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CONTRACT FOR CONDITIONAL SALE OF REAL ESTATE

THIS CONTRACT, is made and entered into by and between, **ARMANDO PRIETO** (hereinafter called "Seller") and **LEONEL MORALES and ALBA Y. JIMENEZ** (hereinafter called "Buyer") as of September 8, 2011.

WITNESSETH:

Seller hereby agrees to and does sell to Buyer, and Buyer hereby agrees to and does purchase from Seller, the following real estate commonly known as 3914 Elm Street, East Chicago, Indiana (including any improvements located thereon) in Lake County, Indiana, (hereafter collectively, called the "Real Estate") which is legally described as follows:

45-03-22-354-021.000-024

3RD. ADD. INDIANA HARBOR ALL L.28 BL.9, located in East Chicago, Indiana

upon the following covenants, terms and conditions:

SECTION 1. THE PURCHASE PRICE AND MANNER OF PAYMENT.

STATE OF INDIANA
LAKE COUNTY
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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 Sixty Seven Thousand Dollars (\$67,000.00).

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

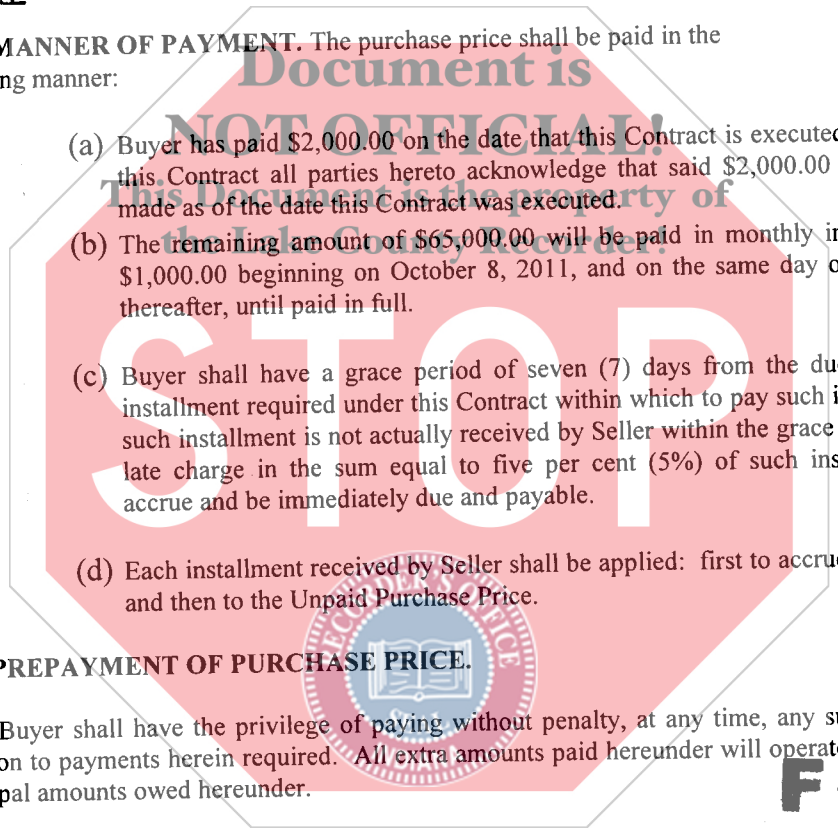
- (a) Buyer has paid \$2,000.00 on the date that this Contract is executed. By signing this Contract all parties hereto acknowledge that said \$2,000.00 payment was made as of the date this Contract was executed.
- (b) The remaining amount of \$65,000.00 will be paid in monthly installments of \$1,000.00 beginning on October 8, 2011, and on the same day of each month thereafter, until paid in full.
- (c) Buyer shall have a grace period of seven (7) days from the due 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 the sum equal to five per cent (5%) of such installment shall accrue and be immediately due and payable.
- (d) Each installment received by Seller shall be applied: first to accrued late charge, and then to the Unpaid Purchase Price.

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 payments herein required. All extra amounts paid hereunder will operate to reduce the principal amounts owed hereunder.

SECTION 3. TAXES, ASSESSMENTS, AND INSURANCE.

3.01. **TAXES.** Seller will pay all real estate taxes on the Property which are due and payable in 2011. Buyer will pay all taxes that accrued in 2011 and all taxes that are due and payable thereafter.



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PEGGY HOUNGAKATONA
LAKE COUNTY AUDITOR

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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.

3.02. ASSESSMENTS. Buyer agrees to pay any assessment or charges upon or applying to the Real Estate for public or municipal improvements or services which, after the date of the Closing Date, are assessed or charged to the Real Estate. Seller agrees to pay any such assessments or charges to and including the Closing Date.

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

- (a) Keep the improvements located upon the Real Estate insured under fire and extended coverage policies in an amount not less than the Unpaid Purchase Price, and
- (b) Keep Flood Hazard Insurance on the Real Estate in the amount of the Unpaid Purchase Price or the highest amount available if less than the Unpaid 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 in writing by the Seller, and
- (c) Keep standard liability insurance with coverages in amounts not less than One Hundred Thousand Dollars (\$100,000.00) per person and Three Hundred Thousand Dollars (\$300,000.00) per occurrence, and
- (d) Pay premiums on such insurance policies as they become due and provide Seller with written proof of such insurance coverage annually and as Seller may reasonable request. Such policies or insurance shall be issued in the name of the Seller and Buyer, as co-insureds.

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 and 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 this Contract on the date of receipt of such proceeds, the proceeds may be applied, at Seller's option, toward pre-payment of the Unpaid Purchase Price, with any excess to be paid to the Buyer.

3.04. RIGHTS OF PARTIES TO PERFORM OTHER'S COVENANTS.

- (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 "Nonresponsible 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 Nonresponsible Party to perform any act or to make any payment required of the Responsible Party under the terms of this Contract.
- (b) The exercise of such right by a Nonresponsible Party shall not constitute a release of 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 Nonresponsible Party of any right or remedy of his for a subsequent

failure by the Responsible Party to perform any act to make any payment required by him under this Section 3.

- (c) Payments made and all costs and expenses incurred by a Nonresponsible Party in connection with the exercise of such right shall, at his option, either (i) be paid to him by the Responsible Party within thirty (30) days after written demand therefore; or (ii) on the date 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 Nonresponsible Party makes any such payments or incurs any such cost and expenses, the amount thereof shall bear interest at the rate provided under Section I of this Contract, from the respective dates of making the same, until paid in full, or to the date such amounts are added to, or applied against, the Unpaid Purchase Price.

SECTION 4. POSSESSION.

4.01. **DELIVERY OF POSSESSION.** Seller shall deliver to Buyer full and complete possession of the Real Estate on September 8, 2011.

SECTION 5. EVIDENCE OF TITLE.

5.01. The parties hereto have agreed to waive the requirement of title insurance, although Buyer reserves the right to order title insurance in the future. Buyer's acknowledge that they were advised by Attorney Marco A. Molina that they should obtain such insurance, but Buyer's have decided not to order said insurance.

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

5.03. **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 of the date of this Contract.

SECTION 6. EXISTING MORTGAGE.

6.01. **ENCUMBRANCE.** Seller represents that the Real Estate is not currently encumbered with a Loan, and Seller will not use the Real Estate as collateral for any loan.

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

7.01. Buyer, at any time during the term of this Contract may assign its rights in this contract to an entity to be formed by Buyer, provided that said assignment may only occur if the Buyer is the majority owner of said entity to be formed. No assignment or sale shall operate to relieve either party from liability hereon.

SECTION 8. USE OF REAL ESTATE BY BUYER; SELLER'S RIGHTS TO INSPECT.

8.01. **USE.** The Real Estate may be used only for residential purposes.

8.02. **IMPROVEMENTS.** Buyer may materially alter, change, or remove any improvements now or hereafter located on the Real Estate, or make any additional improvements, only with prior written consent of Seller, which consent shall not be unreasonably withheld. 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. Buyer accepts the Real Estate and any improvements thereon in their "AS IS" condition, provided that Buyer has the right to make any improvements deemed necessary by Buyer. Buyer shall not commit waste on 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. **INSPECTION.** Seller shall have the right to enter and inspect the Real Estate at any reasonable time, provided that Seller must first give 24 hours notice and provided further that such inspections will not be more frequent than once a month..

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.

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 purposes of this Contract:

- (a) Failure by Buyer for a period of thirty (30) days to pay any payments required to be made by Buyer to Seller under this Contract when and as it becomes due and payable, provided that said period will only be that long in the event that Buyer is unable to pay because of reduction in work.
- (b) Causing or permitting by Buyer of the making of any levy, seizure, or attachment of the Real Estate or any part thereof.
- (c) Occurrence of an uninsured loss with respect to the Real Estate or any part thereof.
- (d) Institution of insolvency proceedings against Buyer, or the adjustment, liquidation, extension or composition or arrangement of debt of Buyer or for any other relief under any insolvency law relating to the relief of debtors; or, Buyer's assignment for the benefit of creditors or admission in writing of his inability to pay his debts as they become due; or, administration by a receiver or similar officer of any of the Real Estate.
- (e) Desertion or abandonment by Buyer of any portion of the Real Estate.
- (f) Actual or threatened alteration, demolition, waste, or removal of any improvement now or hereafter located on the Real Estate, except as permitted by Contract.

9.04. **SELLER'S REMEDIES.** Upon the occurrence of an Event of Default, Seller shall elect his remedy under Subsection 9.041 or 9.042.

9.041. 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 him, 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 and 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) interest on the Unpaid Purchase Price from the last date to which interest was paid until judgment or possession is recovered by Seller, whichever shall occur first;
- (d) due and unpaid real estate taxes, assessments, charges, and penalties which Buyer is obligated to pay under this Contract.
- (e) premiums due and unpaid for insurance which Buyer is obligated to provide under this Contract.
- (f) the reasonable cost of repair of any physical damage or waste to the Real Estate other than damage caused by ordinary wear and tear and acts of God or public authorities; and
- (g) any other amounts which Buyer is obligated to pay under this Contract;

9.042. If this Subsection 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 \$13,000.00 of the purchase price, then Buyer shall have substantial equity in the Real Estate.

9.05. **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 his 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 or as other benefits or considerations 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 10. SELLER'S DEFAULT AND BUYER' REMEDIES.

10.01. 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 acknowledges 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.

10.02. If, after fifteen (15) days notice from Buyer, Seller fails to make any payment required of him under this Contract or to perform or observe any other of his 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' right to any reduction, set-off or credit to which Buyer may be entitled in the event of Seller's failure to pay amounts required of him pursuant to this Contract.

SECTION 11. GENERAL AGREEMENTS.

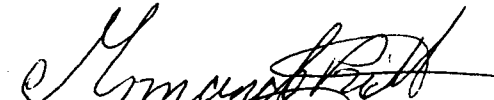
11.01. This Contract shall bind and insure to the benefit of, the parties and their heirs, personal, and legal representatives, successors and assigns, and shall be interpreted under the laws of the Sate of Indiana.

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

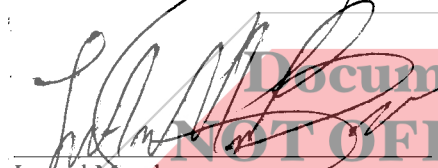
11.03. Buyer is responsible for all and any utilities used at the Real Estate from the date of this Contract forward.

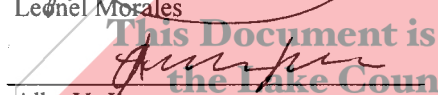
IN WITNESS WHEREOF, Seller and Buyer have executed this Contract of this 8th day of September, 2011.

Seller:


Armando Prieto

Buyer:


Leonel Morales


Alba Y. Jimenez

*This document prepared by Attorney Marco A. Molina, 4704 Indianapolis Blvd.,
East Chicago, IN 46312 ~ Telephone 219-397-4000*

