

**CONTRACT FOR CONDITIONAL SALE
OF REAL ESTATE**

THIS CONTRACT, made and entered into by and between Virginia A. Holeman a/k/a, Virginia A. O'Leary, (hereinafter called "Seller") and Daniel McKinnon, a single male, (hereinafter called "Buyer"), each of the above individuals being over eighteen years of age.

WITNESSETH:

Seller hereby agrees to and does sell to Buyer, and Buyer hereby agrees to and does purchase from Seller, the following described real estate (including any improvement or improvements now or hereafter located on it) in Lake County, Indiana. (Such real estate, including home improvements, being hereinafter called the "Real Estate"):

Lot 8 in Block 6 in Liverpool Home Gardens, in the City of Lake Station, as per plat thereof, recorded in Plat Book 23, page 45, in the Office of the Recorder of Lake County, Indiana, more commonly known as 3800 East 29th Avenue, Lake Station, Indiana.

Upon the following covenants, terms and conditions:

SECTION 1. THE PURCHASE PRICE AND MANNER OF PAYMENT.

1.01. **THE PURCHASE PRICE.** As the purchase price for the Real Estate, Buyer agrees to pay to Seller and Seller agrees to accept from Buyer the sum of Forty Thousand Dollars (\$40,000.00).

1.02. **THE MANNER OF PAYMENT.** The purchase price shall be paid in the following manner:

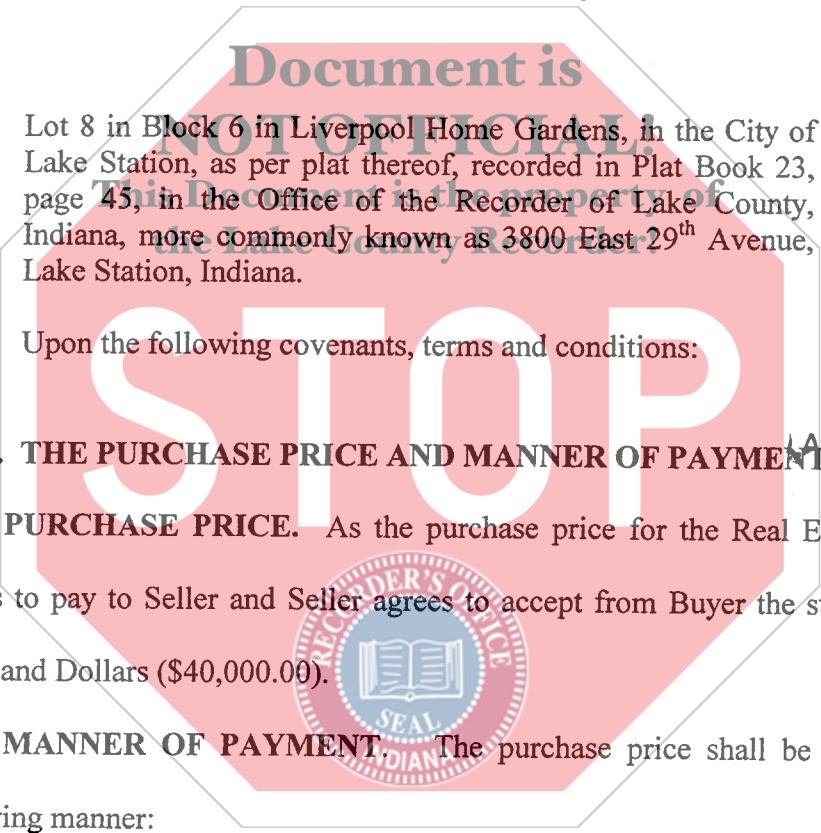
- (a) The sum of Five Thousand (\$5,000.00) Dollars down payment upon execution of this Contract, leaving an unpaid balance of the purchase price

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STATE OF INDIANA
LAKE COUNTY
RECORDER OF DEEDS
FILED

JAN 28 2002

**PETER BENJAMIN
LAKE COUNTY AUDITOR**



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in the sum of Thirty-Five Thousand (\$35,000.00) Dollars. That amount, as it is reduced by payments and expenses of Buyer properly credited under this Contract, and as it is increased by payments and expenses of Seller properly made and incurred under this Contract, is hereinafter called the "Unpaid Purchase Price."

- (b) The Unpaid Purchase Price shall bear interest at the rate of 7% per annum beginning on the 1st day of January 2002.
- (c) The Unpaid Purchase Price shall be paid in monthly installments in the amount of Two Hundred and Fifty Dollars and 55/100 (\$250.55) per month beginning on the 1st day of January 2002. Subsequent installments shall be paid on the same day of each month thereafter until the sum of Thirty-Five Thousand (\$35,000.00) Dollars is paid in full.
- (d) Buyer shall have a grace period of ten (10) days from the date of any installment required under this Contract within which to pay such installment. If such installment is not actually received by Seller within the grace period, then a late charge in a sum equal to ten percent (10%) of each such installment shall accrue and be immediately due and payable.
- (e) Each installment received by Seller shall be applied: first to accrued late charges, then to the reduction of the Unpaid Purchase Price.
- (f) In case of the death of the Seller, the monthly installments of \$250.55 will not be increased and shall be paid to Seller's heirs.
- (g) In addition to the monthly payment of \$250.55, Buyer agrees to pay the amount of \$22.50 to Seller for security system installed on the property

until same is paid in full on or about January 1, 2003. The amount is to be sent directly to Seller on the 1st day of each month.

Each payment under the Contract shall be sent to Seller's bank at the following address: For Deposit Only into Account Number: 629790189, Bank One located at 3115 Central Avenue, Lake Station, Indiana 46405. In the event Seller changes the direction of the payments, she shall notify the Buyer in writing, addressed to the Buyer at the property.

SECTION 2. PREPAYMENT OF PURCHASE PRICE.

2.01. Buyer shall have the privilege of paying without penalty, at any time, any sum or sums in addition to the payments herein required.

SECTION 3. TAXES, ASSESSMENTS, INSURANCE AND CONDEMNATION.

3.01. **TAXES.** Buyer agrees to assume and pay the taxes on the Real Estate beginning with the installment payable May 2002, together with all installments for real estate taxes due and payable thereafter, and Seller agrees to pay all taxes on the Real Estate due prior to said installment. Buyer, upon written notice to Seller, and at Buyer's expense, may contest on behalf of the parties any changes in the assessed value of the Real Estate. Seller shall forward, or cause to be forwarded to Buyer, when received, a copy of all statements for taxes and any assessments on the Real Estate which are payable by Buyer hereunder; and Buyer shall provide to Seller, evidence of payment of such taxes and assessments.

3.02. **ASSESSMENTS.** Buyer agrees to pay any assessments or charges upon or applying to the Real Estate for public or municipal improvements or services which, after the date of this Contract, are assessed or charged against the Real

Estate. Seller agrees to pay any other assessments or charges, up to and including the date of this Contract.

3.03. **PENALTIES.** The Buyer hereto agrees to pay any penalties, whether in the form of interest or otherwise, in connection with the late or untimely payment of such taxes, assessments, or charges, for which he is responsible under this Section 3.

3.04. **INSURANCE.** At all times during the period of this Contract, Buyer shall:

- (a) Keep the improvements located upon the Real Estate under fire and extended coverage policies for the replacement value of the property but in no event in an amount not less than Purchase Price, and
- (b) Keep Flood Hazard Insurance on the Real Estate in the amount for the replacement value of the property but in no event in an amount no less than the Purchase Price or the highest amount available if less than the Purchase Price if; the Real Estate is located in a Flood Hazard Zone as shown by a current certificate of survey according to the maps in the office of the County Surveyor, unless such insurance coverage is waived by writing by the Seller, and
- (c) Keep standard liability insurance with coverage in amount not less than Fifty Thousand Dollars (\$50,000.00) per person and One Hundred Thousand Dollars (\$100,000.00) per occurrence, and
- (d) Timely pay premiums on such insurance policies as they become due and provide Seller with written proof of such insurance coverage annually from the date of occupancy and thereafter or as Seller may reasonably request. Such policies of insurance shall be carried with a company or companies approved by Seller and legally authorized by the State of

Indiana to engage in such business. Such policies of insurance shall also be issued in the name of Seller and Buyer, as co-insureds and shall provide that the insurer may not cancel or materially change coverage without at least thirty (30) days prior written notice to Seller and Buyer.

Except as otherwise agreed hereafter in writing, Buyer shall not enter into the settlement of any insurance claim covered under the foregoing insurance policies without the written consent of Seller. Any insurance proceeds received as payment for any loss of, or damage to the Real Estate covered by said insurance, shall be applied to the restoration and repair of the loss or damage. All restoration and repairs shall be performed in accordance with all state and local building codes and shall meet the quality of the improvements pre-existing, any loss or damage and all work shall be performed by a duly licensed contractor. Notwithstanding the above provisions, if there exists an uncured Event of Default by Buyer under the Contract on the date of receipt of such proceeds, the proceeds may be applied, at Seller's option, toward payment of the Unpaid Purchase Price and all penalties, if any, with any excess to be paid to Buyer.

3.05. RIGHTS OF PARTIES TO PERFORM OTHERS' CONVENANTS.

- (a) If one of the parties hereto (hereinafter called "Responsible Party") fails to perform any act or to make any payment required by this Section 3, the other party (hereinafter called "Non-Responsible Party") shall have the right at any time and without notice, to perform any such act or to make any such payment, and in exercising such right, to incur necessary and incidental costs and expenses, including attorney fees. Nothing in this provision shall imply any obligation on the part of the Non-Responsible

Party to perform any act or make any payment required of the Responsible Party under the terms of this Contract.

- (b) The exercise of such right by a Non-Responsible Party shall not constitute a release of any obligation of the Responsible Party under this Section 3 or a waiver of any remedy available under this contract; nor shall such exercise constitute an estoppel to the exercise by a Non-Responsible Party of any right or remedy of his for a subsequent failure by the Responsible Party to perform any act or make any payment required by him under this Section 3.
- (c) Payments made and all costs and expenses incurred by a Non-Responsible Party in connection with the exercise of such right shall, at his option, either (i) be paid to him the Responsible Party within thirty (30) days after written demand therefore; (ii) on the date of the next installment payment is due under this Contract, following written notice, be added to the Unpaid Purchase Price, if Buyer is the Responsible Party, or applied to reduce the Unpaid Purchase Price, if Seller is the Responsible Party.
- (d) In the event a Non-Responsible Party makes such payments or incurs such costs and expenses, the amount thereof shall bear no interest.

3.06. CONDEMNATION.

From the date hereof, Buyer shall assume all risk of loss or damage by reason of condemnation or taking of all or any part of the Real Estate for public or quasi-public purposes, and no such taking shall constitute a failure of consideration or cause for rescission of this Contract by Buyer. Should all or any part of the Real Estate be condemned and sold by Court Order, or sold under the threat of condemnation to any

public or quasi-public body, the net amount received for the damage portion shall be retained by the Buyer, and net amount received for the Real Estate value shall be paid to Seller and applied as a reduction of the Unpaid Purchase Price. The authority and responsibility for negotiation, settlement, or suit shall be that of the Buyer. If Buyer incurs expenses for appraisers, attorneys, accountants or other professional advisers, whether with or without suit, such expenses and any other applicable costs shall be deducted from the total proceeds to calculate the "net amount" and shall be allocated proportionately between the amount determined as damages and the amount determined for the value of the Real Estate. If no determination is made of separate amounts for damages and Real Estate value, then from the net amount the Seller shall be paid the balance due her under this Contract and the balance, if any, shall be retained by the Buyer.

SECTION 4: POSSESSION

4.01. Buyer shall take possession of the Real Estate on November 2, 2001. Buyer's right of possession shall continue until terminated pursuant to Section 9. All utilities will be the responsibility of Buyer beginning November 1, 2001.

SECTION 5: EVIDENCE OF TITLE

5.01. If Buyer is not in default under this Contract, Seller will furnish Buyer:

An Owner's title insurance policy disclosing marketable title to the real estate to a date sixty (60) days prior to the date of the final payment under this Contract is due.

5.02. **TITLE INSURANCE.** A title insurance policy furnished under this Contract shall be in the amount of the purchase price and shall be issued by an insurer satisfactory to Buyer.

5.03. **ADDITIONAL TITLE EVIDENCE.** Any additional title evidence shall be at the expense of Buyer, provided, however, that the cost of the additional title evidence necessitated by the acts or omissions of Seller shall be borne by Seller.

5.04. **CONVEYANCE OF TITLE.** Seller covenants and agrees that upon the payment of all sums due under this Contract and the prompt and full performance by Buyer of all covenants and agreements herein made, Seller will convey or cause to be conveyed to Buyer, by Warranty Deed, the above described Real Estate, subject to restrictions and easements of record as the date of this Contract and all taxes and assessments which are Buyer's obligations.

6.00. **ENCUMBRANCE.** Seller represents that the Real Estate is not encumbered with a Loan nor are there any liens or encumbrances on the Real Estate.

SECTION 7. ASSIGNMENT OF CONTRACT OR SALE OF INTEREST IN REAL ESTATE.

7.01. If all or any part of the Real Estate Buyer's interest therein or Buyer's interest in this Contract is sold or assigned without Seller's prior written consent, the Unpaid Purchase Price, and all other sums due here under shall be due and payable immediately, at Seller's option. No assignment or sale shall operate to relieve either party from liability hereon.

SECTION 8. USE OF THE REAL ESTATE BY BUYER; SELLER'S RIGHT TO INSPECTION.

8.01. **USE.** The Real Estate may not be leased or occupied by persons other than Buyer without prior written consent of Seller, which consent shall not be unreasonably withheld.

8.02. **IMPROVEMENTS.** Buyer is accepting the Real Estate is "AS IS" condition. Seller makes no warranties as to the condition of the Real Estate. Buyer will do all improvements and labor of improvements at Buyer's expense.

Buyer shall not create, or allow any mechanics, laborers, materialmen, or other creditors of Buyer or an assignee of Buyer to obtain, a lien or attachment against Seller's interest herein. Seller shall not retain, obtain, renew, extend or renegotiate a loan or loans secured by mortgage(s) on the Real Estate. Buyer shall, at his own expense, maintain the Real Estate and any improvements in good order and repair. Buyer shall not commit waste or the Real Estate, and, with respect to occupancy and use, shall comply with all laws, ordinances, and regulations of any governmental authority having jurisdiction thereof.

8.03. **INSPECTIONS.** seller, or her agent, shall have the right to enter and inspect the Real Estate at any reasonable time.

8.04. **BUYER'S RESPONSIBILITY FOR ACCIDENTS!** Buyer assumes all risk and responsibility for injury or damage to person or property arising from Buyer's use and control of the Real Estate and any improvements thereon and indemnifies the Seller from any and all claims of whatever kind or nature, including costs, expenses and attorney fees, that may arise out of the use and occupancy of the Real Estate.

8.05. **ENVIRONMENTAL REPRESENTATIONS, WARRANTIES, AND CONVENANTS OF PARTIES.** The parties make the following representations, warranties and covenants:

(a) Seller warrants and represents to the best of her knowledge, that there do not currently exist, and Buyer warrants, represents and covenants there will not exist during the term of this Contract, any actual or potential contamination of the soil, subsoil,

groundwater, or any other portion of the Real Estate by any hazardous or toxic substance or their constituents, or any underground tanks on the Real Estate (other than for the use of the heating oil for use and consumption by Buyer on the Real Estate).

(b) Seller warrants and represents to the best of her knowledge, Seller and Seller's predecessors in title have complied at all times with all applicable federal, state and local environmental laws and regulations.

(c) Buyer covenants to comply at all times during the term of this Contract with all Environmental Laws.

(d) Seller warrants and represents to the best of Seller's knowledge, no environmental filings have been made concerning the Real Estate with any governmental agency.

(e) Each of the parties indemnifies the other against, and holds the other harmless from, any claim, action, loss, damage, liability, cost or expenses (including attorneys fees and all reasonable environmental testing expenses such party incurs as a result of the other party's breach of any representation, warranty, or covenant made in this Section 8.05.).

8.06. INDEMNIFICATION. In addition to the provision of Section 8.05., Buyer agrees to indemnify and save harmless Seller from and against any and all claims, liability, damage, costs or expenses which Seller may incur by reason of the Buyer's use or occupancy of the Real Estate, or arising out of any act of the Buyer, Buyer's agents, licensees and invitees.

SECTION 9. BUYER'S DEFAULT AND SELLER'S REMEDIES.

9.01. TIME. Time is of the essence of this Contract.

9.02. **BUYER'S DEFAULT.** Upon the occurrence of any Event of Default, as hereinafter defined, Seller shall have the right to pursue immediately any remedy available under this Contract as may be necessary or appropriate to protect Seller's interest under this Contract and in the Real Estate.

9.03. **EVENT OF DEFAULT.** The following shall each constitute an Event of Default for purpose of this Contract:

(a) Failure by Buyer for a period of ten (10) days to pay the payments required to be made by Buyer to Seller under this Contract when and as it becomes due and payable.

(b) Lease or encumbrance of the Real Estate or any part thereof by Buyer, other than as expressly permitted by this Contract.

(c) Causing or permitting by Buyer of the making of any levy, seizure, or attachment of the Real Estate or any part thereof.

(d) Occurrence of an uninsured loss with respect to the Real Estate or any part thereof.

(e) Institution of insolvency or bankruptcy proceeding by or against Buyer, or the adjustment, liquidation, extension or composition or arrangement of debts of Buyer's assignment for the benefit of creditors, or an admission in writing of his inability to pay his debts as they become due, or appointment of and administration by a receiver or similar officer of any of the Real Estate.

(f) Desertion or abandonment by Buyer of any portion of the Real Estate.

(g) Actual or threatened alteration, demolition, waste or removal of any improvement now or hereafter located on the Real Estate, except as permitted by this Contract.

(h) Failure by Buyer, for a period of thirty (30) days after written notice is given to Buyer, to perform or observe any other covenant or term of this Contract.

SECTION 10: SELLER'S REMEDIES: Upon the occurrence of any Event of Default, Seller shall elect her remedy under Subsection 10.01. or 10.02. (unless Subsection 10.03. is applicable).

10.01. Seller may declare this Contract forfeited and terminated, and upon such declaration, all right, title and interest of Buyer in and to the Real Estate shall immediately cease and Buyer shall then be considered as a tenant holding over without permission and Seller shall be entitled to re-enter and take immediate possession of the Real Estate and to eject Buyer and all persons claiming under them. Further, Seller shall have the right to institute legal action to have this Contract forfeited and terminated and to recover from Buyer all or any of the following:

- (a) possession of the Real Estate;
- (b) any payment due or unpaid at the time of filing of the action and becoming due and unpaid from that time until possession of the Real Estate is recovered;
- (c) due and unpaid real estate taxes, assessments, charges and penalties which Buyer is obligated to pay under this Contract.
- (d) premiums due and unpaid for insurance which Buyer is obligated to provide under this Contract.
- (e) the reasonable cost of repair of any physical damage or waste to the Real Estate other than damages caused by ordinary wear and tear and acts of God; and
- (f) any other amounts which Buyer is obligated to pay under this Contract; or

- (g) any costs, expenses and attorney fees incurred as a result of Buyer's default.

10.02. Seller may declare all of the sums secured by this Contract to be immediately due and payable, and Seller may institute legal action to recover same. When all of such sums are paid to Seller, Seller shall convey or cause to be conveyed to Buyer, by Warranty Deed, the Real Estate subject to restrictions and easements of record as of the date of this Contract and all taxes and assessments which are Buyer's obligation.

10.03. In the event Buyer has sustained equity in the Real Estate when an Event of Default occurs, then this Contract shall be considered the same as a promissory note secured by a real estate mortgage, and Seller's remedy shall be that of foreclosure in the same manner that real estate mortgages are foreclosed under Indiana law and Seller may not avail herself of the remedies set forth in Subsection 10.01 or 10.02. If this Subsection 10.03 is applicable, then Seller may declare all of the sums secured by this Contract to be immediately due and payable, and Seller may immediately institute legal action to foreclose this Contract and Buyer's interest in the Real Estate. The parties agree that after Buyer has paid Twenty Percent (20%) of the purchase price (which price means the original purchase price set forth in Subsection 1.01.), then Buyer shall have substantial equity in the Real Estate.

10.04. **SELLER'S ADDITIONAL REMEDIES.** In addition to the remedies set forth above, upon the occurrence of an Event of Default, Seller shall be entitled to:

- (a) Retain (without prejudice to their right to recover any other sums from Buyer, or to have any other remedy under this Contract), as an agreed payment for Buyer's use of the Real Estate prior to the Event of Default, all payments made by Buyer

to Seller and all sums received by Seller as proceeds of insurance of as other benefits or consideration pursuant to this Contract.

(b) Request that a receiver be appointed over the Real Estate in accordance with Indiana law providing for real estate mortgage foreclosures.

(c) Enforce any right without relief from valuation or appraisal laws.

SECTION 11. SELLER'S DEFAULT AND BUYER'S REMEDIES.

11.01. If Seller fails to convey the Real Estate as required by this Contract, Buyer may institute legal action against Seller for specific performance, in which case Seller hereby acknowledge that an adequate remedy for default in such case does not exist at law; or Buyer may pursue such other remedy as is available at law or in equity.

11.02. If, after ten (10) days notice from Buyer, Seller fails to make any payment required of them under this Contract or to perform or observe any other of their covenants or agreements, Buyer shall be entitled to institute legal action against Seller for such relief as may be available at law or in equity. Nothing in this subsection shall interfere with or affect Buyer's right to any reduction, set-off or credit to which Buyer may be entitled in the event of Seller's failure to pay amount required of them pursuant to this Contract.

SECTION 12. GENERAL AGREEMENTS.

12.01. This Contract shall bind, and inure to the benefit of, the parties and their heirs, personal and legal representatives, successors and assigns, and shall be interpreted under the laws of the State of Indiana. In the event legal action is necessary to enforce any of the provisions of this Contract, the parties agree that the preferred venue shall be in the Lake Circuit Court of Lake County, Indiana.

12.02. If Seller or Buyer consist of more than one person, each person signing this Contract as Seller or Buyer shall be joint and severally bound.

12.03. Headings are for reference only, and do not affect the provisions of this Contract. Where appropriate, the masculine gender shall include the feminine or the neuter, and the singular shall include the plural.

12.04. A memorandum of this Contract may be recorded and shall be of the same force and effect as though the entire instrument had been recorded.

12.05. Each party is entitled to recover their reasonable attorney fees, costs and expenses incurred by reason of enforcing their rights hereunder, including the expenses of preparing any notice of delinquency, whether or not any legal action is instituted.

12.06. For purposes of listing the Real Estate for sale by Buyer, Buyer shall be deemed to be the "fee titleholder" as this term is used in the Indiana Real Estate License Laws.

12.07. The failure or omission of either party to enforce any of their rights or remedies upon any breach of any of the covenants, terms or conditions of this Contract shall not bar or abridge any of their rights or remedies upon any subsequent default.

12.08. Any notices to be given hereunder shall be in writing and deemed sufficiently given when (1) served on the persons to be notified, or (2) placed in an envelope directed to the persons to be notified at their last known address and deposited in a United States Post Office mail box postage prepared.

12.09. In computing a time period prescribed in Contract, the day of the act or event shall not be counted. All subsequent days, including intervening weekend days and holidays, shall be counted in the period.

IN WITNESS WHEREOF, Seller has executed this Contract, in duplicate, on this

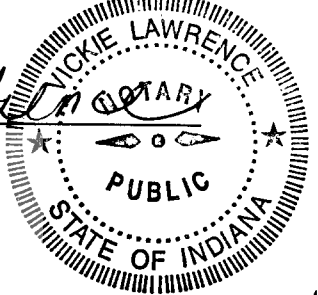
28th day of January, 2002

Virginia A. O'Leary (Holeman)
VIRGINIA A. O'LEARY (HOLEMAN)

STATE OF INDIANA)
) SS
COUNTY OF LAKE)

BEFORE ME, a Notary Public in and for said County and State, on this 28th day of January, 2002, personally appeared Virginia A. O'Leary a/k/a Virginia A. Holeman and acknowledged the execution of the above and foregoing Contract for Conditional Sale of Real Estate to be her voluntary act and deed.

WITNESS my hand and Notarial Seal.

Nickie Lawrence
Notary Public


My Commission Expires: 12/2/09
County of Residence: Lake

IN WITNESS WHEREOF, Buyer has executed this Contract, in duplicate, on this

28th day of January, 2002

Daniel Mackinnon
DANIEL MACKINNON

STATE OF INDIANA)
) SS
COUNTY OF LAKE)

BEFORE ME, a Notary Public in and for said County and State, on this 28th day of January, 2002, personally appeared Daniel MacKinnon and acknowledged the execution of the above and foregoing Contract for Conditional Sale of Real Estate to be his voluntary act and deed.

WITNESS my hand and Notarial Seal.

Nickie Lawrence
Notary Public


My Commission Expires: 12/2/09
County of Residence: Lake

