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CONTRACT FOR CONDITIONAL SALE OF OUTSTANDING SHARES OF COMMON STOCK IN THE L. KEILMAN COMPANY

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THIS AGREEMENT, entered into this <u>John</u> day of <u>August</u>, 1981 between Roland Keilman and Marilyn Keilman, the owners of thirty-one and one-third (31 1/3) shares of common stock in The L. Keilman Company, and Gerald Keilman and Mary Claire Keilman, the owners of thirty-one and one-third (31 1/3) shares of common stock in The L. Keilman Company, which parties are hereinafter referred to as "Sellers", and Carmella Rhodes, Andrew Rhodes, Norma Beiriger and Joseph Beiriger, hereinafter referred to as "Buyers".

WHEREAS, the Sellers are the owners of sixty-two and two-thirds (62 2/3) shares of the outstanding common stock in The L. Keilman Company, and Norma Beiriger and Joseph Beiriger are the owners of thirty-seven and one-third (37 1/3) shares of the outstanding common stock in The L. Keilman Company, which total of One Hundred (100) shares represents all of the outstanding common stock in said corporation, and

whereas, the Sellers are desirous of selling all of their shares in said corporation and the Buyers are desirous of purchasing all of Sellers Share in said corporation, and

WHEREAS, the Sellers are willing to sell all of their shares in said corporation and Buyers are willing to purchase said shares for the purchase price of One Thousand Seven Hundred Dollars (\$1,700.00) per share for a total purchase price of One Hundred Six Thousand Five Hundred Thirty-Three Dollars (\$106,533.00); and

WHEREAS, the Sellers have agreed to sell to the Buyers the sixty-two and two-thirds (62 2/3) shares of common stock upon the terms hereinafter set forth, IT IS THEREFORE AGREED:

1. Sale. The Sellers hereby sell to the Buyers sixty-two and two-thirds (62 2/3) shares of The L. Keilman Company common stock for the total sum of One Hundred Six Thousand Five Hundred Thirty-Three Dollars (\$106,533.00), which sum represents One Thousand Seven Hundred Dollars (\$1,700.00) per share. As additional consideration, the Buyers shall pay to the First Bank of Whiting when it becomes due, all principal and interest payments due under that certain Note No. 09-4354, in the principal amount of Forty Thousand Dollars (\$40,000.00) owed by The L. Keilman Company.

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Payment of Purchase Price. The purchase price of One Hundred Six Thousand Five Hundred Thirty-Three Dollars (\$106,533.00) shall be paid by the Buyers to Sellers in the following manner: upon the execution of this document Buyers have paid to Sellers the sum of Twenty Thousand Dollars (\$20,000.00) in cash, the receipt of which is hereby acknowledged. The balance of the contract shall be payable in the following installments: (a) On or before the expiration of the twelfth (12th) month following the execution of this Contract, Buyers shall pay to Sellers the sum of Ten Thousand Dollars (\$10,000.00) plus interest at the rate of 12%per annum from the date of this agreement. (b) Also on or before the expiration of the 12 months following the execution of this agreement Buyers shall pay to Sellers the sum of Sixteen Thousand Eight Hundred Dollars (\$16,800.00) and the like sum of Sixteen Thousand Eight Hundred Dollars (\$16,800.00) on or before the expiration of the twenty-fourth (24th) month following the execution of this document, said payments of Sixteen Thousand Eight Hundred Dollars (\$16,800.00) shall represent payment of interest at the rate of 12% per annum on the unpaid balance (after taking into consideration the above \$10,000.00 payment) of the principal debt calculated from the date of execution of this contract to date of payment and the remaining portion shall represent reduction of the principal amount owed. (c) Thereafter, beginning with the 1st day of the 26th month following the execution of this Agreement, the Buyer shall pay the Seller the sum of \$_____ and shall continue to pay on the 1st day of each month thereafter a like amount until the total principal balance plus interest at the rate of 12% per annum has been paid in full.

A penalty charge of 10% of the payment due will be added to any payment if not paid within 10 days after it becomes due. If any payment required hereunder is not paid within 30 days of when it become due then at Seller's election said non-payment shall constitute a default by the Buyers under the terms of this Agreement.

3. Payments to the First Bank of Whiting. As additional consideration for this contract, Buyers acknowledge that The L. Keilman Company owes the First Bank of Whiting the principal sum of Forty Thousand Dollars (\$40,000.00) under Note No. 09-4354, which Note was personally guranteed by the Sellers. Buyers further acknowledge that the bank has made demand for a minimum principal reduction payment of Sixteen Thousand Dollars (\$16,000.00) plus interest to be made on or before the Sixth day of August 1981, with the balance of the principal and interest due under said Note being paid in monthly installments of One Thousand Dollars (\$1,000.00) each plus interest, the first payment being due on the sixth day of Arrober, 1981. Said debt is evidenced by a negotiated Note of even date herewith signed by the corporation and guaranteed by the Buyers herein. As additional security for said Note the corporation shall execute a first real estate mortgage on the corporate real

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estate which shall have priority to the security mortgage granted hereunder by the corporation guaranteeing Buyers performance under this Contract. A copy of said Note and Mortgage are attached hereto and marked as Exhibits "A" and "B" respectively. Buyers covenant and agree as part of the consideration of this agreement that the corporation and/or the Buyers will make said payments of principal and interest as they become due and that any default in the payment of installments due under said bank note shall consititute a default by the Buyers under the terms of this agreement and Sellers shall be entitled to all the remedies hereinafter provided them upon Buyers' default.

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- 4. <u>Capital Contribution to Corporation</u>. Buyers further acknowledge and agree that as part of this contract they shall contribute in cash the sum of Ten Thousand Dollars (\$10,000.00) to The L. Keilman Company as additional paid in capital to be used by the corporation for the payment of current operating expenses and inventory purchases. Should said contribution not be made within 60 days of this Agreement, then Buyers shall pay said sum to Sellers, upon Sellers' demand, which payment shall be used to reduce by that amount the \$10,000.00 plus 12% interest payment that is due within 12 months from the date of this Agreement.
- 5. Delivery of Shares. Simultaneously with the execution of this agreement, the Sellers have delivered to the First Bank of Whiting, hereinafter called the "Escrow Agent", the Stock Certificates held by them in The L. Keilman Company, which represent all the shares sold to the Buyers. Said Stock Certificates have been endorsed in blank by the Sellers and shall be held by the Escrow Agent for delivery or disposition in accordance with the terms of this Agreement.
- 6. Escrow Agent. The Sellers and the Buyers do hereby appoint and designate the First Bank of Whiting as the Escrow Agent for the purposes herein set forth.
- 7. Terms of Escrow. When satisfactory proof has been presented to the Escrow Agent that the total purchase price of this Contract with interest has been paid in full and all other terms and conditions of this Contract have been complied with, then the Escrow Agent shall deliver the Share Certificates held by it to the Buyers, and all obligations between the Sellers and Buyers and of the Escrow Agent shall thereupon cease. In the event the Buyers default in the payment of any of the installments due under this Contract, or default in the performance of any of the other terms and conditions of this Contract, then Sellers shall give written notice of such default to the Escrow Agent. The Escrow Agent shall, upon receipt of said Notice from Sellers, deliver the Stock Certificates held by it to the Sellers. Thereupon, all obligations of the Escrow Agent shall cease and and Sellers and Buyers will release said Escrow Agent from any further liabilities.

- 8. <u>Voting</u>. So long as the Share Certificates are held by the Escrow Agent and until the Buyers default in any of the terms or conditions of this Agreement, they shall have the right to vote such shares for all purposes. If requested by the Buyers, the Sellers and the Escrow Agent shall execute and deliver to the Buyers such proxies and authorizations as are reasonably required to confirm the voting rights of the Buyers during this period.
- 9. <u>Dividends</u>. So long as the Share Certificates are held by the Escrow Agent, and until Buyers default in any of the terms or conditions under this Contract, all dividends upon such shares shall belong to the Buyers, but shall be paid to the Escrow Agent. If such dividends are in cash, the Escrow Agent shall promptly pay the full amount to the Seller, who shall apply such payment against the next installment payment due and shall issue a receipt for such payment to the Buyers. If such dividends are in shares or property, the Escrow Agent shall hold such shares or property as additional security for the payment of the sums due under this Contract.
- 10. Resignation of Officers and Directors. The Sellers will immediately resign as Corporate Board of Directors and Officers and will deliver to the Buyers their written resignation effective as of the date of this Agreement; the Sellers will cause to be executed a Waiver of Notice of a Special Joint Meeting of the Shareholders and Directors of the corporation, signed by all the shareholders and directors, for the purpose of electing a new Board of Directors and new Officers to fill the vacancies caused by these resignations.
- 11. <u>Guaranty Agreement</u>. As additional security for the payment of all installments as they become due under the terms of this Contract, The L. Keilman Company by and through its shareholders and Board of Directors, (Buyers herein) has executed a certain Guaranty Agreement secured by a Security Mortgage on the real estate held by said corporation which is located in Dyer, Indiana, the legal description of which is set forth in detail therein. Copies of said Guaranty Agreement and Security Mortgage are attached hereto, marked as Exhibits "C" and "D" and incorporated herein by reference.
- 12. Right to Sell Real Estate. Sellers hereby give the Buyers the right to sell part or all of the real estate currently owned by The L. Keilman Company and upon which the company has executed a Security Mortgage in favor of the Sellers guaranteeing the performance of the agreement by Buyers. Said consent is subject to the following terms:

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(a) Prior to consumating any transfer or sale of the aforementioned real estate by Buyers, the Sellers shall be given written notice by Buyer of said proposed transfer or sale setting forth the proposed purchase price and other terms and conditions of the transfer or sale. Upon receipt of written notice Sellers shall have the right to elect to purchase said real estate from Buyers at the same price and under the same terms and conditions as it is being offered to the proposed purchaser. If Sellers do not notify Buyers by written notice within twenty (20) days of receipt of notice from Buyers of their election to so purchase the real estate then Buyers may consumate the transfer or sale to the proposed purchaser upon the same terms and conditions, however, if any modification of the price, terms or conditions is made the Sellers shall again be notified as set forth above and given the right to elect, also as set forth above, to purchase said real estate at the price and upon the terms and conditions as modified.

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- (b) Any proceeds received by Buyers in the sale of the aforementioned real estate shall be held in escrow by the aforementioned Escrow Agent and applied by the Escrow Agent to the payments due hereunder as they become due. The Escrow Agent shall continue to pay the proceeds to Seller in accordance with the payment schedule hereinabove set forth until the proceeds are exhausted, the contract price is paid in full, or unless otherwise directed by written agreement of all the parties.
- 13. Default By Buyers. Time is of the essence, therefore if the Buyers herein fail to perform any of the terms and conditions of this Agreement, then at Sellers' election, all sums paid to Sellers by Buyers under this Contract to date of default shall be forfeited to the Sellers and Sellers may declare this Contract null and void or Sellers may declare all sums due hereunder immediately due and owing and may institute any and all appropriate actions to collect said debt subject to the rights of the First Bank of Whiting by virtue of its real estate mortgage set forth as Exhibit "B". Additionally, without limitation of the remedies to the Seller, the obligations hereunder of Buyers shall at Sellers' election be subject to a decree for specific performance by any court having jurisdiction. Buyers shall pay all reasonable expenses incurred by Seller, including attorney fees and court costs, in enforcing Sellers' remedies as provided herein. Buyers waive all rights of valuation and appraisement laws.

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14. <u>Foreclosure By Seller Not a Waiver</u>. Any foreclosure by Seller in exercising any right or remedy hereunder, or otherwise affordable by law, shall not be a waiver of or preclude the exercise of any such other right or remedy.

- 15. <u>Assignment</u>. This Contract for the purchase of shares in The L. Keilman Company shall not be assigned by the Buyers herein without the express approval of Sellers.
- 16. Governing Law. This Agreement shall be construed and enforced in accordance with the laws of the State of Indiana.
- 17. Sellers' Warranty. Sellers warrant: (a) that the corporation has not cashed in or otherwise disposed of its investment in Hardware Wholesalers, Inc. stock, (b) that there are no delinquent state, local or federal taxes owed by the Corporation, (c) that there are not any lawsuits currently pending against the corporation nor do Sellers have any actual knowledge of any anticipated lawsuits against the corporation.
- 18. <u>Benefit</u>. This Agreement shall be binding on the parties herein individually, jointly and severally and shall mure to the benefit and be binding upon their respective legal representatives, successors and assigns. This Agreement shall not be modified without the express written co-snet of the parties.

IN WITNESS WHEREOF, the said parties have hereunto, individually, jointly and severally, set their hands and seals this 5th day of Acquest, 1981.

Dand Reilman, Seller Carmella Bhodes, Buyer

Mary Claffe Keilman, Seller Andrew Rhodes, Buyer

Andrew Rhodes, Buyer

Marilyn Keilman, Seller Norma Beiriger, Buyer

Marilyn Keilman, Seller Goseph Beiriger, Buyer

STATE OF INDIANA)

SS:

COUNTY OF LAKE

SUBSCRIBED AND SWORN TO BEFORE ME, a Notary Public, this 574 day of

Notary Public Allen B. Zaremba

My Commission Expires:

County of Residence:

ESCROW AGENT'S ACCEPTANCE & ACKNOWLEDGMENT OF RECEIVING ESCROWED PROPERTY

Comes now the First Bank of Whiting, by its authorized Officer, and accepts the appointment as Escrow Agent in the above captioned agreement and further acknowledges receipt of the following escrowed property which shall be held in accordance with the terms and conditions contained in the hereinabove Contract For Conditional Sale of Outstanding Shares of Common Stock in The L. Keilman Company:

- 1. Thirty-One and One-Third (31 1/3) shares of common stock in The L. Keilman Company endorsed in blank by Roland Keilman and Marilyn Keilman.
- 2. Thirty-One and One-Third (31 1/3) shares of common stock in The
 L. Keilman Company endorsed in blank by Gerald Keilman and Mary Claire Keilman.

ALL OF THE ABOVE is accepted and acknowledged this day of augus, 1981.

	Ronald E. Lis, Vice President
STATE OF INDIANA) COUNTY OF LAKE)	
SUBSCRIBED AND SWORN TO	BEFORE ME, a Notary Public, this
My Commission Expires:	County of Residence:

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ADDENDUM TO CONTRACT FOR CONDITIONAL SALE OF OUTSTANDING SHARES OF

KEILMAN STOCK FOR THE L. KEILMAN COMPANY EXECUTED

THE 57/1 DAY OF Dogust , 1981

Comes now the undersigned, to-wit: Roland Keilman, Marilyn Keilman, Mary Claire Keilman and Gerald Keilman, and state that they are the Sellers referred to in that certain Contract For Conditional Sale of Outstanding Shares of Keilman Stock in The L. Keilman Company dated the 5th day of Noguer, 1981; and,

WHEREAS, said undersigned parties entered into that certain Contract hereinabove referred to on said date and are desirous of amending said Contract for the benefit of the Buyers therein as follows,

IT IS THEREFORE COVENANTED, WARRANTED AND AGREED for and in consideration of good and valuable consideration, the receipt of which is hereby acknowledged by the undersigned as follows:

- 1. That the Sellers warrant to the Buyers enumerated in that certain Contract For Conditional Sale of Outstanding Shares of Common Stock in The L. Keilman Company dated the 5-h day of August, 1981 that the corporation has not cashed in or otherwise disposed of its investment in the Reserve Supply Corporation as of this 574 day of August, 1981, and said investment shall remain an asset of the corporation after the execution of said Contract.
- That the Sellers shall allow the Buyers referred to in that certain aforementioned Contract for the sale of Outstanding Shares of Common Stock in The L. Keilman Company to pre-pay without penalty the balance of the Contract and interest due at any time after January 1, 1982 without penalty. However, should pre-payment be made prior to that date, then Buyers will pay Sellers as penalty any additional Federal and State income taxes incurred by them as a result of said pre-payment.

ALL OF WHICH IS DATED THIS 574 DAY OF ROGUST, 1981.