- 2. Grantor clause (marital status; authorized persons of corporation).

3. Grantee clause
 - a. Joint Tenancy
 - b. Tenants in Common
 - c. Marital Status
 - d. Life estate or other partial interests
4. Legal description of property transferred, and subject to any limitations.

B. Declaration of Value

C. Groundwater Hazard Statement

1. This form is particularly critical for real estate in rural or county areas.
2. It is recommended to have transferor fill out in advance.
3. Be sure to pay close attention to the time-of-transfer requirements for private sewage disposal systems (septic tanks). It may need to be inspected in advance of closing, or special provisions made for its later inspection and payment of repairs. *See Residential Purchase Agreement paragraph 21.*

IV. TITLE GUARANTY.

Iowa Docs does not have formal title insurance, as other states do. Iowa, however, does have Title Guaranty, which provides title protection for real estate in the state. Title Guaranty now allows attorneys registered with Title Guaranty to issue Commitments (from the preliminary title opinions), Certificates (from the final title opinions), and Endorsements (additional areas of coverage). Each of these usually carries with it a fee or premium. Increasingly, lenders are requiring that attorneys representing buyers be qualified to issue these Title Guaranty Commitments, Certificates and Endorsements.

A. Commitment (*See Appendix F*)

1. Schedule A shows the titleholder, borrower, lender, owner's coverage, and lender's coverage.
2. Schedule B shows the limitations, liens and encumbrances that must be released before closing.

B. Certificate (*See Appendix G*)

1. Shows new titleholder and other documents recorded post-closing such as mortgage, mortgage release and deed. Also shows endorsements and limitations of coverage.
2. Can be done after four months even if abstract is not updated.

C. Refinancing

1. Form 900 is issued for title commitments for a refinance. It is a short (usually one-page) form showing pertinent title information and avoids a full review of an updated abstract.
2. Form 901 is issued for title certificates for a refinance post-closing. Again, it is a shortened version of the continuation of the abstract and final title opinion.

V. CLOSINGS.

A. Sale Closings

1. Role - The closing agent is to be in control of the closing process, to make sure the process is completed, and completed properly. The CA owes a fiduciary duty to all parties to the transaction.
2. Basics - Follow the lender's closing instructions, if any, comply with the terms of the contract and comply with any obligations of Iowa Title Guaranty. Collecting payoff statements from mortgagees and ensuring that closing proceeds are wired appropriately.
3. Prepare closing statements and 1099 reporting
4. Handle recordation and follow-up
5. Order day of closing search to confirm no issues affecting title arose between date of last certification of the abstract and the date of closing.

B. Leases

1. Negotiation and drafting
2. Arm's length 3rd parties and between related parties
3. Re residential, commercial, municipal, mobile home and mobile home park and farm real estate

4. Be familiar with Linn Co and Johnson Co rent rates and market conditions for farmland, commercial, office and residential space

C. Landlord -Tenant

1. Rent collection
2. Forcible entry and detainer actions
3. Other lease breach remedy actions
4. Tenants rights
5. Re residential, commercial, municipal, mobile home and mobile home park and farm real estate
6. Farm lease terminations

D. Land Use and Zoning

1. Annexations (proceedings - voluntary, involuntary, applicant rep and opposition)
2. Re-zoning proceedings
3. Platting proceedings
4. Zoning enforcement proceedings (and defense of same)
5. Ag land restrictions and rules (Chapter 9H)
6. Familiar with CR, Marion, Hiawatha, North Liberty, Coralville, Iowa City and other adjacent municipalities master plans in general
7. Know the relevant state, county and city officials and offices
8. TIF districts, other tax abatement and economic development aspects re real estate
9. Including contract clauses and issues for buyers, sellers and lenders re such financing involved in deals
10. Be familiar with Iowa Code Chapter 9H restrictions on entity ownership of agricultural land and planning techniques re same

E. Development

1. Platting, Subdivision Mechanics and Law, Planned Unit Developments
2. Engineering basics
3. Condominium Regimes including drafting declarations
4. Homeowners Associations
 - a. Articles, bylaws, developer transitions, operation and governance etc
5. Restrictive Covenants – drafting, use, enforcement and defense of enforcement
6. See above re Land Use and Zoning - including TIF districts etc
7. Choice of entity re development, acquisition and operation of real estate investments
 - a. including basic formation of corporations (C and S), LLCs, partnerships (general, limited and limited liability)
8. Know developers in each community served, including ownership and managers in particular – also who represents them if we don't
9. Know ownership, reputation, specialties and operations managers of major architectural, engineering and construction companies and contractors in our market area.

F. Construction Law

1. Construction contracts
 - a. Re residential, commercial, municipal, mobile home and mobile home park and farm real estate
2. Architectural Service Contracts
3. Building Contractor and sub-contractor agreements
4. Mechanics Liens, and foreclosure of same, also defense of same and Lien Waivers

5. Know ownership, reputation, specialties and operations managers of major architectural, engineering and construction companies and contractors in our market area

G. Environmental Law

1. Federal and state statutory knowledge
2. Issues to be addressed in all contracts and conveyancing described above
3. Civil and Criminal enforcement and defense against enforcement
4. Familiar with all Brownfield legislation clean-up programs, superfund principles, and "stuff in general" regarding underground fuel and other tanks, leaks, waterway pollution and related matters
5. Engineering basics re use of consultants re Phase I and other levels of inspections and reviews – know leading environmental consulting firms, their general reputations and specialties and key personnel within them.

H. Real Estate Finance

1. Mortgages - drafting, negotiation, releases etc
2. Foreclosures and Forfeiture proceedings
 - a. Bidding strategy, conduct of the proceedings etc
3. UCC as it affects real estate (fixture filings etc)
4. Lender and Contract Seller Issues in federal bankruptcy cases

I. Taxation

1. Property tax - know all calculation methods, rates and state, county and city exemptions and credits
2. Property tax appeals
3. General income tax knowledge re developers etc such as building depreciation permitted, personal vs real property definitions etc
4. Sale of Residence tax rules, capital gain exclusions rules etc

5. 1031 exchanges, deferred etc - handle from start to finish
6. General choice of entity and form of organization tax matters re real property investment syndications, joint ventures etc

APPENDIX A
Residential Purchase Agreement



RESIDENTIAL PURCHASE AGREEMENT

TO: _____ (SELLERS)

The undersigned BUYERS hereby offer to buy and the undersigned SELLERS by their acceptance agree to sell the real property situated in _____, Iowa, locally known as _____ and legally described as:

together with any easements and appurtenant servient estates, but subject to any reasonable easements of record for public utilities or roads, any zoning restrictions, customary restrictive covenants and mineral reservations of record, if any, herein referred to as the "Property," upon the following terms and conditions provided BUYERS, on possession, are permitted to use the Property for residential purposes:

1. **PURCHASE PRICE.** The Purchase Price shall be \$ _____ and the method of payment shall be as follows:

\$ _____ with this offer to be deposited upon acceptance of this offer and held in trust by _____ as earnest money to be delivered to the SELLERS upon performance of SELLERS' obligations and satisfaction of BUYERS' contingencies, if any; and the balance of the Purchase Price:

(a) in cash at the time of closing with adjustment for closing costs to be added or deducted from this amount. This Agreement is not contingent upon BUYERS obtaining such funds.

(b) upon the terms specified in alternative _____ of the Financing Addendum to Residential Purchase Agreement as initialed and attached hereto and incorporated herein.

2. **REAL ESTATE TAXES.**

A. SELLERS shall pay all real estate taxes that are due and payable as of the date of possession and constitute a lien against the Property, including any unpaid real estate taxes for any prior years.

B. SELLERS shall pay their prorated share, based upon the date of possession, of the real estate taxes for the fiscal year in which possession is given (ending June 30, _____) due and payable in the subsequent fiscal year (commencing July 1, _____).

BUYERS shall be given a credit for such proration at closing (unless this agreement is for an installment contract) based upon the last known actual net real estate taxes payable according to public record. However, if such taxes are based upon a partial assessment of the present property improvements or a changed tax classification as of the date of possession, such proration shall be based on the current millage rate, the assessed value, legislative tax rollbacks and real estate tax exemptions that will actually be applicable as shown by the Assessor's Records on the date of possession.

C. BUYERS shall pay all subsequent real estate taxes.

3. **SPECIAL ASSESSMENTS.**

A. SELLERS shall pay in full all special assessments which are a lien on the Property as of the date of acceptance _____.

B. If "A" is stricken, then SELLERS shall pay all installments of special assessments which are a lien on the Property and, if not paid, would become delinquent during the calendar year this offer is accepted, and all prior

installments thereof.

C. All charges for solid waste removal, sewage and maintenance that are attributable to SELLERS' possession, including those for which assessments arise after closing, shall be paid by SELLERS.

D. Any preliminary or deficiency assessment which cannot be discharged by payment shall be paid by SELLERS through an escrow account with sufficient funds to pay such liens when payable, with any unused funds returned to SELLERS.

E. BUYERS shall pay all other special assessments.

4. RISK OF LOSS AND INSURANCE. SELLERS shall bear the risk of loss or damage to the Property prior to closing or possession, whichever first occurs. SELLERS agree to maintain existing insurance and BUYERS may purchase additional insurance. In the event of substantial damage or destruction prior to closing, this Agreement shall be null and void; provided, however, BUYERS shall have the option to complete the closing and receive insurance proceeds regardless of the extent of damages. The property shall be deemed substantially damaged or destroyed if it cannot be restored to its present condition on or before the closing date.

5. POSSESSION AND CLOSING. If BUYERS timely perform all obligations, possession of the Property shall be delivered to BUYERS on _____, and any adjustments of rent, insurance, taxes, interest and all charges attributable to the SELLERS' possession shall be made as of the date of possession. Closing shall occur after approval of title by buyers' attorney and vacation of the Property by SELLERS, but prior to possession by BUYERS. SELLERS agree to permit BUYERS to inspect the Property within _____ hours prior to closing to assure that the premises are in the condition required by this Agreement. If possession is given on a day other than closing, the parties shall make a separate agreement with adjustments as of the date of possession. This transaction shall be considered closed (upon the filing of title transfer documents) (upon the delivery of the title transfer documents to BUYERS) and receipt of all funds then due at closing from BUYERS under the Agreement.

6. FIXTURES. Included with the Property shall be all fixtures that integrally belong to, are specifically adapted to or are a part of the real estate, whether attached or detached, such as: attached wall-to-wall carpeting, built-in appliances, light fixtures (including light bulbs), water softeners (except rentals), shutters, shades, rods, blinds, venetian blinds, awnings, storm windows, storm doors, screens, television antennas (including satellite dishes), air conditioning equipment (except window type), door chimes, automatic garage door openers, electrical service cables, attached mirrors, fencing, gates, attached shelving, bushes, trees, shrubs and plants. Also included shall be the following:

The following items shall not be included:

7. CONDITION OF PROPERTY.

A. The property as of the date of this Agreement including buildings, grounds, and all improvements will be preserved by the SELLERS in its present condition until possession, ordinary wear and tear excepted.

B. Within _____ days after the acceptance of this Agreement BUYERS may, at their sole expense, have the property inspected by a person or persons of their choice to determine if there are any structural, mechanical, plumbing, electrical, environmental, or other deficiencies. Within this same period, the BUYERS may notify in writing the SELLERS of any deficiency. The SELLERS shall immediately notify the BUYERS in writing of what steps, if any, the SELLERS will take to correct any deficiencies before closing. The BUYERS shall then immediately in writing notify the SELLERS that (1) such steps are acceptable, in which case this Agreement, as so modified, shall be binding upon all parties; or (2) that such steps are not acceptable, in which case this Agreement shall be null and void, and any earnest money shall be returned to BUYERS.

C. If "B" is deleted, BUYERS acknowledge that they have made a satisfactory inspection of the Property and are purchasing the Property in its existing condition.

D. NEW CONSTRUCTION: If the improvements on the subject property are under construction or are to be constructed, this Agreement shall be subject to approval of plans and specifications by the parties within _____ days of acceptance of this Agreement. New construction shall have the warranties implied by law, those specifically made by suppliers of materials/appliances, and those specifically tendered by the contractor.

8. ABSTRACT AND TITLE. SELLERS, at their expense, shall promptly obtain an abstract of title to the Property continued through the date of acceptance of this Agreement, _____, and deliver it to BUYERS' attorney for examination. It shall show merchantable title in SELLERS in conformity with this Agreement, Iowa law, and Title Standards of the Iowa State Bar Association. The SELLERS shall make every reasonable effort to promptly perfect title. If closing is delayed due to SELLERS' inability to provide marketable title, this Agreement shall continue in force and effect until either party rescinds the Agreement after giving ten days written notice to the other party. The abstract shall become the property of BUYERS when the purchase price is paid in full. 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.

9. SURVEY. BUYERS may, at BUYERS' expense prior to closing, have the property surveyed and certified by a Registered Land Surveyor. If the survey shows any encroachment on the Property or if any improvements located on the Property encroach on lands of others, the encroachments shall be treated as a title defect. If the survey is required under Chapter 354, SELLERS shall pay the cost thereof.

10. ENVIRONMENTAL MATTERS.

(a) SELLERS warrant to the best of their knowledge and belief that there are no abandoned wells, solid waste disposal sites, hazardous wastes or substances, or underground storage tanks located on the Property, the Property does not contain levels of radon gas, asbestos or urea-formaldehyde foam insulation which require remediation under current governmental standards, and SELLERS have done nothing to contaminate the Property with hazardous wastes or substances. SELLERS warrant that 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. SELLERS shall also provide BUYERS with a properly executed GROUNDWATER HAZARD STATEMENT showing no wells, private burial sites, solid waste disposal sites, private sewage disposal system, hazardous waste and underground storage tanks on the Property unless disclosed here: _____

(b) BUYERS may at their expense, within _____ days after the date of acceptance, 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. In the event any hazardous materials, substances, conditions or wastes are discovered on the Property, BUYERS' obligation hereunder shall be contingent upon the removal of such materials, substances, conditions or wastes or other resolution of the matter reasonably satisfactory to BUYERS. However, in the event SELLERS are required to expend any sum in excess of \$ _____ to remove any hazardous materials, substances, conditions or wastes, SELLERS shall have the option to cancel this transaction and refund to BUYER all Earnest Money paid and declare this Agreement null and void. The expense of any inspection shall be paid by BUYERS. The expense of any action necessary to remove or otherwise make safe any hazardous material, substance, conditions or waste shall be paid by SELLERS, subject to SELLERS' right to cancel this transaction as provided above.

11. DEED. Upon payment of the purchase price, SELLERS shall convey the Property to BUYERS by _____ deed, free and clear of all liens, restrictions, and encumbrances except as provided in this Agreement. General warranties of title shall extend to the time of delivery of the deed excepting liens or encumbrances suffered or permitted by BUYERS.

12. JOINT TENANCY IN PROCEEDS AND IN REAL ESTATE. If SELLERS, immediately preceding acceptance of the offer, hold title to the Property in joint tenancy with full right of survivorship, and the joint tenancy is not later destroyed by operation of law or by acts of the SELLERS, then the proceeds of this sale, and any continuing or recaptured rights of SELLERS in the Property, shall belong to SELLERS as joint tenants with full rights of survivorship and not as tenants in common; and BUYERS in the event of the death of any SELLER, agree to pay any balance of the price due SELLERS under this contract to the surviving SELLERS and to accept a deed from the surviving SELLERS consistent with Paragraph 15.

13. JOINDER BY SELLER'S SPOUSE. SELLER'S spouse, if not a title holder immediately preceding acceptance, executes this agreement only for the purpose of relinquishing all rights of dower, homestead and distributive share or in compliance with Section 561.13 of the Code of Iowa and agrees to execute the deed or real estate contract for this purpose.

14. STATEMENT AS TO LIENS. If BUYERS intend to assume or take subject to a lien on the Property, SELLERS shall furnish BUYERS with a written statement prior to closing from the holder of such lien, showing the correct balance due.

15. USE OF PURCHASE PRICE. At time of settlement, funds of the purchase price may be used to pay taxes and other

liens and to acquire outstanding interests, if any, of others.

16. APPROVAL OF COURT. If the Property is an asset of an estate, trust or conservatorship, this Agreement is contingent upon Court approval unless declared unnecessary by BUYERS' attorney. If the sale of the Property is subject to court approval, the fiduciary shall promptly submit this Agreement for such approval. If this Agreement is not so approved by _____ either party may declare this Agreement null and void, and all payments made hereunder shall be returned to BUYERS.

17. REMEDIES OF THE PARTIES.

A. If BUYERS fail to timely perform this Agreement, SELLERS may forfeit it as provided in the Iowa Code (Chapter 656), and all payments made shall be forfeited; or, at SELLERS' option, upon thirty days written notice of intention to accelerate the payment of the entire balance because of BUYERS' default (during which thirty days the default is not corrected), SELLERS may declare the entire balance immediately due and payable. Thereafter this agreement may be foreclosed in equity and the Court may appoint a receiver.

B. If SELLERS fail to timely perform this Agreement, BUYERS have the right to have all payments made returned to them.

C. BUYERS and SELLERS are also entitled to utilize any and all other remedies or actions at law or in equity available to them and shall be entitled to obtain judgment for costs and attorney fees as permitted by law.

18. NOTICE. Any notice under this Agreement shall be in writing and be deemed served when it is delivered by personal delivery or by certified mail return receipt requested, addressed to the parties at the address given below.

19. 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.

20. GENERAL PROVISIONS. In the performance of each part of this Agreement, time shall be of the essence. Failure to promptly assert rights herein shall not, however, be a waiver of such rights or a waiver of any existing or subsequent default. This Agreement shall apply to and bind the successors in interest of the parties. This Agreement shall survive the closing. Paragraph headings are for convenience of reference and shall not limit or affect the meaning of this Agreement. Words and phrases herein shall be construed as in the singular or plural number, and as masculine, feminine or neuter gender according to the context.

21. INSPECTION OF PRIVATE SEWAGE DISPOSAL SYSTEM. Delete inappropriate alternatives below. If no deletions are made, the provisions set forth in Paragraph A shall be deemed selected.

A. 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.

B. The Property is served by a private sewage disposal system, or there is a private sewage disposal system on the Property. Seller and Buyer agree to the provision selected in the attached Addendum for Inspection of Private Sewage Disposal System.

C. Seller and Buyer agree that this transaction IS exempt from the time of transfer inspection requirements by reason that _____

22. ADDITIONAL PROVISIONS: (check if applicable)

___ A. SALE OF BUYERS' PROPERTY. This Agreement is contingent upon the sale and settlement of the BUYERS' property locally known as _____ on or before _____. If settlement has not been made by this date, the SELLERS may rescind this Agreement by giving notice to BUYERS that unless sale and settlement of BUYERS' property is made within five (5) business days of such notice, then this Agreement shall be null and void. Unless SELLERS give such written notice, this Agreement shall remain valid until the sale of BUYERS' property.

SELLERS reserve the right to continue to offer the Property for sale. Should SELLERS receive another offer which they desire to accept, BUYERS shall have _____ days from the delivery of written notice to waive the "contingency of sale." Notice from the BUYERS to the SELLERS, removing the contingency of sale, shall be timely delivered to the SELLERS along with reasonable assurance that BUYERS can complete the purchase without the sale of the property referenced above.

If BUYERS do timely remove such contingency, this Agreement will remain in full force and effect (but without being contingent on the sale of BUYERS' property). If BUYERS do not timely remove such contingency, SELLERS will immediately return to BUYERS all earnest money paid, this Agreement will be of no further force and effect, and neither party will have any further obligation to the other hereunder.

___ B. TERMITE INSPECTION. _____ at their expense shall have the Property inspected for termites or other wood destroying insects by a licensed pest inspector prior to closing. If active infestation or damage due to prior infestation is discovered, SELLERS shall have the option of either having the Property treated for infestation by a licensed pest exterminator and having any damage repaired to the BUYERS' satisfaction or, declaring this Agreement null and void and returning all earnest money to BUYERS. This provision shall not apply to fences, trees, shrubs or outbuildings other than garages. BUYERS may accept the property in its existing condition without such treatment or repairs.

___ C. WELL TEST. SELLERS, at SELLERS' expense, shall provide BUYERS, within _____ days after acceptance of this offer, a report issued by the county health department, or a qualified testing service, indicating the location of any well on the Property and that water from each well (1) is safe for its intended use and (2) is in sufficient quantity for its intended use. If BUYERS receive an unsatisfactory report, the basis for which cannot be resolved between BUYERS and SELLERS within _____ days of receipt thereof, then upon written notice from BUYERS to SELLERS, this agreement shall be null and void and all earnest money paid shall be returned immediately to BUYERS.

___ D. RADON TEST. Within _____ days after the date of acceptance of this offer, SELLERS, at their expense, shall have the property tested for the presence of Radon gas by a qualified professional and shall provide the written results of such test to BUYERS within the same time period. If said results reveal the presence of Radon in the Property at a level greater than 4.0 pCi/L and SELLERS do not agree to remediate the Property at SELLERS' expense such that the Radon levels in the Property are reduced to a level below 4.0 pCi/L, then BUYERS shall have the option to terminate this agreement, in which case all earnest money shall be returned to BUYERS and this Agreement shall be of no further force or effect.

___ E. NO REAL ESTATE AGENT OR BROKER. Neither party has used the services of a real estate agent or broker in connection with this transaction. Each party agrees to indemnify and save harmless the other party from and against all claims, costs, liabilities and expense (including court costs and reasonable attorney's fees) incurred by the other party as a result of a breach of this representation, which shall survive closing.

___ F. OWNERS' ASSOCIATION. If the property is subject to control by an association of owners, this Agreement is contingent upon the timely satisfaction or waiver of those conditions set forth on the Owners' Association Addendum attached hereto and by this reference made a part hereof. Buyers may, before closing and no later than _____ days after receipt of all responsive documents, elect to cancel this Agreement by written notice of cancellation to Sellers. If Buyers elect to so cancel this Agreement, then this Agreement shall be null and void and the earnest money paid by Buyers shall be refunded. In the event Buyers do not timely notify Sellers of cancellation, this Agreement shall be binding and remain in full force and effect.

___ G. OTHER: Attach Addendum.

ACCEPTANCE. When accepted, this Agreement shall become a binding contract. If not accepted and delivered to BUYERS on or before the _____, this Agreement shall be null and void and all payments made shall be returned immediately to BUYERS.

Accepted _____

Dated _____

SELLERS

SS#:

BUYERS

SS#:

SELLERS

SS#:

BUYERS

SS#:

Address

Telephone

Address

Telephone

INITIAL IF
APPLICABLE:

FINANCING ADDENDUM TO RESIDENTIAL PURCHASE AGREEMENT

_____ A. NEW MORTGAGE: This Agreement is contingent upon the BUYERS obtaining a commitment in writing for a _____
_____ mortgage for not more than _____% of the purchase price with note interest at _____% or less with a term of no less than _____ years.
_____ BUYERS agree to pay all customary loan costs. The SELLERS agree to pay a discount and/or origination fee, if required, of _____%, or
BUYERS less, of the new mortgage obtained by the BUYERS. BUYERS agree upon acceptance of this offer to immediately make application for
such mortgage with a lender and to make their best effort to obtain a mortgage commitment as above provided.

_____ If BUYERS have not obtained a written commitment or loan denial on or before _____, then SELLERS may rescind
_____ this Agreement by giving written notice to the BUYERS that if a mortgage commitment has not been obtained within 5 business days of
SELLERS receipt of such notice then this Agreement shall be null and void. If SELLERS do not choose to give such written notice, then this
Agreement shall remain valid until the BUYERS have obtained a mortgage commitment or a denial.

In addition to the proceeds of the aforementioned mortgage, the BUYERS shall pay the balance of the purchase price in cash at the
time of closing with adjustment for closing costs to be added or deducted from this amount.

_____ B. ASSUMPTION OF MORTGAGE OR CONTRACT: The BUYERS shall pay a portion of the purchase price by assuming and agreeing
_____ to pay the mortgage or contract currently on this property with an approximate balance of \$_____ with principal and
_____ interest payments of approximately \$_____ with current interest of _____. SELLERS shall pay interest to the date of
BUYERS possession. If consent of the holder of such mortgage or contract is required then this Agreement is contingent upon such consent. The
BUYERS agree in good faith to make their best effort to promptly obtain such consent and to pay all expenses and assumption fees
related thereto. If BUYERS have not procured such consent on or before _____, then SELLERS may rescind
_____ this Agreement by giving written notice to the BUYERS stating that if such consent is not obtained within 5 working days of the receipt of
SELLERS such notice, then this Agreement shall be null and void. All payments due prior to and including the date of closing are to be paid by the
SELLERS.

The balance of the purchase price shall be paid in cash at the time of closing with adjustment for closing costs to be added or
deducted from this amount. If the SELLERS have an escrow account in relation to such mortgage or contract, such account shall be
brought current and BUYERS shall (check one):

_____ Purchase such escrow account and the balance of SELLERS' tax obligation under paragraphs 2 and 3, if any, shall be credited to
BUYERS at the time of closing.

_____ Assume said escrow account in lieu of SELLERS' tax obligations and tax prorations, in which event Paragraphs 2 and 3 herein shall
not apply.

_____ This Agreement (is) (is not) contingent upon SELLERS' release from liability on the mortgage/contract being assumed.

The mortgage/contract being assumed (does) (does not) provide for a variable interest rate.

The mortgage/contract being assumed (does) (does not) contain a balloon payment. Date of balloon, if any: _____

_____ C. CONTRACT: BUYERS and SELLERS will execute a real estate installment contract with a balance due in the amount of
_____ \$_____, on the form of The Iowa State Bar Association in which BUYERS agree to pay monthly payments of
_____ \$_____, including principal and interest at the rate of _____%, until the unpaid principal balance, together with accrued
BUYERS interest, is paid in full, or until the amount due is reduced to the amount of the mortgage now or hereinafter placed on the property by
SELLERS, at which time SELLERS shall deliver to BUYERS a warranty deed. Interest shall commence on the date of possession and
the first monthly payment shall be 30 days after the date of possession unless otherwise mutually agreed by the parties.

_____ The balance of the purchase price is to be paid in cash at the time of closing, with SELLERS adjustment for closing costs to be added
SELLERS or deducted from this amount. If SELLERS now have or hereafter place a mortgage(s) on the property, such mortgage(s) may not
exceed the real estate contract balance, and the interest rate and amortization thereof shall be no more onerous than the interest rate
and amortization on the real estate contract. This Agreement is contingent upon the SELLERS' lender's approval, if required.

This contract (shall) (shall not) have a balloon payment. Date of balloon, if any: _____

This contract (shall) (shall not) allow BUYERS to prepay all or any part of the principal without penalty;

This contract (shall) (shall not) be due and payable in full upon sale or assignment by the BUYERS;

This contract (shall) (shall not) require 1/12 of the annual insurance premium and taxes be paid to SELLERS with the monthly payments
into an escrow fund established by SELLERS. SELLERS shall use these funds to pay real estate taxes and insurance prior to their
delinquency. The parties shall review and make adjustments in the escrow account during the term of the real estate installment contract.

In the event that tax payments are not escrowed, Sellers shall pay all real estate tax installments, or portions thereof, for taxes
that accrue prior to possession. BUYERS shall pay all real estate tax installments, or portions thereof, for taxes that accrue after the date
of possession. The parties shall pay the installments for which they are responsible as they become due and prior to delinquency.

D. OTHER: Attach Addendum.

Owners' Association Addendum to Residential Purchase Agreement

1. If the Property is subject to the provisions of a townhome, condominium, subdivision, cooperative or other homeowners' association or declaration, Sellers shall furnish to Buyers within _____ days from the date of acceptance by Sellers complete, current and accurate copies of the following:

- A. A copy of the declaration (other than the plats);
- B. A copy of the by-laws of the association;
- C. A copy of the rules and regulations of the association;
- D. A certificate from the Association containing:
 - A statement disclosing the effect on the proposed conveyance of any right of first refusal or other restraint on the free alienability of the unit;
 - A statement of the amount of the monthly common expense assessment and any unpaid common expense or special assessment currently due and payable from the selling unit owner;
 - A statement of any other fees payable by the unit owner to the association;
 - The current operating budget of the association, including details concerning the amount of the reserve fund for repair and replacement and its intended use, or a statement that there is no reserve fund;
 - A statement of any capital expenditures approved by the association planned at the time of conveyance which are not reflected in the current operating budget included in the certificate.
 - The most recent prepared balance sheet and income and expense statement, if any, of the association.
 - A statement of any judgments against the association and the existence of any pending suits to which the association is a party.
 - A statement generally describing insurance policies provided for the benefit of the unit owners and that the policies are available for inspection stating the location at which they are available.
 - A statement as to whether the association has knowledge that any alteration or improvement to the unit or to the limited common elements assigned to the unit violates any provision of the declaration, by-laws, or rules or regulations.
 - A statement as to whether the association has knowledge of any violation of health or building codes with respect to the unit, the limited common elements assigned to the unit, or any other portion of the property managed by the Association.
 - A description of any recreational or other facilities which are to be used by the unit owners or maintained by them or the association, and a statement as to whether or not they are to be a part of the common elements.
- E. A statement by Sellers as to whether Sellers have knowledge:
 - That any alteration to the unit or to the limited common elements assigned to the unit violates any provision of the declaration, by-laws, or rules and regulations.
 - Of any violation of health or building codes with respect to the unit or the limited common elements assigned to the unit.

Buyers may, before closing and no later than ____ days after receipt of said documents, elect to cancel this Agreement by written notice of cancellation to Sellers. If Buyers elect to so cancel this Agreement, then this Agreement shall become null and void and the earnest money paid by Buyers shall be refunded. In the event Buyers do not so notify Sellers of cancellation, this Agreement shall be binding and remain in full force and effect.

2. If the declaration, articles of incorporation, or by-laws require that this Agreement or the Buyers be approved by the Board of Directors (or other governing body) of the owners association or if any right of first refusal or comparable right exists, then this Agreement is made expressly contingent upon such approval, or upon a waiver of such right, given in writing. Sellers shall promptly give any such required notice, with a copy to Buyers, and shall diligently pursue any required approval. In the event such approval is not granted or waived prior to _____ or closing, this Agreement shall be null and void and all earnest money paid by the Buyers shall be refunded.

3. Sellers warrant that all monthly owners' association dues will be paid current as of the date of closing. Buyers acknowledge that the present fee due to the owners' association is \$_____ per _____. Periodic fees, special assessments and other operating charges shall be adjusted to the date of settlement. No adjustment will be made for any capital reserves.

**Addendum for
Inspection of Private Sewage Disposal System**

Buyer and Seller agree on the following initialed alternative to comply with the time of transfer inspection of private sewage disposal systems:

_____ There is a private sewage disposal system on this Property which serves the Property. Seller has obtained or shall obtain at Seller's expense within _____ days a certified inspector's report which documents the condition of the private sewage disposal system, that it is of sufficient capacity to serve the Property, that the continued use of the system is permitted, and whether any modifications are required to conform to standards adopted by the Department of Natural Resources. Seller shall attach the inspection report to the Groundwater Hazard Statement to be filed at closing.

If Seller receives an unsatisfactory report, the basis of which cannot be resolved between Buyer and Seller within _____ days of delivery of a copy to Buyer, then upon written notice from Buyer to Seller, this agreement shall be null and void and all earnest money paid hereunder shall be returned immediately to Buyer.

_____ There is a private sewage disposal system on this Property. Weather or other temporary physical conditions prevent the certified inspection of the private sewage disposal system from being conducted. Buyer shall execute a binding acknowledgment with the County Board of Health to conduct a certified inspection of the private sewage disposal system at the earliest practicable time and to be responsible for any required modifications to the private sewage disposal system as identified by the certified inspection. Buyer shall attach a copy of the binding acknowledgment to the Groundwater Hazard Statement to be filed at closing. When the inspection is completed, an amended Groundwater Hazard Statement shall be filed with the certified inspection and shall include the document numbers of both the real estate transfer document and the original Groundwater Hazard Statement

Seller agrees at closing to deposit the sum of \$ _____ Dollars into escrow with _____ ("Escrow Agent") to reimburse Buyer for expenses incurred for the cost of the inspection and any required modifications to the private disposal system. Escrow Agent shall pay to Buyer, up to the amount held in escrow, amounts for required modifications after any such modifications are completed and upon submission to Escrow Agent of a detailed invoice. If no modifications are required, the entire escrow account shall be returned to Seller. Any funds remaining in the escrow account after any required modifications shall be returned to Seller. Seller shall not be responsible for any cost in excess of the escrow deposit.

_____ There is a private sewage disposal system on this Property. The building to which the sewage disposal system is connected will be demolished without being occupied. Buyer shall execute a binding acknowledgement with the county board of health to demolish the building within an agreed upon time period. Buyer shall attach a copy of the binding acknowledgement to the Groundwater Hazard Statement to be filed at closing.

_____ There is a private sewage disposal system on this Property. The private sewage disposal system has been installed within the past two years pursuant to permit number _____.

APPENDIX B

Offer to Buy Real Estate and Acceptance



OFFER TO BUY REAL ESTATE AND ACCEPTANCE

TO: _____, Sellers:

1. REAL ESTATE DESCRIPTION. The Buyers offer to buy real estate in _____ County, Iowa, described as follows:

with any easements and appurtenant servient 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; interests of others.) _____

designated the Real Estate; provided Buyers, on possession, are permitted to make the following use of the Real Estate: _____

2. PRICE. The purchase price shall be \$ _____, payable at _____ County, Iowa, as follows:

3. REAL ESTATE TAXES. Sellers shall pay

and any unpaid real estate taxes payable in prior years. Buyers shall pay all subsequent real estate taxes. Any proration of real estate taxes on the Real Estate shall be based upon such taxes for the year currently payable unless the parties state otherwise.

4. SPECIAL ASSESSMENTS.

- A. Sellers shall pay all special assessments which are a lien on the Real Estate as of the date of acceptance of this offer.
- B. IF A. IS STRICKEN, then Sellers shall pay all installments of special assessments which are a lien on the Real Estate and, if not paid, would become delinquent during the calendar year this offer is accepted, and all prior installments thereof.
- C. All other special assessments shall be paid by Buyers.

5. RISK OF LOSS AND INSURANCE. Risk of loss prior to Seller's delivery of possession of the Real Estate to Buyers shall be as follows:

- A. All risk of loss shall remain with Sellers until possession of the Real Estate shall be delivered to Buyers.
- B. IF A. IS STRICKEN, Sellers shall maintain \$ _____ of fire, windstorm and extended coverage insurance on the Real Estate until possession is given to Buyers and shall promptly secure endorsements to the appropriate insurance policies naming Buyers as additional insureds as their interests may appear. Risk of loss from such insured hazards shall be on Buyers after Sellers have performed under this paragraph and notified Buyers of such performance. Buyers, if they desire, may obtain additional insurance to cover such risk.

6. CARE AND MAINTENANCE. The Real Estate shall be preserved in its present condition and delivered intact at the time possession is delivered to Buyers, provided, however, if 5.a. is stricken and there is loss or destruction of all or any part of the Real Estate from causes covered by the insurance maintained by Sellers, Buyers agree to accept such damaged or destroyed Real Estate together with such insurance proceeds in lieu of the Real Estate in its present condition and Sellers shall not be required to repair or replace same.

7. POSSESSION. If Buyers timely perform all obligations, possession of the Real Estate shall be delivered to Buyers on _____, with any adjustments of rent, insurance, and interest to be made as of the date of transfer of possession.

8. FIXTURES. 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 except: (consider: rental items.)

9. USE OF PURCHASE PRICE. At time of settlement, funds of the purchase price may be used to pay taxes and other liens and to acquire outstanding interests, if any, of others.

10. ABSTRACT AND TITLE. Sellers, at their expense, shall promptly obtain an abstract of title to the Real Estate continued through the date of acceptance of this offer, and deliver it to Buyers for examination. It shall show merchantable title in Sellers in conformity with this agreement, Iowa law and 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. 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.

11. DEED. Upon payment of the purchase price, Sellers shall convey the Real Estate to Buyers or their assignees, by _____ deed, free and clear of all liens, restrictions, and encumbrances except as provided in 1 a. through 1 .d. Any general warranties of title shall extend only to the time of acceptance of this offer, with special warranties as to acts of Sellers continuing up to time of delivery of the deed.

12. JOINT TENANCY IN PROCEEDS AND IN REAL ESTATE. If Sellers, immediately preceding acceptance of this offer, hold 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 the Sellers, then the proceeds of this sale, and any continuing or recaptured rights of Sellers in the Real Estate, shall belong to Sellers as joint tenants with full rights of survivorship and not as tenants in common; and Buyers, in the event of the death of either Seller, agree to pay any balance of the price due Sellers under this contract to the surviving Seller and to accept a deed from the surviving Seller consistent with paragraph 11.

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 or real estate contract for this purpose.

14. TIME IS OF THE ESSENCE. Time is of the essence in this contract.

15. REMEDIES OF THE PARTIES

- A. If Buyers fail to timely perform this contract, Sellers may forfeit it as provided in the Iowa Code, and all payments made shall be forfeited or, at Seller's option, upon thirty days written notice of intention to accelerate the payment of the entire balance because of such failure (during which thirty days such failure is not corrected) Sellers may declare the entire balance immediately due and payable. Thereafter this contract may be foreclosed in equity and the Court may appoint a receiver.
- B. If Sellers fail to timely perform this contract, Buyers have the right to have all payments made returned to them.
- C. Buyers and Sellers also are entitled to utilize any and all other remedies or actions at law or in equity available to them and shall be entitled to obtain judgment for costs and attorney fees as permitted by law.

16. STATEMENT AS TO LIENS. If Buyers intend to assume or take subject to a lien on the Real Estate, Sellers shall furnish Buyers with a written statement from the holder of such lien, showing the correct balance due.

17. SUBSEQUENT CONTRACT. Any real estate contract executed in performance of this contract shall be on a form of the Iowa State Bar Association.

18. APPROVAL OF COURT. If the sale of the Real Estate is subject to Court approval, the fiduciary shall promptly submit this contract for such approval. If this contract is not so approved, it shall be void.

19. CONTRACT BINDING ON SUCCESSORS IN INTEREST. This contract shall apply to and bind the successors in interest of the parties.

20. CONSTRUCTION. Words and phrases shall be construed as in the singular or plural number, and as masculine, feminine or neuter gender, according to the context.

21. 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.

22. TIME FOR ACCEPTANCE. If this offer is not accepted by Sellers on or before _____ it shall become void and all payments shall be repaid to the Buyers.

23. INSPECTION OF PRIVATE SEWAGE DISPOSAL SYSTEM. Delete inappropriate alternatives below. If no deletions are made, the provisions set forth in Paragraph A shall be deemed selected.

- A. 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.
- B. The Property is served by a private sewage disposal system, or there is a private sewage disposal system on the Property. Seller and Buyer agree to the provision selected in the attached Addendum for Inspection of Private Sewage Disposal System.
- C. Seller and Buyer agree that this transaction IS exempt from the time of transfer inspection requirements by reason that _____.

24. OTHER PROVISIONS.

Dated: _____

Buyer

Buyer

THIS OFFER IS ACCEPTED _____

Seller

Spouse

Seller

Spouse

**Addendum for
Inspection of Private Sewage Disposal System**

Buyer and Seller agree on the following initialed alternative to comply with the time of transfer inspection of private sewage disposal systems:

_____ There is a private sewage disposal system on this Property which serves the Property. Seller has obtained or shall obtain at Seller's expense within _____ days a certified inspector's report which documents the condition of the private sewage disposal system, that it is of sufficient capacity to serve the Property, that the continued use of the system is permitted, and whether any modifications are required to conform to standards adopted by the Department of Natural Resources. Seller shall attach the inspection report to the Groundwater Hazard Statement to be filed at closing.

If Seller receives an unsatisfactory report, the basis of which cannot be resolved between Buyer and Seller within ____ days of delivery of a copy to Buyer, then upon written notice from Buyer to Seller, this agreement shall be null and void and all earnest money paid hereunder shall be returned immediately to Buyer.

_____ There is a private sewage disposal system on this Property. Weather or other temporary physical conditions prevent the certified inspection of the private sewage disposal system from being conducted. Buyer shall execute a binding acknowledgment with the County Board of Health to conduct a certified inspection of the private sewage disposal system at the earliest practicable time and to be responsible for any required modifications to the private sewage disposal system as identified by the certified inspection. Buyer shall attach a copy of the binding acknowledgment to the Groundwater Hazard Statement to be filed at closing. When the inspection is completed, an amended Groundwater Hazard Statement shall be filed with the certified inspection and shall include the document numbers of both the real estate transfer document and the original Groundwater Hazard Statement

Seller agrees at closing to deposit the sum of \$ _____ Dollars into escrow with _____ ("Escrow Agent") to reimburse Buyer for expenses incurred for the cost of the inspection and any required modifications to the private disposal system. Escrow Agent shall pay to Buyer, up to the amount held in escrow, amounts for required modifications after any such modifications are completed and upon submission to Escrow Agent of a detailed invoice. If no modifications are required, the entire escrow account shall be returned to Seller. Any funds remaining in the escrow account after any required modifications shall be returned to Seller. Seller shall not be responsible for any cost in excess of the escrow deposit.

_____ There is a private sewage disposal system on this Property. The building to which the sewage disposal system is connected will be demolished without being occupied. Buyer shall execute a binding acknowledgement with the county board of health to demolish the building within an agreed upon time period. Buyer shall attach a copy of the binding acknowledgement to the Groundwater Hazard Statement to be filed at closing.

_____ There is a private sewage disposal system on this Property. The private sewage disposal system has been installed within the past two years pursuant to permit number _____.

APPENDIX C
Residential Property Seller
Disclosure Statement



RESIDENTIAL PROPERTY SELLER DISCLOSURE STATEMENT

Property Address: _____

PURPOSE:

Use this statement to disclose information as required by Iowa Code chapter 558A. This law requires certain sellers of residential property that includes at least one and no more than four dwelling units to disclose information about the property to be sold. The following disclosures are made by the Seller(s) and not by any agent acting on behalf of the Seller(s).

INSTRUCTIONS TO SELLER(S):

- A. Seller(s) must complete this statement. Respond to all questions, or attach reports allowed by Iowa Code section 558A.4(2);
- B. Disclose all known conditions materially affecting this property;
- C. If an item does not apply to this property, indicate it is not applicable (N/A);
- D. Disclose information in good faith and make a reasonable effort to ascertain the required information. If the required information is unknown or is unavailable following a reasonable effort, use an approximation of the information, or indicate that the information is unknown (UNK). All approximations must be identified as approximations (AP).
- E. Additional pages may be attached as needed;
- F. Keep a copy of this statement with your other important papers.

DISCLOSURES:

Circle response:

- | | | | | |
|---|------------|----------|------------|------------|
| 1. Basement/Foundation: Any known water or other problems?
Any known repairs?
If yes, date of repairs/replacement: _____ | Yes
Yes | No
No | N/A
N/A | UNK
UNK |
| 2. Roof: Any known problems?
Any known repairs?
If yes, date of repairs/replacement: _____ | Yes
Yes | No
No | N/A
N/A | UNK
UNK |
| 3. Well and Pump: Any known problems?
Any known repairs?
If yes, date of repairs/replacement: _____
Any known water tests?
If yes, date of last report: _____
and results: _____ | Yes
Yes | No
No | N/A
N/A | UNK
UNK |
| 4. Septic Tanks/Drain Fields: Any known problems?
Location of tank: _____
Date tank last cleaned: _____ | Yes | No | N/A | UNK |
| 5. Sewer Systems: Any known problems?
Any known repairs?
If yes, date of repairs/replacement: _____ | Yes
Yes | No
No | N/A
N/A | UNK
UNK |
| 6. Heating System(s): Any known problems?
Any known repairs?
If yes, date of repairs/replacement: _____ | Yes
Yes | No
No | N/A
N/A | UNK
UNK |
| 7. Central Cooling System(s): Any known problems?
Any known repairs?
If yes, date of repairs/replacement: _____ | Yes
Yes | No
No | N/A
N/A | UNK
UNK |
| 8. Plumbing System(s): Any known problems?
Any known repairs?
If yes, date of repairs/replacement: _____ | Yes
Yes | No
No | N/A
N/A | UNK
UNK |

9.	Electrical System(s): Any known problems? Any known repairs? If yes, date of repairs/replacement: _____	Yes Yes	No No	N/A N/A	UNK UNK
10.	Pest Infestation (e.g., termites, carpenter ants): Any known problems? If yes, date(s) of treatment: _____ Any known structural damage? If yes, date of repairs/replacement: _____ Any known inspections? If yes, date of last report: _____ and results: _____	Yes Yes	No No	N/A N/A	UNK UNK
11.	Asbestos: Any known to be present in the structure? If yes, explain: _____	Yes	No	N/A	UNK
12.	Radon: Any known tests for the presence of radon gas? If yes, date of last report: _____ and results: _____	Yes	No	N/A	UNK
13.	Lead-Based Paint: Any known to be present in structure?	Yes	No	N/A	UNK
14.	Flood Plain: Do you know if the property is located in a flood plain? If yes, what is the flood plan designation: _____	Yes	No	N/A	UNK
15.	Zoning: Do you know the zoning classification of the property? If yes, what is the zoning classification: _____	Yes	No	N/A	UNK
16.	Covenants: Is the property subject to restrictive covenants? If yes, attach a copy or state where a true, current copy of the covenants can be obtained.: _____	Yes	No	N/A	UNK
17.	Shared or Co-Owned Features: Any features of the property known to be shared in common with adjoining landowners, such as walls, fences, roads, and driveways whose use or maintenance responsibility may have an effect on the property? Any known "common areas" such as pools, tennis courts, walkways, or other areas co-owned with others, or a Homeowner's Association which has any authority over the property?	Yes Yes	No No	N/A N/A	UNK UNK
18.	Physical Problems: Any known settling, flooding, drainage or grading problems?	Yes	No	N/A	UNK
19.	Structural Damage: Any known structural damage?	Yes	No	N/A	UNK
20.	See attached Disclosure of Information on Lead-Based Paint and/or Lead- Based Hazard and the attached pamphlet, <i>Protect Your Family from Lead in Your Home</i> .				

You **MUST** explain any "YES" response(s) above. Use the back of this statement or additional sheets as necessary. If reports are attached, identify the reports and the questions to which they pertain.

SELLER(S) DISCLOSURE:

Seller(s) discloses the information regarding this property based on information known or reasonably available to the Seller(s). The Seller(s) has owned the property since _____. The Seller(s) certifies that as of the date signed this information is true and accurate to the best of my/our knowledge.

Seller(s) acknowledges requirement that Buyer(s) be provided with the "Iowa Radon Home-Buyers and Sellers Fact Sheet" prepared by the Iowa Department of Public Health.

Seller _____

Seller _____

Date: _____

Date: _____

BUYER(S) ACKNOWLEDGEMENT:

Buyer(s) acknowledges receipt of a copy of this Disclosure Statement. This Disclosure Statement is not intended to be a warranty or to substitute for any inspection the Buyer(s) may wish to obtain.

Buyer(s) acknowledges receipt of the "Iowa Radon Home-Buyers and Sellers Fact Sheet" prepared by the Iowa Department of Public Health.

Buyer _____

Buyer _____

Date: _____

Date: _____

APPENDIX D

Lead-Based Paint Disclosure - Sales



LEAD-BASED PAINT DISCLOSURE — SALES

Property Address or Legal Description:

Lead Warning Statement

Every purchaser of any interest in residential real property on which a residential dwelling was built prior to 1978 is notified that such property may present exposure to lead from lead-based paint that may place young children at risk of developing lead poisoning. Lead poisoning in young children may produce permanent neurological damage, including learning disabilities, reduced intelligence quotient, behavioral problems, and impaired memory. Lead poisoning also poses a particular risk to pregnant women. The seller of any interest in residential real property is required to provide the buyer with any information on lead-based paint hazards from risk assessments or inspections in the seller's possession and notify the buyer of any known lead-based paint hazards. A risk assessment or inspection for possible lead-based paint hazards is recommended prior to purchase.

Seller's Disclosure

(a) Presence of lead-based paint and/or lead-based paint hazards (check (i) or (ii) below):

- _____ (i) Known lead-based paint and/or lead-based paint hazards are present in the housing (explain). _____
- _____ (ii) Seller has no knowledge of lead-based paint and/or lead-based paint hazards in the housing.

(b) Records and reports available to the Seller (check (i) or (ii) below):

- _____ (i) Seller has provided the purchaser with all available records and reports pertaining to lead-based paint and/or lead-based paint hazards in the housing (list documents below). _____
- _____ (ii) Seller has no reports or records pertaining to lead-based paint and/or lead-based paint hazards in the housing.

Buyer's Acknowledgment (initial)

_____ By execution of this disclosure, Buyer acknowledges receipt of copies of all information listed above including receipt of the pamphlet, *Protect Your Family from Lead in Your Home*.

This agreement is contingent upon a risk assessment or inspection of the Property for the presence of lead-based paint and/or lead-based paint hazards at the Buyer's expense until 5 p.m. on the _____ day of _____ [Insert date 10 days after contract ratification or a date mutually agreed upon]. (Intact lead-based paint that is in good condition is not necessarily a hazard. See the EPA pamphlet *Protect Your Family From Lead in Your Home* for more information). This contingency will terminate at the above predetermined deadline unless the Buyer (or Buyer's agent) delivers to the Seller (or Seller's agent) a written contract addendum listing together with a copy of the inspection and/or risk assessment report. The Seller may, at the Seller's option, within _____ days after delivery of the addendum, elect in writing whether to correct the condition(s) prior to closing. If the Seller will correct the condition, the Seller shall furnish the Buyer with certification from a risk assessor or inspector demonstrating that the condition has been remedied before the date of closing. If the Seller does not elect to make the repairs, or if the Seller makes a counter-offer, the Buyer shall have _____ days to respond to the counter-offer to remove this contingency and take the property in "as is" condition or this Agreement shall become void. The Buyer may remove this contingency at any time without cause.

_____ Buyer hereby waives this contingency. (Initial).

Agent's Acknowledgement (initial).

_____ Agent has informed the Seller of the Seller's obligations under 42 U.S.C. 4852d and is aware of Agent's responsibility to ensure compliance.

Certification of Accuracy

The following parties have reviewed the information above and certify, to the best of their knowledge, that the information they have provided is true and accurate.

_____ SELLER	_____ Date	_____ BUYER	_____ Date
_____ SELLER	_____ Date	_____ BUYER	_____ Date
_____ AGENT	_____ Date	_____ AGENT	_____ Date

APPENDIX E

*Iowa City Area Association of Realtors
Purchase Agreement*



RESIDENTIAL REAL ESTATE PURCHASE AGREEMENT



This form approved by the Iowa City Area Association of REALTORS®

Date of Agreement _____ 20____

TO _____ (SELLERS:),

1. **REAL ESTATE DESCRIPTION.** The undersigned BUYERS hereby offer to buy real estate in _____ County, Iowa, locally known as: _____ and FOLLOWING THE LEGAL DESCRIPTION CONTAINED IN THE TITLE DOCUMENT BY WHICH THE SELLER RECEIVED TITLE TO THE PROPERTY, SUBJECT TO APPROVAL OF BUYER'S ATTORNEY, or described as follows:

with any improvements located there on, easements of record and appurtenant servient estates, and 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, other easements, interests of others) designated the Real Estate; provided BUYERS, on possession, are permitted to make the following use of the Real Estate: _____

☐ If applicable, see HOMEOWNERS ASSOCIATION/CONDOMINIUM ASSOCIATION/COMMON INTEREST COMMUNITY ADDENDUM (HOA).

2. **PURCHASE PRICE.** The Purchase Price shall be \$ _____, (_____) and the method of payment shall be as follows: \$ _____ with this offer to be deposited upon acceptance of this offer, in the trust account of _____

to be delivered to the SELLERS upon performance of SELLERS' obligations and satisfaction of BUYERS' contingencies, if any, and the balance of the purchase price as designated below.

Select: (A) (B) and/or (C) or (D)

A. ☐ **NEW MORTGAGE:** Check ☐ (CONV) ☐ (FHA) or ☐ (VA)

This Purchase Agreement is contingent upon the BUYERS obtaining a written commitment for a first real estate mortgage for _____ % of the purchase price with interest on the promissory note secured thereby of not more than _____ % amortized over a term of not less than _____ years, with a balloon due date of not less than _____ years. BUYERS agree to pay no more than _____ % for loan origination fees and points, and to pay in addition all other customary loan costs. BUYERS agree upon acceptance of this offer to immediately make application for such mortgage with a commercial mortgage lender and to exercise good faith efforts to obtain a mortgage commitment as above provided. Upon receiving written loan commitment, (supported by the lender's required appraisal), BUYERS shall release this contingency in writing. If BUYERS have not delivered a written financing contingency release containing the above terms, or terms acceptable to BUYERS on or before _____, at _____ (☐ A.M. ☐ P.M. ☐ Noon) either SELLERS BUYERS may declare this Purchase Agreement null and void and all payments made hereunder shall be returned. BUYERS shall pay the balance of the purchase price at the time of the closing by combination of BUYERS' personal funds and the net mortgage proceeds.

B. ☐ **CASH:** BUYERS will pay the balance of the purchase price in cash at the time of closing. This Purchase Agreement is not contingent upon BUYERS obtaining such funds.

C. ☐ **OTHER FINANCING TERMS:**

D. ☐ If a Mortgage Assumption, Installment contract Assumption, or Installment contract Sale, see attached addendum.

3. **POSSESSION.** If BUYERS timely perform all obligations, possession for the Real Estate shall be delivered to BUYERS on _____ 20____ with any adjustments of rent, taxes, insurance, interest, and other applicable matters to be made as of the date of transfer of possession. Closing of the transaction shall occur after approval of title and vacation of the premises by the SELLERS, in the condition ready for BUYERS' possession. Possession shall not be delivered to the BUYERS until completion of the closing, which shall mean delivery to the BUYERS of all title transfer documents and receipt of the purchase price funds then due from BUYERS. If by mutual agreement the parties select a different possession or closing date, they shall execute a separate agreement setting forth the terms thereof.

4. **REAL ESTATE TAXES.** SELLERS shall pay all real estate taxes which are due and payable and constitute a lien against the above described Real Estate and any unpaid real estate taxes for any prior years. Except for the tax proration hereinafter set forth, BUYERS shall pay all subsequent real estate taxes. SELLERS shall also pay a prorated share of the real estate taxes for the fiscal year ending June 30, 20____, and payable in the fiscal year commencing July 1, 20____, based upon one of the following formulas: Select (A) (B) or (C).

A. ☐ Net taxes payable in the current fiscal year in which possession is given to BUYERS. (Do not select this alternative if the current year's taxes are based upon a vacant lot or partial construction assessment.)

B. ☐ Net taxes paid in the current fiscal year of possession (☐ plus/ ☐ minus) _____ % thereof.

C. ☐ An amount calculated based upon the assessed valuation, legislative tax rollback, and real estate tax exemptions that will actually be applicable to and used for the calculation of taxes payable in the fiscal year commencing July 1, 20____. If, at the time of closing, the tax rate is not certified, then the most current, certified tax rate shall be used.

5. **SPECIAL ASSESSMENTS.** Select: (A) or (B)

A. ☐ SELLERS shall pay all special assessments which are a lien on the Real Estate as of the date of closing.

B. ☐ SELLERS shall pay all installments of special assessments which are a lien on the Real Estate and, if not paid, would become delinquent during the calendar year this offer is accepted, and all prior installments thereof. All other special assessments shall be paid by BUYERS.

Buyers' Initials _____ Seller's Initials _____ Acknowledge they have read this page.

Page 1 of 4

6. **FIXTURES.** All property that integrally belongs to or is part of the Real Estate, whether attached or detached, such as light fixtures, shades, rods, blinds, automatic garage door openers and transmitter units, all drapery rods and curtain rods, awnings, windows, storm doors, screens, plumbing fixtures, water heaters, water softeners (unless water softener is rental), automatic heating equipment, air conditioning equipment, wall-to-wall carpeting, mirrors attached to walls or doors, fireplace screen and grate, attached barbecue grills, weather vane, all built-in kitchen appliances, 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 also including the following: _____

Each of the above included items is a fixture that integrally belongs to or is a part of the Real Estate. In the event any of the above items are characterized as personal property, such personal property items are not considered a part of the Real Estate and shall be transferred with no monetary value, free and clear of all liens and encumbrances. The following items shall be excluded: _____

7. **DEED.** Upon payment of the purchase price, SELLERS shall convey the Real Estate to BUYERS or their assignees, by _____ Deed, free and clear of all liens, restrictions, and encumbrances except as provided in 1(a) through 1(d). Any general warranties of title shall extend only to the time of acceptance of this offer, with special warranties as to acts of SELLERS continuing up to time of delivery of the deed.

8. **TIME IS OF THE ESSENCE.** Time is of the essence in this contract.

9. **CONDITION OF PROPERTY.**

- A. The property as of the date of this Purchase Agreement including buildings, grounds, and all improvements will be preserved by the

SELLERS in its present condition until possession, ordinary wear and tear excepted. The SELLERS warrant that the heating, electrical plumbing, and air conditioning systems, well (if applicable) and all included appliances will whether subject to inspection set forth hereinafter or not, be in good working order and condition as of the date of delivery of possession. In determining whether or not the warranted systems are in good working condition and, for the purpose of inspecting the property as outlined in Paragraph 9B (1) of this Purchase Agreement, working condition shall be defined as operating in a manner in which the item was designed to operate.

- B. The BUYERS must choose one of the following alternatives relative to the condition and quality of the property:

- 1) ☐ By _____ ☐ AM/ ☐ PM on _____, 20____, the BUYERS may, at their sole expense, have the property inspected by a person or persons of their choice, including but not limited to a qualified home inspector, contractor(s), engineer(s), or other such professional(s), to determine if there are major deficiencies in the FOLLOWING MAJOR COMPONENTS of the Real Estate: central heating system, central cooling system, plumbing system, well and well water (if applicable), electrical system, roof, walls, ceilings, floors, foundation and basement. SELLERS and BUYERS acknowledge that the property may have imperfect cosmetic conditions that do not affect the working condition of the item and are not considered major deficiencies, including, but not limited to, broken seals in windows; minor tears, worn spots, or discoloration of floor coverings, wallpaper, or window treatments; nail holes, scratches, dents, scrapes, or chips in ceilings, walls, floors; and/or surface cracks in driveways or patios. Failure to meet present construction standards and code requirements is not considered a deficiency in the property unless it is new construction, or unless that failure produces a condition which creates an unreasonable danger or risk to the property or to its occupants. By the same date, BUYERS must notify the SELLERS in writing of any MAJOR deficiencies for which they are requesting remedies. The notification must be accompanied by a copy of a written inspection report from a qualified inspector identifying the deficiencies. SELLERS shall, within FIVE (5) calendar days after receipt of BUYERS' notification, notify the BUYERS in writing either that (1) SELLERS agree to remedy the deficiencies as requested by BUYERS, in which case this Purchase Agreement as so modified shall be binding on all parties, or (2) SELLERS do not agree to the remedy request in whole or in part and offer a counter proposal to BUYERS. Upon receipt of said counter proposal from SELLERS, the BUYERS shall have FIVE (5) days in which to accept the SELLERS' counter proposal by signing it, or to notify the SELLERS in writing that such steps are not acceptable, in which case, either SELLERS or BUYERS may declare this offer null and void, and any earnest money shall be returned to BUYERS. IN THE ABSENCE OF WRITTEN NOTICE OF ANY DEFICIENCY FROM BUYERS, OR, IF BUYERS FAIL TO RESPOND TO THE SELLERS COUNTER PROPOSAL, WITHIN THE TIME SPECIFIED HEREIN, THIS PROVISION SHALL BE DEEMED WAIVED BY PARTIES AND THIS PURCHASE AGREEMENT SHALL REMAIN IN FULL FORCE AND EFFECT. IF THE SELLERS FAIL TO RESPOND TO THE BUYERS' REMEDY REQUEST WITHIN THE TIME SPECIFIED HEREIN, BUYERS MAY DECLARE THE OFFER NULL AND VOID AND ALL EARNEST MONEY SHALL BE RETURNED.

- 2) ☐ BUYERS acknowledge that they have been advised of their right of property inspection and have declined to make said
Initials Inspection.

- C. The BUYERS must choose one of the following alternatives relative to the presence of radon in the home:

- 1) ☐ By _____ ☐ AM/ ☐ PM on _____, 20____, the Buyers may, at their sole expense, have the property tested for the presence of radon gas.

Such test shall be conducted by an Iowa Certified Radon Specialist. Seller agrees to sign documents required for the test to be completed and agrees to cooperate with the specialist in carrying out the test. By the same date, BUYERS must notify SELLER in writing of any radon in excess of _____ pCi/L. The notification shall be accompanied by a copy of the written radon report. The cost of mitigation, if necessary, shall be negotiated within the time frames and remedies in paragraph 9B(1).

- 2) ☐ BUYERS acknowledge that they have been advised of their right to conduct a radon test and have declined to order
Initials said test.

- D. Septic System to be Inspected and Repaired ☐ Yes ☐ No ☒ Not Applicable Iowa Code 455B.172 mandates the inspection of septic systems, unless exempt, prior to the transfer of property. If applicable see the attached Septic System Inspection and Repair Addendum.

- E. The BUYERS shall be permitted access to the property prior to possession or closing, whichever is sooner, in order to determine that there have been no changes in the condition of the property except those mutually agreed upon and that it is ready for BUYERS' possession. At the time of closing or possession, whichever occurs sooner, BUYERS will accept property in its present condition without further warranties or guarantees by SELLERS or BROKER concerning the condition of the property. This, however, shall not relieve the SELLERS of any liability for any condition(s) that is (are) defined as latent defect(s) or any express written warranties contained in this Purchase Agreement or other written agreement between the parties; nor shall this paragraph relieve the Sellers of any liability for any implied warranty applicable under Iowa law.

Buyers' Initials _____ Seller's Initials _____ Acknowledge they have read this page.

Page 2 of 4

F. The inspection of any part of the property not covered in 9B(1) or the remedy of any condition not addressed in 9B(1), including but not limited to cosmetic conditions that the BUYERS require shall be addressed in Paragraph 27 of this Purchase Agreement.

10. WOOD DESTROYING INSECT INSPECTION. Select (A) or (B)

A. ☐ By _____ ☐ AM/☐ PM on _____, 20____, BUYERS may, at BUYERS' expense, have the property inspected for termites or other wood destroying insects by a licensed Pest Inspector. If active infestation or damage due to prior infestation is discovered, SELLERS shall have the option of either having the property treated for infestation by a licensed Pest Exterminator and having any damage repaired to the BUYERS' satisfaction, or declaring this Purchase Agreement void. This provision shall not apply to fences, trees, shrubs, or out buildings other than garages. BUYERS may accept the property in its existing condition without such treatment or repairs. **IF BUYERS ARE OBTAINING VA FINANCING, THEN THE COST OF THE TERMITE INSPECTION SHALL BE BORNE BY THE SELLERS.**

B. _____ ☐ BUYERS acknowledge that they have been advised of their right of a pest inspection and have declined to make said inspection unless required by lending institution at which time said inspection would be at BUYERS' expense and the BUYER will have the same rights as under paragraph 10A if active infestation or damage due to prior infestation is discovered.
Initials

11. **INSURANCE.** SELLERS shall bear the risk of loss or damage to the property prior to closing or possession, whichever first occurs. SELLERS agree to maintain existing insurance and BUYERS may purchase additional insurance. In the event of substantial damage or destruction prior to closing, this Purchase Agreement shall be null and void, unless otherwise agreed by the parties. The property shall be deemed substantially damaged or destroyed if it cannot be restored to its present condition on or before the closing date; provided, however, BUYERS shall have the option to complete the closing and receive insurance proceeds regardless of the extent of damages.

12. **USE OF PURCHASE PRICE.** At time of settlement, funds of the purchase price may be used to pay taxes and other liens and to acquire outstanding interests, if any, of others.

13. **ABSTRACT AND TITLE.** SELLERS, at their expense, shall promptly obtain an abstract of title to the Real Estate continued through the date of acceptance of this offer, and deliver it to BUYERS for examination. It shall show merchantable title in SELLERS' names in conformity with this Purchase Agreement, Iowa law, and 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. 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. If, at the time of closing there remain unresolved title objections, the parties agree to escrow from the sale proceeds a sufficient amount to protect the BUYERS' interests until said objections are corrected, allowing a reasonable time for the corrections of said objections; provided, however, that if the commercial mortgage lender of the BUYERS will not make the mortgage funds available with such escrow, the provisions for escrow for title defects shall not be applicable.

14. **JOINT TENANCY IN PROCEEDS AND IN REAL ESTATE.** If SELLERS, immediately preceding acceptance of the offer, hold 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 the SELLERS, then the proceeds of this sale, and continuing or recaptured rights of SELLERS in the Real Estate, shall belong to SELLERS as joint tenants with full right of survivorship and not as tenants in common; and BUYERS, in the event of the death of either SELLER, agree to pay any balance of the price due SELLERS under this contract to the surviving SELLER and to accept a deed from the surviving SELLER consistent with paragraph 7.

15. **JOINDER BY SELLER'S SPOUSE.** SELLER'S spouse, if not a title holder immediately preceding acceptance of this offer, executes this contract only for the purpose of relinquishing of all rights of dower, homestead and distributive share or in compliance with Section 561.13 of the Iowa Code and agrees to execute the deed or real estate contract for this purpose.

16. REMEDIES OF THE PARTIES.

A. If BUYERS fail to timely perform this contract, SELLERS may forfeit it as provided in the Iowa Code, and all payments made shall be forfeited or, at SELLERS' option, upon Thirty (30) days written notice of intention to accelerate the payment of the entire balance because of such failure (during which thirty days such failure is not corrected) SELLERS may declare the entire balance immediately due and payable. Thereafter this contract may be foreclosed in equity and the Court may appoint a receiver.

B. If SELLERS fail to timely perform this contract, BUYERS have the right to have all payments made returned to them.

C. BUYERS and SELLERS also are entitled to utilize any and all other remedies or actions at law or in equity available to them and shall be entitled to obtain judgment for costs and attorney fees as permitted by law.

D. In the event the BUYERS fail to perform their obligations hereunder and the SELLERS successfully forfeit any payments made under this contract, upon receipt by SELLERS, the SELLERS shall pay Broker one-half of the forfeited payment, said one-half not to exceed the total commission due to the Broker. In the event the SELLERS fail to perform SELLERS' obligations under this contract when required to do so, SELLERS shall pay to Broker the Broker's commission in the amount set forth in the SELLERS' Listing Agreement with the SELLERS' Broker

17. **STATEMENT AS TO LIENS.** If BUYERS intend to assume or take subject to a lien on the Real Estate, SELLERS shall furnish BUYERS with a written statement prior to closing from the holder of such lien, showing the correct balance due.

18. **APPROVAL OF COURT.** If the sale of the Real Estate is subject to Court approval, the fiduciary shall promptly submit this contract for such approval. If this contract is not so approved by the _____ day of _____, 20____, either party may declare this contract null and void, and all payments made hereunder shall be returned to BUYERS.

19. **CONTRACT BINDING ON SUCCESSORS IN INTEREST.** This contract shall apply to and bind the successors in interest of the parties.

20. **CONSTRUCTION.** Words and phrases shall be construed as in the singular or plural number, and as masculine, feminine or neuter gender, according to context.

21. **SURVEY AND SQUARE FOOTAGE REPRESENTATION.** The BUYERS may, within _____ days of acceptance of offer, have the property surveyed at their expense. If the survey, certified by a Registered Land Surveyor, shows any encroachment on said property or if any improvements located on the subject property encroach on lands of others, such encroachments shall be treated as a title defect. Assuming a representation for square footage has been made, BUYERS understand and agree that said representation is only an approximation of the exact number of square feet the property contains. The BUYERS have the right to obtain their own measurement of square footage.

22. **AGENCY DISCLOSURE.** The Listing and Selling Agents/Brokers are agents of the parties hereto as outlined below, and their fiduciary duties of loyalty and faithfulness are owed to the party they represent. However, they must treat the other party with honesty and fairness.

Buyers' Initials _____ Seller's Initials _____ Acknowledge they have read this page.

Page 3 of 4

The SELLERS in this transaction are represented by:

(Agent/Brokerage Names)

E-mail: _____ Fax: _____

The BUYERS in this transaction are represented by:

(Agent/Brokerage Names)

E-mail: _____ Fax: _____

If Agent (including Appointed Agency) and/or Brokerage (including Consensual Dual Agency) Names are shown as representing both parties, a detailed explanation of representation shall be attached. Further, the BUYERS and SELLERS acknowledge that prior to signing this Purchase Agreement that their respective Listing or Selling Agent made a written disclosure of type of representation being provided.

23. **RESIDENTIAL PROPERTY SELLER DISCLOSURE STATEMENT.** ☐ The Buyer(s) acknowledge receipt of the Residential Property Seller Disclosure Statement prior to executing this Purchase Agreement. A copy of the Residential Property Seller Disclosure Statement is attached to the Purchase Agreement. ☐ Not Applicable

24. **NOTICE.** Any notice required under this Purchase Agreement shall be in writing and shall be deemed effective if to BUYERS when physical delivery is received by BUYERS or by BUYERS' Agent, and effective to SELLERS when physical delivery is received by SELLERS or SELLERS' Agent. Physical delivery may be either by personal delivery or upon the date of the posting of said notice posted by Certified Mail. As an alternative to physical delivery, any signed document or written notice may be delivered to the respective principal's agent, as set forth in Paragraph 22 herein, in electronic form by facsimile or e-mail. The facsimile or e-mail delivery confirmation shall constitute notice of delivery. Documents with original signatures shall be provided, by the agent, to their principal.

For the SELLERS: _____

Address: _____

For the BUYERS: _____

Address: _____

25. **REPRESENTATIONS.** It is understood that no representations made by the agent in the negotiation of this sale are being relied upon unless incorporated herein or endorsed in writing.
26. **COUNTER PARTS CLAUSE.** All parties agree to be bound to this contract even if every party does not sign on one original, as long as each copy that is signed is identical to every other signed copy.
27. **OTHER PROVISIONS.**

28. **TIME FOR ACCEPTANCE.** If this offer is not accepted by SELLERS on _____, 20_____, at _____
(☐ A.M. ☐ P.M. ☐ Noon) it shall become void and all payments shall be repaid to the BUYERS.

*** THIS IS A LEGAL, BINDING CONTRACT. IF NOT UNDERSTOOD, SEEK COMPETENT LEGAL ADVICE ***

The undersigned have read and agreed to the terms and conditions of this purchase agreement.

DATED: _____, 20_____, at _____ (☐ A.M. ☐ P.M. ☐ Noon).

BUYER (PRINT)

BUYER (PRINT)

BUYER (SIGNATURE)

BUYER (SIGNATURE)

This offer is accepted: _____, 20_____, at _____ (☐ A.M. ☐ P.M.).

SELLER (PRINT)

SELLER (PRINT)

SELLER (SIGNATURE)

SELLER (SIGNATURE)

For information only.

The Seller(s) acknowledge receipt of the offer _____
(DATE) (TIME) (INITIALS)

Page 4 of 4 Revision Date: 4/11

APPENDIX F
Title Guaranty Commitment

Serial No. G-1000553



Commitment for Title Guaranty

(Same coverage as American Land Title Association Standard Policy 6-17-2006)

The Title Guaranty Division of the Iowa Finance Authority, herein called the Division, for a valuable consideration, commits to issue its Title Guaranty Certificate or Certificates as identified in Schedule A, in favor of the Proposed Guarantee named in Schedule A, as owner or mortgagee of the estate or interest in the land described or referred to in Schedule A, upon payment of the premiums and charges and compliance with the Requirements; all subject to the provisions of Schedules A and B and to the Conditions of this Commitment.

The Commitment shall be effective only when the identity of the Proposed Guarantee and the Amount of Coverage committed for have been inserted in Schedule A by the Division or by a Division Participant.

All liability and obligation under this Commitment shall cease and terminate six (6) months after the Effective Date or when the Certificate or Certificates committed for shall issue, whichever first occurs, provided that failure to issue the Certificate or Certificates is not the fault of the Division.

The Division will provide a sample of the Certificate upon request.

IN WITNESS WHEREOF, the Title Guaranty Division, has caused this Commitment to be signed and sealed in its name by its duly authorized officer, by direction of its Board, to become binding when countersigned by its Director, or by a Division Participant.



Title Guaranty Division

By

Lloyd W. Ogle

Lloyd W. Ogle, Director

Division Form 100
(2006)

COMMITMENT NO.: G-1000553

DATE REVISED: June 25, 2007 at 09:48:38 AM

NOTE: This revision does not extend the effective date of the commitment unless specified.

Conditions

1. The term mortgage, when used herein, shall include deed of trust, trust deed, or other security instrument.
2. If the proposed Guaranteed has or acquired actual knowledge of any defect, lien, encumbrance, adverse claim or other matter affecting the estate or interest of mortgage thereon covered by this Commitment other than those shown in Schedule B hereof, and shall fail to disclose such knowledge to the Division in writing, the Division shall be relieved from liability for any loss or damage resulting from any act of reliance hereon to the extent the Division is prejudiced by failure to so disclose such knowledge. If the proposed Guaranteed shall disclose such knowledge to the Division, or if the Division otherwise acquires actual knowledge of any such defect, lien, encumbrance, adverse claim or other matter, the Division at its option may amend Schedule B of the Commitment accordingly, but such amendment shall not relieve the Division from liability previously incurred pursuant to paragraph 3 of these Conditions.
3. Liability of the Division under this Commitment shall be only to the named Proposed Guaranteed and such parties included under the definition of Guaranteed in the form of Certificate or Certificates committed for and only for actual loss incurred in reliance hereon in undertaking in good faith (a) to comply with the requirements hereof, or (b) to eliminate exceptions shown in Schedule B, or (c) to acquire or create the estate or interest or mortgage thereon covered by this Commitment. In no event shall such liability exceed the amount stated in Schedule A for the Certificate or Certificates committed for and such liability is subject to the guaranteeing provisions and Conditions and the Exclusions from Coverage of the form of Certificate or Certificates committed for in favor of the Proposed Guaranteed which are hereby incorporated by reference and are made a part of this Commitment except as expressly modified herein.
4. This Commitment is a contract to issue one or more Title Guaranty Certificates and is not an abstract of title or a report of the condition of title. Any action or actions or rights of action that the proposed Guaranteed may have or may bring against the Division arising out of the status of the title to the estate or interest or the status of the mortgage thereon covered by this Commitment must be based on and are subject to the provisions of this Commitment.

Title Guaranty

A Division of the Iowa Finance Authority
800-432-7230

2015 Grand Avenue
Des Moines, Iowa 50312
www.IowaFinanceAuthority.gov

COMMITMENT NO.: C-1000513

DATE REVISED: June 25, 2007 at 08:48:31 AM

NOTE: This revision document covers the effective date of the commitment unless specified.



Commitment Form Schedule A

Commitment Number: C-1000553

Borrower(s)/Buyers(s), For Reference Purposes Only: John J. Title and Kris M. Title

Address, For Reference Purposes Only: 8304 Winston Avenue, Urbandale, IA

Effective Date: June 01, 2007 at 08:00:00 PM

1. Certificate or Certificates to be issued Proposed Coverage Amount File Number Loan Number
 - (a) Owner Certificate \$220,000.00
 - (b) Lender Certificate \$200,000.00

Proposed Guaranteed:
Bank of the West its successors and/or assigns, Johnston, IA

 - (c) Lender Certificate \$20,000.00

Proposed Guaranteed:
Bank of the West its successors and/or assigns, Johnston, IA
2. The estate or interest in the Land described or referred to in this Commitment is a fee simple (if other, specify same).
Fee Simple
3. Title to the estate or interest in said Land is at the Effective Date hereof vested in:
Joe Titleholder and Jane Titleholder
Note: The Division does not purport to guarantee whether the above parties hold title as joint tenants with full rights of survivorship and not as tenants in common or as tenants in common.
4. The Land referred to in this Commitment is described as follows:
Lot 26 in Northwest Country Club Manor, Plat 4, an Official Plat, now included in and forming a part of the City of Urbandale, Polk County, Iowa.

Prepared By John Test
By Typed Name

Test Law Firm
Member Name
200 E. Grand Ave., Suite 350
(Mailing Address)

Signature of Member
Des Moines, IA 50309
(City, State) (Zip)

COMMITMENT NO.: C-1000553

DATE REVISED: June 25, 2007 at 08:48:31 AM

NOTE: This revision does not amend the effective date of the commitment unless specified.



Commitment Form Schedule B

Commitment Number: C-1000553

I. Schedule B of the Certificate or Certificates to be issued will contain the following five Standard Exceptions and other matters listed below as exceptions 6, etc., unless the same are disposed of to the satisfaction of the Division:

1. Any right or claim of a party in possession not shown by the Public Records.
2. Notwithstanding the guaranteeing clauses of this Guaranty, the Division does not guarantee against any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the title that would be disclosed by an accurate and complete land survey of the Land.
3. Any easement or claim of easement, not shown by the Public Records.
4. Any lien or right to a lien, for services, labor or material heretofore or hereafter furnished, imposed by law and not shown by the Public Records.
5. Notwithstanding the guaranteeing clauses of this Guaranty, the Division does not guarantee against taxes or special assessments which are not shown as existing liens by the Public Records.
6. Defects, liens, encumbrances, adverse claims or other matters, if any, created, first appearing in the Public Records or attaching subsequent to the Effective Date but prior to the date the Proposed Guaranteed acquires for value of record the estate or interest or Mortgage thereon covered by this Commitment.
7. Payment of the full consideration to, or for the account of, the grantors or mortgagors.
8. The lien of the taxes for the July 1, 2006 - June 30, 2007 fiscal year and thereafter, with the first half due on September 1, 2007 (delinquent after September 30, 2007) and the second half due on March 1, 2008 (delinquent after March 31, 2008). None now due and payable.
9. Mortgages, restrictions, easements or any other lien or encumbrance on or defect in the Title to the property as follows:
 - a) Mortgage in favor of Central State Bank dated April 1, 2005, filed April 4, 2005 in Book 23400, at Page 55, to secure an indebtedness of \$34,000.00
 - b) Mortgage in favor of U.S. Bank, N.A. dated April 1, 2005, filed April 4, 2005 in Book 23400, at Page 89, to secure an indebtedness of \$11,000.00.
 - c) Ordinances and regulations for the City of Urbandale and County of Polk, Iowa.
 - d) Plat(s) filed in the Polk County, Iowa, Recorder's Office, including easements, building setbacks, restrictions, reservations, and notations.

COMMITMENT NO.: C-1000553

DATE REVISED: June 25, 2007 at 09:02:34 AM

NOTE: This revision does not amend the operative date of the commitment unless specified.

APPENDIX G
Title Guaranty Certificate



Lender Form - Title Guaranty Certificate

(Same coverage as American Land Title Association Standard Loan Policy 6-17-2006)

Any notice of claim and any other notice or statement in writing required to be given the Division under this Certificate must be given to the Division at the address shown in Section 17 of the Conditions

Covered Risks

SUBJECT TO THE EXCLUSIONS FROM COVERAGE, THE EXCEPTIONS FROM COVERAGE CONTAINED IN SCHEDULE B, AND THE CONDITIONS, the Title Guaranty Division of the Iowa Finance Authority (the "Division"), guarantees, as of Date of Certificate and, to the extent stated in Covered Risks 11, 13, and 14, after Date of Certificate, against loss or damage, not exceeding the Amount of Coverage, sustained or incurred by the Guaranteed by reason of:

1. Title being vested other than as stated in Schedule A.
2. Any defect in or lien or encumbrance on the Title. This Covered Risk includes but is not limited to coverage against loss from:
 - (a) A defect in the Title caused by:
 - (i) forgery, fraud, undue influence, duress, incompetency, incapacity or impersonation;
 - (ii) failure of any person or Entity to have authorized a transfer or conveyance;
 - (iii) a document affecting Title not properly created, executed, witnessed, sealed, acknowledged, notarized or delivered;
 - (iv) failure to perform those acts necessary to create a document by electronic means authorized by law;
 - (v) a document executed under a falsified, expired or otherwise invalid power of attorney;
 - (vi) a document not properly filed, recorded or indexed in the Public Records including failure to perform those acts by electronic means authorized by law; or
 - (vii) a defective judicial or administrative proceeding.
 - (b) The lien of real estate taxes or assessments imposed on the Title by a governmental authority due or payable, but unpaid.
 - (c) Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land. The term "encroachment" includes encroachments of existing improvements located on the Land onto adjoining land, and encroachments onto the Land of existing improvements located on adjoining land.
3. Unmarketable Title.
4. No right of access to and from the Land.
5. The violation or enforcement of any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting or relating to:
 - (a) the occupancy, use or enjoyment of the Land;
 - (b) the character, dimensions or location of any improvement erected on the Land;
 - (c) the subdivision of land; or
 - (d) environmental protectionif a notice, describing any part of the Land, is recorded in the Public Records setting forth the violation or intention to enforce, but only to the extent of the violation or enforcement referred to in that notice.
6. An enforcement action based on the exercise of a governmental police power not covered by Covered Risk 5 (if a notice of the enforcement action, describing any part of the Land, is recorded in the Public Records, but only to the extent of the enforcement referred to in that notice).
7. The exercise of the rights of eminent domain if a notice of the exercise, describing any part of the Land, is recorded in the Public Records.
8. Any taking by a governmental body that has occurred and is binding on the rights of a purchaser for value without knowledge.
9. The invalidity or unenforceability of the lien of the Guaranteed Mortgage upon the Title. This Covered Risk includes but is not limited to coverage against loss from any of the following impairing the lien of the Guaranteed Mortgage:
 - (a) forgery, fraud, undue influence, duress, incompetency, incapacity or impersonation;
 - (b) failure of any person or Entity to have authorized a transfer or conveyance;
 - (c) the Guaranteed Mortgage not being properly created, executed, witnessed, sealed, acknowledged, notarized or delivered;
 - (d) failure to perform those acts necessary to create a document by electronic means authorized by law;
 - (e) a document executed under a falsified, expired or otherwise invalid power of attorney;
 - (f) a document not properly filed, recorded or indexed in the Public Records including failure to perform those acts by electronic means authorized by law; or
 - (g) a defective judicial or administrative proceeding.
10. The lack of priority of the lien of the Guaranteed Mortgage upon the Title over any other lien or encumbrance.

11. The lack of priority of the lien of the Guaranteed Mortgage upon the Title:
- (a) as security for each and every advance of proceeds of the loan secured by the Guaranteed Mortgage over any statutory lien for services, labor, or material arising from construction of an improvement or work related to the Land when the improvement or work is either:
 - (i) contracted for or commenced on or before Date of Certificate; or
 - (ii) contracted for, commenced, or continued after Date of Certificate if the construction is financed, in whole or in part, by proceeds of the loan secured by the Guaranteed Mortgage that the Guaranteed has advanced or is obligated on Date of Certificate to advance; and
 - (b) over the lien of any assessments for street improvements under construction or completed at Date of Certificate.
12. The invalidity or unenforceability of any assignment of the Guaranteed Mortgage, provided the assignment is shown in Schedule A, or the failure of the assignment shown in Schedule A to vest title to the Guaranteed Mortgage in the named Guaranteed assignee free and clear of all liens.
13. The invalidity, unenforceability, lack of priority or avoidance of the lien of the Guaranteed Mortgage upon the Title:
- (a) resulting from the avoidance in whole or in part, or from a court order providing an alternative remedy, of any transfer of all or any part of the title to or any interest in the Land occurring prior to the transaction creating the lien of the Guaranteed Mortgage because that prior transfer constituted a fraudulent or preferential transfer under federal bankruptcy, state insolvency, or similar creditors' rights laws; or
 - (b) because the Guaranteed Mortgage constitutes a preferential transfer under federal bankruptcy, state insolvency, or similar creditors' rights laws by reason of the failure of its recording in the Public Records;
 - (i) to be timely, or
 - (ii) to impart notice of its existence to a purchaser for value or to a judgment or lien creditor.
14. Any defect in or lien or encumbrance on the Title or other matter included in Covered Risks 1 through 13 that has been created or attached or has been filed or recorded in the Public Records subsequent to Date of Certificate and prior to the recording of the Guaranteed Mortgage in the Public Records.

The Division will also pay the costs, attorneys' fees, and expenses incurred in defense of any matter guaranteed against by this Certificate, but only to the extent provided in the Conditions.

In Witness Whereof, the Title Guaranty Division has caused this Certificate to be signed and sealed in its name by its duly authorized officer, by direction of its Board, to become binding when countersigned by its Director or by a Division Participant.



Title Guaranty Division

By *Lloyd W. Ogle*
Lloyd W. Ogle, Director

Exclusions from Coverage

The following matters are expressly excluded from the coverage of this Certificate and the Division will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to:
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection;
 or the effect of any violation of these laws, ordinances or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims or other matters:
 - (a) created, suffered, assumed, or agreed to by the Guaranteed Claimant;
 - (b) not known to the Division, not recorded in the Public Records at Date of Certificate, but known to the Guaranteed Claimant and not disclosed in writing to the Division by the Guaranteed Claimant prior to the date the Guaranteed Claimant became a Guaranteed under this Certificate;
 - (c) resulting in no loss or damage to the Guaranteed Claimant;
 - (d) attaching or created subsequent to Date of Certificate (however, this does not modify or limit the coverage provided under Covered Risk 11, 13 or 14); or
 - (e) resulting in loss or damage that would not have been sustained if the Guaranteed Claimant had paid value for the Guaranteed Mortgage.
4. Unenforceability of the lien of the Guaranteed Mortgage because of the inability or failure of a Guaranteed to comply with applicable doing-business laws of the state where the Land is situated.
5. Invalidity or unenforceability in whole or in part of the lien of the Guaranteed Mortgage that arises out of the transaction evidenced by the Guaranteed Mortgage and is based upon usury or any consumer credit protection or truth-in-lending law.
6. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Guaranteed Mortgage, is:
 - (a) a fraudulent conveyance or fraudulent transfer; or
 - (b) a preferential transfer for any reason not stated in Covered Risk 13(b) of this Certificate.
7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Certificate and the date of recording of the Guaranteed Mortgage in the Public Records. This Exclusion does not modify or limit the coverage provided under Covered Risk 11(b).

Conditions

1. Definition of terms

The following terms when used in this Certificate mean:

- (a) "Amount of Coverage". The amount stated in Schedule A, as may be increased or decreased by endorsement to this Certificate, increased by Section 8(b), or decreased by Section 10 of these Conditions.
- (b) "Date of Certificate". The date designated as "Date of Certificate" in Schedule A.
- (c) "Entity". A corporation, partnership, trust, limited liability company, or other similar legal entity.
- (d) "Indebtedness". The obligation secured by the Guaranteed Mortgage including one evidenced by electronic means authorized by law, and if that obligation is the payment of a debt, the indebtedness is the sum of:
 - (i) the amount of the principal disbursed as of Date of Certificate;
 - (ii) the amount of the principal disbursed subsequent to Date of Certificate;
 - (iii) the construction loan advances made subsequent to Date of Certificate for the purpose of financing in whole or in part the construction of an improvement to the Land or related to the Land that the Guaranteed was and continued to be obligated to advance at Date of Certificate and at the date of the advance;
 - (iv) interest on the loan;
 - (v) the prepayment premiums, exit fees and other similar fees or penalties allowed by law;
 - (vi) the expenses of foreclosure and any other costs of enforcement;
 - (vii) the amounts advanced to assure compliance with laws or to protect the lien or the priority of the lien of the Guaranteed Mortgage before the acquisition of the estate or interest in the Title;

- (viii) the amounts to pay taxes and insurance; and,
 - (ix) the reasonable amounts expended to prevent deterioration of improvements;
- but the Indebtedness is reduced by the total of all payments and by any amount forgiven by a Guarantor.

- (e) "Guaranteed". the Guaranteed named in Schedule A.

- (i) The term "Guarantor" also includes:

- (A) the owner of the Indebtedness and each successor in ownership of the Indebtedness, whether the owner or successor owns the Indebtedness for its own account or as a trustee or other fiduciary, except a successor who is an obligor under the provisions of Section 12(c) of these Conditions;
- (B) the person or entity who has "control" of the "transferable record," if the Indebtedness is evidenced by a "transferable record," as these terms are defined by applicable electronic transactions law;
- (C) successors to a Guarantor by dissolution, merger, consolidation, distribution, or reorganization;
- (D) successors to a Guarantor by its conversion to another kind of Entity;
- (E) a grantee of a Guarantor under a deed delivered without payment of a real valuable consideration conveying the Title:
 - (1) if the stock, shares, memberships, or other equity interests of the grantee are wholly owned by the named Guarantor;

- (2) if the grantee wholly owns the named Guaranteed, or
- (3) if the grantee is wholly-owned by an affiliated entity of the named Guaranteed, provided the affiliated entity and the named Guaranteed are both wholly-owned by the same person or entity;
- (iv) any government agency or instrumentality that is an insurer or guarantor under an insurance contract or guaranty insuring or guaranteeing the indebtedness secured by the Guaranteed Mortgage, or any part of it, whether named as a Guaranteed or not;
- (ii) With regard to (A), (B), (C), (D) and (E) moving, however, all rights and defenses as to any successor that the Division would have had against any predecessor Guaranteed, unless the successor acquired the indebtedness as a purchaser for value without knowledge of the asserted defect, lien, encumbrance or other matter guaranteed against by this Certificate.
- (f) "Guaranteed Claimant": A Guaranteed claiming loss or damage.
- (g) "Guaranteed Mortgage": The Mortgage described in paragraph 4 of Schedule A.
- (h) "Knowledge" or "Known": Actual knowledge, not constructive knowledge or notice that may be imputed to a Guaranteed by reason of the Public Records or any other records that impart constructive notice of matters affecting the Title.
- (i) "Land": The land described in Schedule A, and affixed improvements that by law constitute real property. The term "Land" does not include any property beyond the lines of the area described in Schedule A, nor any right, title, interest, estate or easement in abutting streets, roads, avenues, alleys, lanes, ways or waterways, but this does not modify or limit the extent that a right of access to and from the Land is guaranteed by this Certificate.
- (j) "Mortgage": Mortgage, deed of trust, trust deed, or other security instrument, including one evidenced by electronic means authorized by law.
- (k) "Public Records": Records established under Iowa statutes at Date of Certificate for the purpose of imparting constructive notice of matters relating to real property to purchasers for value and without knowledge. With respect to Covered Risk 3(d), "Public Records" shall also include environmental protection liens filed in the records of the clerk of the United States District Court for the district where the Land is located.
- (l) "Title": The estate or interest described in Schedule A.
- (m) "Unmarketable Title": Title affected by an alleged or apparent matter that would permit a prospective purchaser or lessee of the Title or lender on the Title or a prospective purchaser of the Guaranteed Mortgage to be released from the obligation to purchase, lease or lend if there is a contractual condition requiring the delivery of marketable title.
2. Continuation of Coverage
- The coverage of this Certificate shall continue in force as of Date of Certificate in favor of a Guaranteed after acquisition of the Title by a Guaranteed or after conveyance by a Guaranteed, but only so long as the Guaranteed retains an estate or interest in the Land, or holds an obligation secured by a purchase money Mortgage given by a purchaser from the Guaranteed, or only so long as the Guaranteed shall have liability by reason of warranty in any transfer or conveyance of the Title. This Certificate shall not continue in force in favor of any purchaser from the Guaranteed of either (i) an estate or interest in the Land, or (ii) an obligation secured by a purchase money Mortgage given to the Guaranteed.
3. Notice of claim to be given by Guaranteed Claimant
- The Guaranteed shall notify the Division promptly in writing (i) in case of any litigation as set forth in Section 3(a) of these Conditions, (ii) in case Knowledge shall come to a Guaranteed of any claim of title or interest that is adverse to the Title or the lien of the Guaranteed Mortgage, as guaranteed, and that might cause loss or damage for which the Division may be liable by virtue of this Certificate, or (iii) if the Title or the lien of the Guaranteed Mortgage, as guaranteed, is rejected as Unmarketable Title. If the Division is prejudiced by the failure of the Guaranteed Claimant to provide prompt notice, the Division's liability to the Guaranteed Claimant under the Certificate shall be reduced by the extent of the prejudice.
4. Proof of loss
- In the event the Division is unable to determine the amount of loss or damage, the Division may, at its option, require as a condition of payment that the Guaranteed Claimant furnish a signed proof of loss. The proof of loss must describe the defect, lien, encumbrance or other matter guaranteed against by this Certificate that constitutes the basis of loss or damage and shall state, to the

extent possible, the basis of calculating the amount of the loss or damage.

5. Defense and prosecution of actions

- (a) Upon written request by the Guaranteed, and subject to the options contained in Section 7 of these Conditions, the Division, at its own cost and without unreasonable delay, shall provide for the defense of a Guaranteed in litigation in which any third party asserts a claim covered by this Certificate adverse to the Guaranteed. This obligation is limited to only those stated causes of action alleging matters guaranteed against by this Certificate. The Division shall have the right to select counsel of its choice (subject to the right of the Guaranteed to object for reasonable cause) to represent the Guaranteed as to those stated causes of action. It shall not be liable for and will not pay the fees of any other counsel. The Division will not pay any fees, costs or expenses incurred by the Guaranteed in the defense of those causes of action that allege matters not guaranteed against by this Certificate.
- (b) The Division shall have the right, in addition to the options contained in Section 7 of these Conditions, at its own cost, to institute and prosecute any action or proceeding or to do any other act that in its opinion may be necessary or desirable to establish the Title or the lien of the Guaranteed Mortgage, as guaranteed, or to prevent or reduce loss or damage to the Guaranteed. The Division may take any appropriate action under the terms of this Certificate, whether or not it shall be liable to the Guaranteed. The exercise of these rights shall not be an admission of liability or waiver of any provision of this Certificate. If the Division exercises its rights under this subsection, it must do so diligently.
- (c) Whenever the Division brings an action or asserts a defense as required or permitted by this Certificate, the Division may pursue the litigation to a final determination by a court of competent jurisdiction, and it expressly reserves the right, in its sole discretion, to appeal any adverse judgment or order.

6. Duty of Guaranteed Claimant to cooperate

- (a) In all cases where this Certificate permits or requires the Division to prosecute or provide for the defense of any action or proceeding and any appeals, the Guaranteed shall secure to the Division the right to so prosecute or provide defense in the action or proceeding, including the right to use, at its option, the name of the Guaranteed for this purpose. Whenever requested by the Division, the Guaranteed, at the Division's expense, shall give the Division all reasonable aid (i) in securing evidence, obtaining witnesses, procuring or defending the action or proceeding, or effecting settlement, and (ii) in any other lawful act that in the opinion of the Division may be necessary or desirable to establish the Title, the lien of the Guaranteed Mortgage, or any other matter as guaranteed. If the Division is prejudiced by the failure of the Guaranteed to furnish the required cooperation, the Division's obligations to the Guaranteed under the Certificate shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation, with regard to the matter or matters requiring such cooperation.
- (b) The Division may reasonably require the Guaranteed Claimant to submit to examination under oath by any authorized representative of the Division and to produce for examination, inspection, and copying, at such reasonable times and places as may be designated by the authorized representative of the Division, all records, in whatever medium maintained, including books, ledgers, checks, memoranda, correspondence, reports, e-mails, disks, tapes, and videos whether bearing a date before or after Date of Certificate, that reasonably pertain to the loss or damage. Further, if requested by any authorized representative of the Division, the Guaranteed Claimant shall grant its permission, in writing, for any authorized representative of the Division to examine, inspect, and copy all of these records in the custody or control of a third party that reasonably pertain to the loss or damage. All information designated as confidential by the Guaranteed Claimant provided to the Division pursuant to this Section shall not be disclosed to others unless, in the reasonable judgment of the Division, it is necessary in the administration of the claim. Failure of the Guaranteed Claimant to submit it for examination under oath, produce any reasonably requested information, or grant permission to secure reasonably necessary information from third parties as required in this subsection, unless prohibited by law or governmental regulation, shall terminate any liability of the Division under this Certificate as to that claim.

7. Options to pay or otherwise settle claims; termination of liability

In case of a claim under this Certificate, the Division shall have the following additional options:

- (a) To Pay or Tender Payment of the Amount of Coverage or to Purchase the Indebtedness.

- (i) To pay or tender payment of the Amount of Coverage under this Certificate together with any costs, attorneys' fees, and expenses incurred by the Guaranteed Claimant that were authorized by the Division up to the time of payment or tender of payment and that the Division is obligated to pay; or
- (ii) To purchase the Indebtedness for the amount of the Indebtedness on the date of purchase, together with any costs, attorneys' fees, and expenses incurred by the Guaranteed Claimant that were authorized by the Division up to the time of purchase and that the Division is obligated to pay.
- When the Division purchases the Indebtedness, the Guaranteed shall transfer, assign, and convey to the Division the Indebtedness and the Guaranteed Mortgage, together with any collateral security.
- Upon the exercise by the Division of either of the options provided for in subsections (i)(i) or (ii), all liability and obligations of the Division to the Guaranteed under this Certificate, other than to make the payment required in those subsections, shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation.
- (h) To Pay or Otherwise Settle With Parties Other than the Guaranteed or With the Guaranteed Claimant.
- (i) To pay or otherwise settle with other parties for or in the name of a Guaranteed Claimant any claim guaranteed against under this Certificate. In addition, the Division will pay any costs, attorneys' fees, and expenses incurred by the Guaranteed Claimant that were authorized by the Division up to the time of payment and that the Division is obligated to pay; or
- (ii) To pay or otherwise settle with the Guaranteed Claimant the loss or damage provided for under this Certificate, together with any costs, attorneys' fees, and expenses incurred by the Guaranteed Claimant that were authorized by the Division up to the time of payment and that the Division is obligated to pay.
- Upon the exercise by the Division of either of the options provided for in subsections (i)(i) or (ii), the Division's obligations to the Guaranteed under this Certificate for the claimed loss or damage, other than the payments required to be made, shall terminate, including any liability or obligation to defend, prosecute or continue any litigation.
8. Determination and extent of liability
- This Certificate is a contract of indemnity against actual monetary loss or damage sustained or incurred by the Guaranteed Claimant who has suffered loss or damage by reason of matters guaranteed against by this Certificate.
- (a) The extent of liability of the Division for loss or damage under this Certificate shall not exceed the least of:
- the Amount of Coverage;
 - the Indebtedness;
 - the difference between the value of the Title as guaranteed and the value of the Title subject to the risk guaranteed against by this Certificate; or
 - if a government agency or instrumentality is the Guaranteed Claimant, the amount it paid in the acquisition of the Title or the Guaranteed Mortgage in satisfaction of its insurance contract or guaranty.
- (b) If the Division pursues its rights under Section 5 of these Conditions and is unsuccessful in establishing the Title or the lien of the Guaranteed Mortgage, as guaranteed,
- the Amount of Coverage shall be increased by 10%; and
 - the Guaranteed Claimant shall have the right to have the loss or damage determined either as of the date the claim was made by the Guaranteed Claimant or as of the date it is settled and paid.
- (c) In the event the Guaranteed has acquired the Title in the manner described in Section 2 of these Conditions or has conveyed the Title, then the extent of liability of the Division shall continue as set forth in Section 8(a) of these Conditions.
- (d) In addition to the extent of liability under (a), (b) and (c), the Division will also pay those costs, attorneys' fees, and expenses incurred in accordance with Sections 5 and 7 of these Conditions.
9. Limitation of liability
- (a) If the Division establishes the Title, or removes the alleged defect, lien, or encumbrance, or cures the lack of a right of access to or from the Land, or cures the claim of Unmarketable Title, or establishes the lien of the Guaranteed Mortgage, all as guaranteed, is a reasonably diligent manner by any method, including litigation and the completion of any appeals, it shall have fully performed its obligations with respect to that matter and shall not be liable for any loss or damage caused to the
- Guaranteed.
- (b) In the event of any litigation, including litigation by the Division or with the Division's consent, the Division shall have no liability for loss or damage until there has been a final determination on by a court of competent jurisdiction, and disposition of all appeals, adverse to the Title or to the lien of the Guaranteed Mortgage, as guaranteed.
- (c) The Division shall not be liable for loss or damage to the Guaranteed for liability voluntarily assumed by the Guaranteed in settling any claim or suit without the prior written consent of the Division.
10. Reduction of Coverage; reduction or termination of liability
- (a) All payments under this Certificate, except payments made for costs, attorneys' fees, and expenses, shall reduce the Amount of Coverage by the amount of the payment. However, any payments made prior to the acquisition of Title as provided in Section 2 of these Conditions shall not reduce the Amount of Coverage afforded under this Certificate except to the extent that the payments reduce the Indebtedness.
- (b) The voluntary satisfaction or release of the Guaranteed Mortgage shall terminate all liability of the Division except as provided in Section 2 of these Conditions.
11. Payment of loss
- When liability and the extent of loss or damage have been definitely fixed in accordance with these Conditions, the payment shall be made within 30 days.
12. Rights of recovery upon payment or settlement
- (a) The Division's Right to Recover:
- Whenever the Division shall have settled and paid a claim under this Certificate, it shall be subrogated and entitled to the rights of the Guaranteed Claimant in the Title or Guaranteed Mortgage and all other rights and remedies in respect to the claim that the Guaranteed Claimant has against any person or property, to the extent of the amount of any loss, costs, attorneys' fees, and expenses paid by the Division. If requested by the Division, the Guaranteed Claimant shall procure documents to evidence the transfer to the Division of these rights and remedies. The Guaranteed Claimant shall permit the Division to sue, compromise, or settle in the name of the Guaranteed Claimant and to sue the name of the Guaranteed Claimant in any transaction or litigation involving these rights and remedies.
- If a payment on account of a claim does not fully cover the loss of the Guaranteed Claimant, the Division shall defer the exercise of its right to recover until after the Guaranteed Claimant shall have recovered its loss.
- (b) The Guarantor's Rights and Limitations:
- The owner of the Indebtedness may release or subordinate the personal liability of any debtor or guarantor, extend or otherwise modify the terms of payment, release a portion of the Title from the lien of the Guaranteed Mortgage, or release any collateral security for the Indebtedness, if it does not affect the enforceability or priority of the lien of the Guaranteed Mortgage.
 - If the Guaranteed exercises a right provided in (b)(i), but has knowledge of any claim adverse to the Title or the lien of the Guaranteed Mortgage guaranteed against by this Certificate, the Division shall be required to pay only that part of any losses guaranteed against by this Certificate that shall exceed the amount, if any, lost to the Division by reason of the impairment by the Guaranteed Claimant of the Division's right of subrogation.
- (c) The Division's Rights Against Non-guaranteed Obligors:
- The Division's right of subrogation includes the Guaranteed's rights against non-guaranteed obligors including the rights of the Guaranteed to indemnities, guarantees, other policies of insurance, or bonds, notwithstanding any terms or conditions contained in those instruments that address subrogation rights.
- The Division's right of subrogation shall not be avoided by acquisition of the Guaranteed Mortgage by an obligor (except an obligor described in Section 1(e)(i)(F) of these Conditions) who acquires the Guaranteed Mortgage as a result of an indemnity, guarantee, other policy of insurance, or bond, and the obligor will not be a Guaranteed under this Certificate.
13. Arbitration - deleted
14. Liability limited to this Certificate; Certificate entire contract
- (a) This Certificate together with all endorsements, if any, attached to it by the Division is the entire Certificate and contract between the Guaranteed and the Division. In interpreting any provision of this Certificate, this Certificate shall be construed as a whole.

- (b) Any claim of loss or damage that arises out of the status of the Title or lien of the Guaranteed Mortgage or by any action asserting such claim shall be restricted to this Certificate.
 - (c) Any amendment or endorsement to this Certificate must be in writing and authenticated by an authorized person.
 - (d) Each endorsement to this Certificate issued at any time is made a part of this Certificate and is subject to all of its terms and provisions. Except as the endorsement expressly states, it does not (i) modify any of the terms and provisions of the Certificate, (ii) modify any prior endorsement, (iii) extend the Date of Certificate or (iv) increase the Amount of Coverage.
15. **Severability**
In the event any provision of this Certificate, in whole or in part, is held invalid or unenforceable under applicable law, the Certificate shall be deemed not to include that provision or such part held to be invalid, and all other provisions shall remain in full force and effect.
16. **Choice of law; forum**
(a) **Choice of Law:** The Guarantor acknowledges the Division has underwritten the risks covered by this Certificate and determined the premium charged therefore in reliance upon the law affecting interests in real property and applicable to the interpretation, rights, remedies or enforcement of Title Guaranty Certificates in Iowa. Therefore, the court shall apply the law of Iowa to determine the validity of claims against the Title or the lien of the Guaranteed Mortgage that are adverse to the Guarantor, and in interpreting and enforcing the terms of this Certificate. In neither case shall the court apply its conflicts of laws principles to determine the applicable law.
(b) **Choice of Forum:** Any litigation or other proceeding of a judicial or quasi-judicial nature related to or arising from this Certificate shall be brought and maintained in the Iowa District Court for Polk County in Des Moines, Iowa.
17. **Notices, where sent**
Any notice of claim and any other notice or statement in writing required to be given to the Division under this Certificate must be given to the Division at 2015 Grand Avenue, Des Moines, Iowa 50312.

Title Guaranty
A Division of the Iowa Finance Authority
800-432-7230
2015 Grand Avenue
Des Moines, Iowa 50312
www.IowaFinanceAuthority.gov

CERTIFICATE NO.: 1-1000533

DATE: June 10, 2007



Lender Form Schedule A

Certificate No.: L-1000553

Loan No.: 789456123

Address, For Reference Purposes Only: 8304 Winston Avenue, Urbandale, IA

Date of Certificate: June 10, 2007 at 10:47:00 AM Amount of Coverage: \$135,000.00

1. Name of Guaranteed:

Bank of the West its successors and/or assigns, Johnston, IA

2. The estate or interest in the Land that is encumbered by the Guaranteed Mortgage is a fee simple (If other, specify same):

Fee Simple

3. Title is vested in:

John J. Title and Kris M. Title, husband and wife, as joint tenants with full rights of survivorship and not as tenants in common.

4. The Guaranteed Mortgage, and its assignments, if any, are described as follows:

Mortgage in the amount of \$135,000.00 dated June 10, 2007, filed June 10, 2007, in Book 23400, at Page 456 of the Polk County, Iowa, Recorder's Office, given by John J. Title and Kris M. Title, husband and wife, to Bank of the West.

5. The Land referred to in this Certificate is described as follows:

Lot 26 in Northwest Country Club Manor, Plat 4, an Official Plat, now included in and forming a part of the City of Urbandale, Polk County, Iowa.

6. This Certificate incorporates those endorsements listed below:

Environmental Protection Lien (ALTA 8.1-06)

Location - Residential (ALTA 22-06)

Endorsement Against Loss-Lien

Endorsement Against Loss-Lien

Prepared By John Test

By Typed Name

Test Law Firm

Member Name

200 E. Grand Ave., Suite 350

(Mailing Address)

Signature of Member

Des Moines, IA

(City, State)

50309

(Zip)

CERTIFICATE NO.: L-1000553

DATE: June 10, 2007



Lender Form Schedule B

Certificate Number: L-1000553

Exceptions From Coverage

Schedule B - Part I

This Certificate does not guarantee against loss or damage (and the Division will not pay costs, attorneys' fees or expenses) that arise by reason of:

1. The lien of the taxes for the July 1, 2006 - June 30, 2007 fiscal year and thereafter, with the first half due on September 1, 2007 (delinquent after September 30, 2007) and the second half due on March 1, 2008 (delinquent after March 31, 2008). None now due and payable.
2. Ordinances and regulations for the City of Urbandale and County of Polk, Iowa.
3. Plat(s) filed in the Polk County, Iowa, Recorder's Office, including all easements, building setbacks, restrictions, reservations and notations.
4. Declarations, covenants, restrictions, easements, reservations, rights and options filed of record in Polk County, Iowa, Recorder's Office.
5. Utility Easement in favor of MidAmerican Energy filed July 1, 2002 in Book 22490, at Page 245.
6. Restrictive Covenants filed February 5, 2000 in Book 12000, at Page 234, and as amended from time to time.
7. Mortgage in favor of Central State Bank dated April 1, 2005, filed April 4, 2005 in Book 23400, at Page 55, to secure an indebtedness of \$34,000.00
8. Mortgage in favor of U.S. Bank, N.A. dated April 1, 2005, filed April 4, 2005 in Book 23400, at Page 89, to secure an indebtedness of \$11,000.00.

Schedule B - Part II

In addition to the matters set forth in Part I of this Schedule, the title is subject to the following matters and the Division guarantees against loss or damage sustained in the event that they are not subordinate to the lien of the Guaranteed Mortgage:

Mortgage in the amount of \$30,000.00 dated June 10, 2007, filed June 10, 2007, in Book 23400, at Page 465 of the Polk County, Iowa, Recorder's Office, given by John J. Title and Kris M. Title, husband and wife, to Bank of the West.

End of Schedule B, Parts I and II.

CERTIFICATE NO.: L-1000553

DATE: June 10, 2007

Signature of Member

CERTIFICATE NO.: L-1000513

DATE: Jan 10, 2007

Appendix H

Title Opinion Sample

ATTORNEYS

Robert E. Konchar
Darrel A. Morf
J. Scott Bogguss
James E. Shipman
Stephen J. Holtman²
Iris E. Muchmore
Philip D. Brooks
James A. Gerk
Roger W. Stone
Kevin J. Visser
Randal J. Scholer
William S. Vernon

Eric W. Lam
David W. Kubicek
Matthew J. Brandes
Michael McDonough⁹
James M. Peters
Mark H. Ogden
Mark A. Roberts
Chad M. VonKampen
Gregory G. Williams
Nicolas Abou-Assaly
Allison M. Heffern
Lynn W. Hartman

Kathleen A. Kleiman¹
Thomas D. Wolle
Paul P. Morf
Phillip A. Burian¹
Christine L. Conover
David J. Zylstra^{3,4}
Thomas N. DeBoom
Jason M. Steffens
Mark J. Herzberger
Matthew J. Adam
Robert S. Hatala
Amanda M. D'Amico

Jacob R. Koller
Brian J. Fagan
Abbe M. Stensland
Kyle W. Wilcox⁶
Jeffrey A. Stone
Matthew J. Hektoen¹
Christopher J. Voci^{5,7,10}
Dawn M. Gibson
Susan H. Willey⁸
Carrie L. Thompson
Travis J. Schroeder
Paul D. Gamez

Charles J. Krogmeier
Laura E. Seaton
Chad D. Brakhahn
Lisa A. Stephenson
Travis M. Cavanaugh
Allison R. Slager
Jeffrey K. Rosencrants

COUNSEL
Larry G. Gutz²
Richard G. Hileman, Jr.

OF COUNSEL
Stephen C. Nelson
James R. Snyder

RETIRE
William A. Bergman

REGISTERED PATENT
ATTORNEYS
Gregory G. Williams
Christopher J. Voci^{5,7,10}
Carrie L. Thompson

Writer's E-mail: Mhektoen@simmonsperrine.com
Reply to Cedar Rapids office

December 11, 2012

[INSERT CLIENT ADDRESS]

RE: Preliminary Title Opinion

Property Address: _____

Abstract No. 15376

Dear Sir or Madam:

I have examined the abstract of title for the real estate described as:

Parcels C and E, Part of the SW ¼ of the NW ¼ of Section 29, T88N, R4W of the Fifth P.M., Delaware County, Iowa according to the plat recorded in Book 7 Plats, Page 43; also that real estate lying generally north of Parcel E, running to the water front of Lake Delhi and then at right angles extending to the middle of Lake Delhi; and also that real estate lying generally North and West of Parcel C, running to the water front of Lake Delhi and then at right angles extending to the middle of Lake Delhi

as last certified by Delaware County Abstract Company under the date of December 3, 2012 at 8:00 a.m. The abstract of title consists of two parts with Part I containing entries I through 191 and Part II containing entries 192 through 247.

TITLE

I find legal title to the real estate to be in:

under a Court Office Deed shown at entry 211 filed September 13, 2001 in Book 2001, Page 3302 in the records of the Delaware County, Iowa Recorder.

Legal title to the real estate is subject to the following limitations:

www.simmonsperrine.com

■ 115 Third Street SE, Suite 1200, Cedar Rapids, Iowa 52401 • Telephone (319) 366-7641 • Fax (319) 366-1917

□ City Center Square, 1100 - 5th Street, Suite 205, Coralville, Iowa 52241 • Telephone (319) 354-1019 • Fax (319) 354-1760

Also licensed to practice in: 1 Illinois 2 Wisconsin 3 Missouri 4 Kansas 5 New York 6 Minnesota 7 Michigan 8 California 9 Nebraska 10 Texas

Simmons Perrine Moyer Bergman PLC

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DESCRIPTION

1. Entry 185 shows a Plat of Survey for Parcel C, Parcel D and Parcel E filed September 17, 1993 in Book 7, Plats, Page 43 of the records of the Delaware County, Iowa Recorder. Entry 194 shows a Plat of Survey filed December 14, 1993 in Book 7, Plats, Page 57 of the records of the Delaware County, Iowa Recorder. Copies of both Plats of Survey have been attached for your reference.

MORTGAGES

2. Entry 243 shows an Open-End Mortgage by Peck Excavating Corporation to Community Savings Bank filed October 30, 2006 in Book 2006, Page 3865 of the records of the Delaware County, Iowa Recorder. The Mortgage secures credit in the amount of \$350,000.00, contains a due on transfer clause and other provisions affecting the rights of the parties. **Arrangements should be made for the release of this mortgage prior to closing.**

EASEMENTS

3. Entry 9 shows a Warranty Deed by the then titleholders of the "lake bed" to Interstate Power Company, which Warranty Deed reserved to the grantors thereof the "perpetual use of the premises conveyed, which is not overflowed by the construction and maintenance of a dam by the grantee, its successors or assigns". This "perpetual use" right is now owned by the Rocky Nook Association, Inc. pursuant to a Real Estate Contract shown at entry 205 recorded May 24, 2000 in Book 2000, Page 1566 in the records of the Delaware County, Iowa Recorder.

4. Entry 14 shows an Easement Indenture to Interstate Power Company filed February 11, 1927 in Book 59, L.D., Page 583-584 of the records of the Delaware County, Iowa Recorder. A copy is attached for your reference.

5. Entry 15 shows an Easement Indenture to Interstate Power Company filed February 11, 1927 in Book 59, L.D., Page 584-585 of the records of the Delaware County, Iowa Recorder. A copy is attached for your reference.

6. Entry 30 shows an Easement for Public Highway to County of Delaware filed June 2, 1964 in Book 84, L.D. Page 25 of the records of the Delaware County, Iowa Recorder. A copy is attached for your reference.

7. Entry 35 shows a Plat showing a road easement filed August 25, 1969 in Book 2, Plats, Page 177 of the records of the Delaware County, Iowa Recorder.

8. Entry 202 shows a Quiet Title Action in Case No. EQCV 3556 (*First v. Maxfield*) in which it was established by order of the Court that Clifford K. First has access an Easement across Parcel C to the then-existing 3 dock spaces on Parcel E and to his docks west of Parcel E.

WELL AGREEMENT

9. Entry 188 shows a Water Access and Use Agreement filed September 21, 1993 in Book 4, Misc. Page 98 of the records of the Delaware County, Iowa Recorder. A copy is attached for your reference. While not a replacement for your thorough review of this document, I draw particular attention to Section 5, which section sets forth certain access rights and docking

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privileges for the owner of Parcel D of the SW ¼ NW ¼ (adjacent to the real estate under examination).

10. Entry 213 shows a Well Agreement filed October 24, 2001 in Book 2001, Page 3810 of the records of the Delaware County, Iowa Recorder. A copy is attached for your reference.

MISCELLANEOUS

11. Entries 223, 226 and 228 show Quiet Title Case No. EQCV005477 wherein it was decreed by the Delaware County District Court that the Rocky Nook Association adversely possessed a portion of the embankment adjacent to the Lake Delhi Dam structure. Copies of these entries are attached for your reference.

12. Entry 246 shows Delaware County Ordinance #34 Floodplain Management Ordinance adopted September 13, 2010 by the Delaware County Board of Supervisors and filed December 13, 2010 in Book 2010, Page 4030, and re-recorded December 23, 2010 in Book 2010, Page 4191, which provides for flood hazard areas of Delaware County, Iowa and provisions applying to said land.

13. You should confirm that your intended use of the real estate conforms with the current zoning ordinances of the Town of Delhi of Delaware County, Iowa.

14. You should confirm that there are no matters affecting title from December 3, 2012 at 5:00 p.m. up to the date and hour of the closing.

TAXES

15. Entry 247 states the all taxes are paid, except as hereinafter shown:

Real Estate: Fiscal 2011-2012 (payable 2012-2013) ½ paid balance \$518.00;

Personal: None

Special Assessments: None

* (Special Assessments only shown if available on the Iowa State County Treasurer's Association website; refer to the Delaware County Treasurer for information regarding ten year or other multi-year special assessments, including total payments due since those amounts are unavailable on the ISCTA website.)

GENERAL

This opinion is expressly limited to matters shown in the abstract covering the period up to the date of certification. No opinion is expressed as to matters not shown in the abstract which might affect title to the real estate, among which are the following:

- (a) Mechanics' liens for services rendered or materials furnished on the premises since liens need not be filed until 90 days after the completion of the work or the materials have been furnished;
- (b) rights of persons in possession;
- (c) all public assessments ordered but which have not become a matter of record in the county courthouse;

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- (d) forged or fraudulent contracts, deeds or other instruments affecting title;
- (e) any transfers, the substance and subject of which may be attacked as a fraudulent conveyance within the meaning of the Federal Bankruptcy Code or Iowa law;
- (f) any defects of title which may be revealed by an accurate survey;
- (g) any state of facts which might be revealed by physical inspection or soil test of the property, including but not limited to diseased trees, location of driveways, easements, fences, hedges, drainage ditches, and an encroachment of buildings which may have set the boundary lines of the property;
- (h) zoning or other ordinances of the municipality or county;
- (i) any flood plain regulations, encroachment limits or flood plain zoning as established by the Iowa Natural Resources Council;
- (j) any security interests in fixtures attached to the real estate of which notice may be given by a financing statement that has not been filed of record;
- (k) the presence of hazardous substances, pollutants, contaminants, solid wastes, hazardous wastes, and other environmentally regulated activities, including those substances defined to be hazardous in Chapter 42 of the United States Code, Section 9601(14) and Chapter 455B of the Iowa Code, which could require a purchaser, owner or lender to incur liability or remedial actions or other clean-up; and
- (l) any delinquent sewer, water and garbage fees that may be assessed by various cities.

You are advised to inform yourself of these matters by independent investigation.

You should determine whether any solid waste, hazardous substances, pollutants, above or below ground storage tanks, drainage wells, water wells, land fill sites or other environmentally regulated conditions exist on the property. Such conditions are not ordinarily shown in the abstract, but they may result in injunctions, fines, required clean-up, or other remedial action under federal, state, or local laws. These laws may impose liens against the property and personal liability against the owner, even though the owner did nothing to create the condition, and acquired the property without knowing about it.

You may purchase additional protection of your interest in the real estate through an owner's or lender's title guaranty certificate issued by the Title Guaranty Division of the Iowa Finance Authority and purchased through our firm. A Title Guaranty Certificate provides certain protection of your interest in the property which exceeds the protection available through this opinion. If you are interested in such a Certificate or have questions concerning such Certificates, please contact me.

You are advised that if the real estate uses a sewage disposal system, you may be subject to Iowa Department of Natural Resources rules. These rules typically require all such systems be inspected for compliance upon a transfer of ownership. You should determine for yourself if the proposed real estate transfer is subject to these requirements. If so, you should be certain they are met, since failure to meet them may prevent the recording of the deed or contract.

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You should confirm with the abstracter prior to closing that no additional matters, liens or encumbrances have been recorded or filed since the date of the last extension that would affect title to the property.

Respectfully submitted,

SIMMONS PERRINE MOYER BERGMAN, PLC

Matthew J. Hektoen
Iowa Title Guaranty
Member #10102

MHT:gl:encl.

Appendix I

Warranty Deed Package

Prepared by/Return to: Matthew J. Hektoen, Simmons Perrine Moyer Bergman PLC, 115 Third St. SE, Suite 1200, Cedar Rapids, IA 52401, PHONE (319) 366-7641 FAX (319) 366-1917

Address tax statement to: _____

WARRANTY DEED

For the consideration of One Dollar (\$1.00) and other valuable consideration,
_____, LLC, an Iowa limited liability company, does hereby transfer and convey to
_____, LLC, an Iowa limited liability company, the following described real
estate situated in Linn County, Iowa:

_____, subject to covenants, restrictions
and easements of record

Grantor is a manager-managed LLC, this conveyance is made in the ordinary course of business and the undersigned has full authority to execute this Warranty Deed. Grantor does hereby covenant with grantee, and successors in interest, that grantor holds the real estate by title in fee simple; that grantor has the good and lawful authority to sell and convey the real estate; that the real estate is free and clear of all liens and encumbrances except as may be above stated; and grantor covenants to warrant and defend the real estate against the lawful claims of all persons except as may be above stated and except as to any liens or encumbrances created or suffered to be created by the acts or defaults of the Grantee.

Words and phrases herein, including acknowledgment hereof, shall be construed as in the singular or plural number, and as masculine or feminine gender, according to the context.

Dated this _____ day of October, 2013.

_____, LLC,
an Iowa limited liability company

_____, Manager

STATE OF IOWA, LINN COUNTY ss:

This instrument was acknowledged before me on this _____ day of October, 2013 by _____, as
Manager of _____, LLC, an Iowa limited liability company.

Notary Public in and for said State
My Commission Expires: _____

**REAL ESTATE TRANSFER - GROUNDWATER HAZARD STATEMENT
TO BE COMPLETED BY TRANSFEROR**

TRANSFEROR:

Name _____

Address _____
Number and Street or RR City, Town or PO State Zip**TRANSFeree:**

Name _____

Address _____
Number and Street or RR City, Town or PO State Zip

Address of Property Transferred:

Number and Street or RR City, Town or PO State Zip

Legal Description of Property: (Attach if necessary)

1. Wells (check one)

- ☐ There are no known wells situated on this property.
- ☐ There is a well or wells situated on this property. The type(s), location(s) and legal status are stated below or set forth on an attached separate sheet, as necessary.

2. Solid Waste Disposal (check one)

- ☐ There is no known solid waste disposal site on this property.
- ☐ There is a solid waste disposal site on this property and information related thereto is provided in Attachment #1, attached to this document.

3. Hazardous Wastes (check one)

- ☐ There is no known hazardous waste on this property.
- ☐ There is hazardous waste on this property and information related thereto is provided in Attachment #1, attached to this document.

4. Underground Storage Tanks (check one)

- ☐ There are no known underground storage tanks on this property. (Note exclusions such as small farm and residential motor fuel tanks, most heating oil tanks, cisterns and septic tanks, in instructions.)
- ☐ There is an underground storage tank on this property. The type(s), size(s) and any known substance(s) contained are listed below or on an attached separate sheet, as necessary.



REAL ESTATE TRANSFER - DECLARATION OF VALUE

Please read the instructions on the reverse side BEFORE completing and filing this form.

Part I - TO BE COMPLETED BY BUYER, SELLER OR AGENT

SELLER: _____ SSN or FEIN: _____ ▲

Seller Address: _____ e-mail/phone: _____

BUYER: _____ SSN or FEIN: _____ ▲

Buyer Address: _____ e-mail/phone: _____

Address of Property Conveyed: _____

Date of Instrument: _____ ▲ ☐ Deed _1 ☐ Contract _2 ▲

Legal Description: _____

Type of Sale (check all that apply): ☐ Fulfillment of prior year(s) contract ☐ Sale to/by Exempt Organization ☐ Auction Sale

☐ Corporate merger or reorganization ☐ Purchase of adjoining land ☐ Transfer of partial interest ☐ Quit Claim Deed

☐ Sale between family members or related parties ☐ Foreclosure, forfeitures, or transfers arising from default; forced sale

Was this a sale of AG LAND to: ☐ Corporation ☐ Trust ☐ Alien ☐ Non-Resident Alien ☐ Limited Partnership ▲

DECLARATION OF VALUE STATEMENT

1. Total Amount Paid \$ _____

2. Amount Paid for Personal Property (see instructions) \$ _____

3. Amount Paid for Real Property Only (1 minus 2) \$ _____ ▲

Contract Sale Information: Down Payment \$ _____ Interest Rate _____ % Monthly Payment \$ _____

Length of Contract _____ years Balloon Payment Date (if applicable) _____

I HEREBY DECLARE THAT THE INFORMATION CONTAINED IN PART I OF THIS FORM IS TRUE AND CORRECT AS

DETAILED ON THE BACK OF THIS FORM. Printed Name: _____ Phone #: _____

Signature _____

☐ Buyer or ☐ Seller or ☐ Agent or ☐ Attorney

PART II - TO BE COMPLETED BY THE ASSESSOR

Classification of Property: ☐ Res _4_ ☐ Com _5_ ☐ Ind _2_ ☐ Ag _1_ ▲ Deeded Acres: _____ ▲

OCC _____ ▲ TLA/GBA _____ ▲ Tax District _____ ▲

Primary Parcel Number _____ ▲ (attach list of additional parcels)

Full Assessed Value	Land	Building	Dwelling	Total
January 1 of Year of Sale				

Good for study? ☐ Yes ☐ No NUTC _____ ▲ If No, give reason: _____ ▲

SPECIAL INSTRUCTIONS

Visit our web site at www.iowa.gov/tax. See more detailed instructions online at www.iowa.gov/tax/forms/DOVdetails.pdf

FILING INSTRUCTIONS: Iowa law requires that a "Declaration of Value" statement reflecting the full consideration paid in certain nonexempt real estate conveyances be submitted to the county recorder at the time a deed, contract, instrument, or other writing is presented for recording. Part I of this form is the prescribed "Declaration of Value" statement that must be completed by the buyer or seller or either's agent for nonexempt transactions. Part II of this form is to be completed only by the assessor. The blank area at the top of the form is for use by the county recorder. In this area the recorder will provide the following information: Date of Recording, Book and Page Number or Instrument Number, County, Real Estate Transfer Tax, Deed or Contract.

IMPORTANT: This form does not have to be completed for any document presented for recording which clearly indicates on such document that it is an exempt transaction. Refer to Iowa Administrative Code 701-79.5. If the transaction is exempt, but the reason for exemption is not stated on the actual document presented for recording, Part I of this form must be completed. If this form is not completed accurately and completely for nonexempt transactions by the buyer or seller or either's agent, the county recorder is required by law to refuse to record the contract, deed or other instrument conveying the affected property.

Social Security Numbers (SSNs) and Federal ID Numbers (FEINs) are required by 701 IAC 79.5(5), pursuant to Iowa Code sections 428A.1 and 428A.7, as authorized by 42 U.S.C. §405(c)(2)(C)(i). All Social Security Numbers and Federal ID Numbers must be redacted prior to release to the public.

TYPE OF SALE: Check all box or boxes that designate conditions that apply to the sale on the front section of the form. For purposes of indicating a "Sale Between Family Members" **only** the following relationships are to be considered:

Mother	Stepsister	Foster Child	Father	Stepbrother	Grandson	Stepmother	Uncle
Daughter	Mother-in-law	Foster parent	Son	Father-in-law	Granddaughter	Stepfather	Aunt
Sister	Daughter-in-law	Foster brother	Brother	Son-in-law	Grandfather	Stepson	
Sister-in-law	Niece	Foster sister	Brother-in-law	Nephew	Grandmother	Stepdaughter	

DECLARATION OF VALUE STATEMENT:

Total Amount Paid – Enter the entire and full purchase price of the property transferred, including down payment.

Reporting of personal property should conform to the transfer document and any related income tax filings.

Amount Paid for Personal Property – Enter the amount of the purchase price that was paid for personal property. For residential sales, personal property includes items that are not attached ("built in") to the home that are normally removed by the owner, when he or she vacates. This includes, but is not limited to items such as washers, dryers, drapes, stoves, refrigerators, and portable dishwashers. Personal property for commercial or industrial sales includes inventories, as well as equipment and fixtures classified and assessed as personal property. Reporting of personal property should conform to the transfer document and any related income tax filings.

Amount Paid for Real Property Only – Subtract Line 2 from Line 1 and enter the difference here.

IF THIS TRANSACTION IS EXEMPT FROM THE TRANSFER TAX, you may not be required to complete this form UNLESS you are claiming exemption number 1, 6, 14, or 15, which require a Declaration of Value Statement.

Exceptions Iowa Code 428A.2

1. (DOV required) Any executory contract for the sale of land under which the vendee is entitled to or does take possession thereof, or any assignment or cancellation thereof.

2. Any instrument of mortgage, assignment, extension, partial release, or satisfaction thereof.

3. Any will.

4. Any plat.

5. Any lease.

6. (DOV required for federal agency or instrumentality) Any deed, instrument, or writing in which the United States or any agency or instrumentality thereof or the state of Iowa or any agency, instrumentality, or governmental or political subdivision thereof is the grantor, assignor, transferor, or conveyer, and any deed, instrument or writing in which any of such unit of government is the grantee or assignee where there is no consideration.

7. Deeds for cemetery lots.

8. Deeds which secure a debt or other obligation, except those included in the sale of real property.

9. Deeds for the release of a security interest in property excepting those pertaining to the sale of real estate.

10. Deeds which, without additional consideration, confirm, correct, modify or supplement a deed previously recorded.

11. Deeds between husband and wife, or parent and child, without actual consideration. A cancellation of indebtedness alone which is secured by the property being transferred and which is not greater than the fair market value of the property being transferred is not actual consideration within the meaning of this subsection.

12. Tax deeds.

13. Deeds of partition where the interest conveyed is without consideration. However, if any of the parties take shares greater in value than their undivided interest a tax is due on the greater values, computed at the rate set out in section 428A.1.

14. (DOV required) The making or delivering of instruments of transfer resulting from a corporate merger, consolidation, or reorganization or a merger, consolidation, or reorganization of a limited liability company under the laws of the United States or any state thereof, where such instrument states such fact on the face thereof.

15. (DOV required) Deeds between a family corporation, partnership, limited partnership, limited liability partnership, or limited liability company and its stockholders, partners, or members for the purpose of transferring real property in an incorporation or corporate dissolution or the organization or dissolution of a partnership, limited partnership, limited liability partnership, or limited liability company under the laws of this state, where the deeds are given for no actual consideration other than for shares or for debt securities of the corporation, partnership, limited partnership, limited liability partnership, or limited liability company. For purposes of this subsection, a family corporation, partnership, limited partnership, limited liability partnership, or limited liability company is a corporation, partnership, limited partnership, limited liability partnership, or limited liability company where the majority of the voting stock of the corporation, or of the ownership shares of the partnership, limited partnership, limited liability partnership, or limited liability company is held by and the majority of the stockholders, partners, or members are persons related to each other as spouse, parent, grandparent, lineal ascendants of grandparents or their spouses and other lineal descendants of the grandparents or their spouses, or persons acting in a fiduciary capacity for persons so related and where all of its stockholders, partners, or members are natural persons or persons acting in a fiduciary capacity for the benefit of natural persons.

16. Deeds for the transfer of property or the transfer of an interest in property when the deed is executed between former spouses pursuant to a decree of dissolution of marriage.

17. Deeds transferring easements.

18. Deeds giving back real property to lienholders in lieu of forfeitures or foreclosures.

19. Deeds executed by public officials in the performance of their official duties.

20. Deeds transferring distributions of assets to heirs at law or devisees under a will.

21. Deeds in which the consideration is five hundred dollars or less.

5. Private Burial Site (check one)

- ☐ There are no known private burial sites on this property.
- ☐ There is a private burial site on this property. The location(s) of the site(s) and known identifying information of the decedent(s) is stated below or on an attached separate sheet, as necessary.

6. Private Sewage Disposal System (check one)

- ☐ All buildings on this property are served by a public or semi-public sewage disposal system.
- ☐ This transaction does not involve the transfer of any building which has or is required by law to have a sewage disposal system.
- ☐ There is a building served by private sewage disposal system on this property or a building without any lawful sewage disposal system. A certified inspector's report is attached which documents the condition of the private sewage disposal system and whether any modifications are required to conform to standards adopted by the Department of Natural Resources. A certified inspection report must be accompanied by this form when recording.
- ☐ There is a building served by private sewage disposal system on this property. Weather or other temporary physical conditions prevent the certified inspection of the private sewage disposal system from being conducted. The buyer has executed a binding acknowledgment with the county board of health to conduct a certified inspection of the private sewage disposal system at the earliest practicable time and to be responsible for any required modifications to the private sewage disposal system as identified by the certified inspection. A copy of the binding acknowledgment is attached to this form.
- ☐ There is a building served by private sewage disposal system on this property. The buyer has executed a binding acknowledgment with the county board of health to install a new private sewage disposal system on this property within an agreed upon time period. A copy of the binding acknowledgment is provided with this form.
- ☐ There is a building served by private sewage disposal system on this property. The building to which the sewage disposal system is connected will be demolished without being occupied. The buyer has executed a binding acknowledgment with the county board of health to demolish the building within an agreed upon time period. A copy of the binding acknowledgment is provided with this form. [Exemption #9]
- ☐ This property is exempt from the private sewage disposal inspection requirements pursuant to the following Exemption [Note: for exemption #9 use prior check box]: _____
- ☐ The private sewage disposal system has been installed within the past two years pursuant to permit number _____

Information required by statements checked above should be provided here or on separate sheets attached hereto:

**I HEREBY DECLARE THAT I HAVE REVIEWED THE INSTRUCTIONS FOR THIS FORM
AND THAT THE INFORMATION STATED ABOVE IS TRUE AND CORRECT.**

Signature: _____ Telephone No.: _____
(Transferor or Agent)