

THIS CONTRACT FOR DEED is made on the above date by \_\_\_\_\_ (Whether one or more) \_\_\_\_\_

Seller and Purchaser agree to the following terms:

1. PROPERTY DESCRIPTION: Seller hereby sells, and Purchaser hereby buys, real property in \_\_\_\_\_, described as follows:

**LEGAL DESCRIPTION**

Together with all hereditaments and appurtenances belonging thereto (the Property).

2. TITLE. Seller warrants that title to the Property is, on the date of this contract, subject only to the following exceptions:
- (a) Covenants, conditions, restrictions, declarations and easements of record, if any;
  - (b) Reservations of minerals or mineral rights;
  - (c) Building, zoning, and subdivision laws and regulations;
  - (d) The lien of real estate taxes and installments of special assessments which are payable by Purchaser pursuant to Paragraph 6 of this contract; and
  - (e) The following liens or encumbrances:
3. DELIVERY OF DEED AND EVIDENCE OF TITLE. Upon Purchaser's prompt and full performance of this contract, Seller shall:
- (a) Execute, acknowledge and deliver to Purchaser a Warranty Deed, in recordable form, conveying marketable title to the Property to Purchaser, subject only to the following exceptions:
    - (i) Those exceptions referred in paragraph 2(a), (b), (c) and (d) of this contract;
    - (ii) Liens, encumbrances, adverse claims or other matters which Purchaser has created, suffered or permitted to accrue after the date of this contract; and
    - (iii) The following liens or encumbrances:
  - (b) Deliver to Purchasers the abstract of title to the Property or, if the titled is registered, the owner's duplicate certificate of title
4. PURCHASE PRICE. Purchasers shall pay to Seller, at designated place, the sum of 212,000.00 AT 7.25% PRINCIPLE AND INTEREST ONLY. Paid as follows: \$10,000 down having been paid in 2008, receipt of which is acknowledged; an additional \$3,500 to be paid at closing. The balance of \$198,500 to be paid, at an interest rate of 7.25% per annum, in monthly payments of \$1,269.75, commencing on October 1st 2009 and continuing until paid in full.
5. PREPAYMENT. Unless otherwise provided in this contract, Purchasers shall have the right to fully or partially prepay this contract at any time without penalty. Any partial prepayment shall be applied first to payment amounts then due under this contract, including unpaid accrued interest, and the balance shall be applied to the principal installments to be paid in the inverse order of their maturity. Partial prepayment shall not postpone the due date of the installments to be paid pursuant to this contract or change the amount of such installments. Seller encourages a 48 month term or longer; however, the buyer is not obligated to any prepayment.

6. REAL ESTATE TAXES AND ASSESSMENTS. Sellers shall pay, before penalty accrues, all real estate taxes and installments of special assessments assessed against the property which are due and payable in the year 2009 up to the date of closing and in all subsequent years. Real estate taxes and installments of special assessments which are due and payable in the year in which this contract is dated shall be paid as follows: Taxes are to be paid by Purchaser by a monthly escrow payment to Seller of an amount equal to 1/12th of the annual real estate taxes, commencing with the first payment. Seller shall be responsible for payment of the taxes as assessed and due, and shall provide written proof of payment of the same to Purchaser no later than the 30th of the month any such payment is due. The amount of the monthly tax escrow payment will be adjusted annually, when Seller and Purchaser have received notice of the proposed Property Tax Payment from Washington County. Taxes for 2009 are \$2,432.00, requiring a monthly tax escrow payment of \$202.67.

Seller warrants that the real estate taxes and installments of special assessments which were due and payable in the years proceeding the year in which this contract is dated are paid in full.

7. PROPERTY INSTURANCE.

- (a) INSURED RISK AND AMOUNT. Purchaser shall keep buildings, improvements and fixtures now or later located on or a part of the property insured against loss by fire, extended coverage perils, vandalism, malicious mischief and, if applicable, steam boiler explosions for at least the amount of encumbrances. If any of the buildings, improvements or fixtures is located in a federally designated flood prone area, and if flood insurance is available for that area, Purchasers shall procure and maintain flood insurance in amounts reasonably satisfactory to Seller.
- (b) OTHER TERMS. The insurance policy shall contain a loss payable clause in favor of Seller and seller's mortgage company (CitiGroup) which provides that Seller's right to recover under the insurance shall not be impaired by any acts or omissions of Purchasers or Seller, and that Seller shall otherwise be afforded all rights and privileges customarily provided a mortgage under the so-called standard mortgage clause.
- (c) NOTICE OF DAMAGE. In the event of damage to the Property by fire or other casualty, Purchasers shall promptly give notice of such damage to Seller and the insurance company.

8. DAMAGE TO THE PROPERTY.

- (a) APPLICATION OF INSURANCE PROCEEDS. If property is damaged by fire or other casualty, the insurance proceeds paid on account of such damage shall be applied to payment of the amounts payable by Purchasers under this contract, even is such amounts are not then due to be paid, unless Purchasers make a permitted election described in the next paragraph. Such amounts shall be first applied to unpaid accrued interest and next to the installments to be paid as provided in this contract in the inverse order of their maturity. Such payment shall not postpone the due date of the installments to be paid pursuant to this contract or change the amount of such installments. The balance of insurance proceeds, if any shall be the property of the Purchasers.
- (b) PURCHASER'S ELECTION TO REBUILD. If purchaser is not in default under this contract, or after curing any such default, and if the mortgagees in any prior mortgages and sellers in any prior contracts for deed do not require otherwise. Purchaser may elect to have that portion of such insurance proceeds necessary to repair, replace or restore the damaged Property (the repair work) deposited in escrow with a bank or title company qualified to do business in the State of Minnesota, or such other party as may be mutually agreeable to Seller and Purchaser. The election may only be made by written notice to Seller with sixty days after the damage occurs. Also, the election will only be permitted if the plans and specifications and contracts for the repair work are approved by Seller, which approval Seller shall not unreasonably withhold or delay. If such a permitted election is made by Purchaser, Seller and Purchaser shall jointly deposit, when paid, such insurance proceeds into such escrow. If such insurance proceeds are insufficient for the repair work, Purchaser shall, before the commencement of the repair work, deposit into such escrow sufficient additional money to insure the full payment for the repair work. Purchaser shall at all times be responsible to pay the full cost of the repair work. All escrowed funds shall be disbursed by the escrowee in accordance with generally accepted sound construction disbursement procedures. The costs incurred or to be incurred on account of such escrow shall be deposited by Purchaser into such escrow before the commencement of the repair work. Purchaser shall complete the repair work as soon as reasonably possible and in a good workmanlike manner, and in any event the repair work shall be completed by Purchaser

within one year after the damage occurs. If, following the completion of and payment for the repair work, there remain any undisbursed escrow funds, such funds shall be applied to payment of the amounts payable by Purchaser under this contract in accordance with paragraph 8(a) above.

9. INJURY OF DAMAGE OCCURRING ON THE PROPERTY.
  - (a) LIABILITY. Seller shall be free from liability and claims for damages by reason of injuries occurring on or after the date of this contract to any person or person or property while on or about the Property. Purchasers shall defend and indemnify Seller from all liability, loss, costs, and obligations, including reasonable attorneys' fees, on account of or arising out of any such injuries. However, Purchasers shall have no liability or obligation to Seller for such injuries which are caused by the negligence or intentional wrongful acts or omissions of Seller.
  - (b) LIABILITY INSURANCE. Purchasers shall, at their own expense, procure and maintain liability insurance against claims for bodily injury, death and property damage occurring on or about the Property in amounts reasonably satisfactory to Seller and naming Seller as an additional insured.
10. INSURANCE, GENERALLY. The insurance which Purchasers are required to procure and maintain pursuant to paragraphs 7 and 9 of this contract shall be issued by an insurance company or companies licensed to do business in the State of Minnesota and acceptable to Seller. The insurance shall be maintained by Purchasers at all times while any amount remains unpaid under this contract. The insurance policies shall provide for not less than ten days written notice to Seller before cancellation, non-renewal, termination or change in coverage, and Purchasers shall deliver to Seller a duplicate original or certificate of such insurance policy or policies.
11. CONDEMNATION. If all or any part of the Property is taken in condemnation proceedings instituted under power of eminent domain or is conveyed in lieu thereof under threat of condemnation, the money paid pursuant to such condemnation or conveyance in lieu thereof shall be applied to payment of the amounts payable by Purchasers under this contract, even if such amounts are not then due to be paid. Such amounts shall be applied first to unpaid accrued interest and next to the installments to be paid as provided in this contract in the inverse order of their maturity. Such payments shall not postpone the due date of the installments to be paid pursuant to this contract or change the amount of such installments. The balance, if any, shall be the property of Purchasers.
12. WASTE, REPAIR AND LIENS. Purchasers shall not remove or demolish any buildings, improvements or fixtures now or later located on or a part of the Property, nor shall Purchasers commit or allow waste of the Property. Purchasers shall maintain the Property in good condition and repair. Purchasers shall not create or permit to accrue liens or adverse claims against the Property which constitute a lien or claim against Seller's interest in the Property. Purchasers shall pay to Seller all amounts, costs and expenses, including reasonable attorney's fees, incurred by Seller to remove any such liens or adverse claims.
13. DEED AND MORTGAGE REGISTRY TAXES. Seller shall, upon Purchasers full performance of this contract, pay the deed tax due upon the recording or filing of the deed to be delivered by Seller to Purchasers. The mortgage registry tax due upon the recording or filing of this contract shall be paid by the party who records or files this contract; however, this provision shall not impair the right of Seller to collect from Purchasers the amount of such tax actually paid by Seller as provided in the applicable law governing default and service of notice of termination of this contract.
14. NOTICE OF ASSIGNMENT. This agreement is not assignable by party.
15. PROTECTION OF INTERESTS. If Purchasers fail to pay any sum of money required under the terms of this contract or fail to perform any of their obligations as set forth in this contract, Seller may, at Seller's option, pay the same or cause the same to be performed, or both, and the amounts so paid by Seller and the cost of such performance shall be payable at once, with interest at the rate stated in paragraph 4 of this contract, as an additional amount due Seller under this contract.

If there now exists, or if Seller hereafter creates, suffers or permits to accrue, any mortgage, contract for deed, lien or encumbrance against the Property which is not herein expressly assumed by Purchasers, and provided Purchasers are not in default under this contract, Seller shall timely pay all amounts due thereon, and if Seller fails to do so, Purchasers may, at their option, pay any such delinquent amounts and deduct the amounts paid from the installment(s) next coming due under this contract.
16. DEFAULT. The time of performance by Purchasers of the terms of this contract is an essential part of this contract. Should Purchasers fail to timely perform any of the terms of this contract, Seller may, at Seller's option, elect to declare this contract cancelled and terminated by notice to Purchasers in accordance with applicable law. The contract shall then be void and canceled. All right, title and interest acquired under this contract by Purchasers shall then cease and terminate, and all improvements made upon the Property and all payments made by Purchasers pursuant to this contract shall belong to Seller as liquidated damages for breach of

this contract. Neither the extension of the time for payment of any sum of money to be paid hereunder nor any waiver by Seller of Seller's rights to declare this contract forfeited by reason of any breach shall in any manner affect Seller's right to cancel this contract because of defaults subsequently occurring, and no extension of time shall be valid unless agreed to in writing. After service of notice of default and failure to cure such default within the period allowed by law, Purchasers shall, upon demand, surrender possession of the Property to Seller.

17. BINDING EFFECT. The terms of this contract shall run with the land and bind the parties hereto and their successors in interest.
18. HEADINGS. Headings of the paragraphs of this contract are for convenience only and do not define, limit, or construe the contents of such paragraphs.
19. ASSIGNMENT BY OWNER'S ASSOCIATION. If the Property is subject to a recorded declaration providing for assessments to be levied against the Property by any owners' association, which assessments may become a lien against the Property if not paid, then:
  - (a) Purchasers shall promptly pay, when due, all assessments imposed by the owners' association or other governing body as required by the provisions of the declaration or other related documents;  
and
  - (b) So long as the owners' association maintains a master or blanket policy of insurance against fire, extended coverage perils and such other hazards and in such amounts as are require by this contract, then:
    - (i) Purchasers' obligation in this contract to maintain hazard insurance coverage on the Property is satisfied; and
    - (ii) The provisions in Paragraph 8 of this contract regarding application of insurance proceeds shall be superseded by the provisions of the declaration or other related documents; and
    - (iii) In the event of a distribution of insurance proceeds in lieu of restoration or repair following an insured casualty loss to the Property, any such proceeds payable to Purchasers are hereby assigned and shall be paid to Seller for application to the sum secured by this contract, with the excess, if any, paid to Purchasers.

20. ADDITIONAL TERMS: Purchaser shall open a joint bank account where payment shall be made by the 5<sup>th</sup> of each month. The Seller will then auto draft the payment from that account. In the event that Purchaser fails to deposit an amount equal to the monthly payment in said account by the 10<sup>th</sup> of any month when due, Purchaser shall incur and pay a late fee of \$126.98 in addition to the payment due.

Seller shall disclose to Purchaser, in writing, the name, address and mortgage loan numbers of all mortgagees on the property. Further, Seller shall provide to Purchaser at closing written authorization to release information directed to each such mortgagee, to allow Purchaser to periodically verify the payment status of any such mortgage.

SELLER(S)

PURCHASERS

\_\_\_\_\_  
Trustee

State of \_\_\_\_\_  
County of \_\_\_\_\_ } ss.

The forgoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_,  
\_\_\_\_\_, by \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_  
SIGNATURE OF NOTARY PUBLIC OR OTHER OFFICIAL

State of \_\_\_\_\_  
County of \_\_\_\_\_ } ss.

The forgoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_,  
\_\_\_\_\_, by \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_  
SIGNATURE OF NOTARY PUBLIC OR OTHER OFFICIAL

FAILURE TO RECORD OR FILE THIS CONTRACT FOR DEED MAY GIVE OTHER PARTIES  
PRIORTIY OVER PRUCHASERS' INTEREST IN THE PROPERTY.

THIS INSTRUMENT WAS DRAFTED BY (NAME AND ADDRESS)

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Tax Statements for the real property described in this  
:instrument should be sent to (include name and  
address of Grantee):

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_