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Iowa E-Filing Fee: \$4.72
Combined Fee: \$96.72
Revenue Tax:
Delaware County, Iowa
Daneen Schindler RECORDER
BK: 2023 PG: 1153

Prepared by: Travis J. Schroeder, Simmons Perrine Moyer Bergman PLC
and return to: 115 Third Street SE - Suite 1200, Cedar Rapids, Iowa 52401 (319) 366-7641

SPACE ABOVE THIS LINE FOR RECORDER

Address Tax Statements: Michael Schlarmann, 3265 245th Street, Worthington, IA 52078

REAL ESTATE CONTRACT – INSTALLMENTS

IT IS AGREED that effective the 1st day of May, 2023, by and between **RAYMOND J. SCHLARMANN, JR.**, as Trustee of the **RAYMOND J. SCHLARMANN, JR. TRUST DATED APRIL 27, 1996** and **MARLENE M. SCHLARMANN**, as Trustee of the **MARLENE M. SCHLARMANN TRUST DATED APRIL 27, 1996**, of Worthington, Iowa (“*Sellers*” or collectively “*Seller*”) and **MICHAEL SCHLARMANN**, a married person, of Worthington, Iowa (“*Buyer*”):

That Seller, as in this contract provided, agrees to sell to Buyer, and Buyer in consideration of the premises, hereby agrees with Seller to purchase the following described real estate situated in Delaware County, Iowa, to-wit:

See Exhibit “A” attached hereto and incorporated herein by reference,

subject to easements, covenants, conditions and restrictions of record, and together with any easements and servient estates appurtenant thereto, but with such reservations and exceptions of title as may be stated below (the “*Real Estate*”), and certain personal property if and as may be herein described or if and as an itemized is attached hereto and marked **Exhibit A**, all upon the following terms and conditions:

1. TOTAL PURCHASE PRICE. Buyer agrees to pay Seller for said Real Estate the total of **\$319,470.00** (106.49 acres at \$3,000 per acre) due and payable at Delaware County, IA, as follows:

A. Down Payment. None.

B. Purchase Price Paid in Installments. The entire purchase price (*i.e.*, **\$319,470.00**) shall be paid by Buyer to Seller over a 20-year period, with payments made in equal annual installments of principal and interest in the amount of **\$22,694.64** due on or before December 31 of each year beginning on December 31, 2023 and ending on December 31, 2042. In any event, all outstanding principal and accrued and unpaid interest shall be due and payable no later than December 31, 2042. Such payments shall be made in accordance with the amortization schedule attached hereto as *Schedule A* and incorporated herein by reference. From and after the Closing, interest shall accrue on the unpaid portion of the purchase price at a rate equal to **3.74%** per annum. Each annual installment payment made shall be applied first to the interest then unpaid and next upon the balance of the principal. Prior to the death of the survivor of **Raymond J. Schlarmann** and **Marlene M. Schlarmann**, Buyer shall be entitled to prepay all or any portion of the purchase price

only with the prior written consent of **Raymond J. Schlarmann** and **Marlene M. Schlarmann** (or the survivor of the two of them). Following the death of the survivor of **Raymond J. Schlarmann** and **Marlene M. Schlarmann**, Buyer shall be entitled to prepay any portion of the purchase price without the consent or penalty.

C. **Closing.** Closing shall occur on May 22, 2023.

2. **POSSESSION.** Buyer, concurrently with due performance on Buyer's part, shall be entitled to possession of the Real Estate at Closing, and thereafter so long as Buyer shall perform the obligation of this contract. Buyer shall be entitled to any and all rent payments from the Real Estate for the 2023 lease year not received by Seller prior to Closing. Buyer shall also be entitled to any and all rent payments from the Real Estate for any subsequent lease years.

3. **TAXES.** Seller shall pay the 2021 fiscal year real estate taxes that were due and payable in September 2022 and March 2023, and shall pay any unpaid real estate taxes for any prior years. Buyer shall pay the 2022 fiscal year real estate taxes which are due and payable in September 2023 and March 2024, and shall pay all subsequent real estate taxes before same become delinquent. Whoever may be responsible for the payment of said taxes, and the special assessments, if any, each year, shall furnish to the other party, at the request of such other party, evidence of payment of such items not later than July 15 of each year.

4. **SPECIAL ASSESSMENTS.** Seller shall pay all special assessments against the Real Estate:
A. Which are a lien thereon as of the date of the mutual execution of this contract.
B. Including charges heretofore assessed by any municipality having jurisdiction as of the date of possession.

Buyer shall pay all subsequent special assessments and charges, before they become delinquent. Buyer shall not allow any liens or judgments of any kind to attach to the Real Estate. Such action(s) will constitute a default of this entire contract.

5. **MORTGAGE.** Any mortgage or encumbrance of a similar nature against the Real Estate shall be timely paid by Seller so as not to prejudice Buyer's equity in the Real Estate. Should Seller fail to pay, Buyer may pay any such sums in default and shall receive credit on this contract for such sums so paid. **MORTGAGE BY SELLER.** Seller, Seller's successors in interest, or Seller's assigns may, and hereby reserve the right to at any time mortgage their right, title or interest in such premises or to renew or extend any existing mortgage for any amount not exceeding the then unpaid balance of the purchase price herein provided. The interest rate and amortization thereof shall be no more onerous than the installment requirements of this contract. Buyer hereby expressly consents to such a mortgage and agrees to execute and deliver all necessary papers to aid Seller in securing such a mortgage, which shall be prior and paramount to any of Buyer's then rights in the Real Estate.

6. **INSURANCE.** Buyer, as and from said date of possession, shall constantly keep in force insurance, premiums therefor to be prepaid by Buyer (without notice or demand) against loss by fire, tornado and other hazards, casualties and contingencies as Seller may reasonably require on all buildings and improvements, now on or hereafter placed on the Real Estate and any personal property which may be the subject of this contract, in companies to be reasonably approved by Seller in an amount not less than the full insurable value of such improvements and personal property or not less than the unpaid purchase price herein whichever amount is smaller with such insurance payable to Seller and Buyer as their interests may appear. Seller's interest shall be protected in accordance with a standard or union-type loss payable clause. Upon Seller's request, BUYER SHALL PROMPTLY DEPOSIT SUCH POLICY WITH PROPER RIDERS WITH SELLER for the further security for the payment of the sums herein mentioned. In the event of any such casualty loss, the insurance

proceeds may be used under the supervision of Seller to replace or repair the loss if the proceeds be adequate; if not, then some other reasonable application of such funds shall be made; but in any event such proceeds shall stand as security for the payment of the obligations herein.

7. CARE OF PROPERTY. Buyer shall take good care of the Real Estate; shall keep the buildings and other improvements, if any, now or hereafter placed on the Real Estate in good and reasonable repair and shall not injure, destroy or remove the same during the life of this Contract. Buyer shall not make any material alteration in the Real Estate without the written consent of Seller. Buyer shall not use or permit the Real Estate to be used for any illegal purpose.

8. LIENS. No mechanics' lien shall be imposed upon or foreclosed against the Real Estate.

9. ADVANCEMENT BY SELLER. If Buyer fails to pay such real estate taxes, special assessments and insurance and effect necessary repairs, as above agreed, Seller may, but need not, pay such taxes, special assessments, insurance and make necessary repairs, and all sums so advanced shall be due and payable on demand or such sums so advanced may, at the election of Seller, be added to the principal amount due hereunder and so secured.

10. TIME IS OF THE ESSENCE. Time is of the essence in this contract. Failure to promptly assert rights of Seller herein shall not, however, be a waiver of such rights or a waiver of any existing or subsequent default.

11. EXCEPTIONS TO WARRANTIES OF TITLE. The warranties of title in any Deed made pursuant to this contract (see **Section 12**) shall be without reservation or qualification EXCEPT: (a) zoning ordinances; (b) such restrictive covenants as may be shown of record; (c) easements of record, if any; (d) as limited by **Sections 1, 2, 3 and 4** of this contract; (e) Seller shall give Special Warranty as to the period after equitable title passes to Buyer; (f) spouse, if not titleholder, need not join in any warranties of the deed unless otherwise stipulated.

12. DEED AND ABSTRACT, BILL OF SALE. If all said sums of money and interest are paid to Seller during the life of this contract, and all other agreements for performance by Buyer have been complied with, Seller will execute and deliver to Buyer a General Warranty Deed or a Trustees Warranty Deed, as the case may be, conveying the Real Estate in fee simple pursuant to and in conformity with this contract and Seller will at this time deliver to Buyer an abstract showing merchantable title, in conformity with this contract.

13. ABSTRACT AND TITLE. Buyer has not examined the abstracts of title to the Real Estate and such abstract is not accepted. As soon as possible after mutual execution of this contract, Seller will deliver to Buyer an abstract showing merchantable title in Seller, in conformity with this contract, Iowa law and the land title standards of the Iowa State Bar Association. Seller shall also pay the cost of any abstracting due to any act or change in the personal affairs of Seller resulting in a change of title by operation of law or otherwise. Upon Buyer's examination of the abstract, Seller agrees to cooperate in good faith with Buyer to cure title defects, if any, revealed by such examination.

14. FORFEITURE. If Buyer (a) fails to make the payments aforesaid, or any part thereof, as same become due; or (b) fails to pay the taxes or special assessments or charges, or any part thereof, levied upon the Real Estate, or assessed against it, by any taxing body before any of such items become delinquent; or (c) fails to keep the Real Estate insured; or (d) fails to keep it in reasonable repair as herein required; or (e) fails to perform any of the agreements as herein made or required; then Seller, in addition to any and all other legal and equitable remedies which she may have, at Seller's option,

may proceed to forfeit and cancel this contract as provided by law (Chapter 656 Code of Iowa). Upon completion of such forfeiture Buyer shall have no right of reclamation or compensation for money paid, or improvements made; but such payments and for improvements if any shall be retained and kept by Seller as compensation for the use of the Real Estate, and/or as liquidated damages for breach of this contract; and upon completion of such forfeiture, if Buyer, or any other person or persons shall be in possession of said Real Estate or any part thereof, such party or parties in possession shall at once peacefully remove therefrom, or failing to do so may be treated as tenants holding over, unlawfully after the expiration of a lease, and may accordingly be ousted and removed as such as provided by law.

15. FORECLOSURE AND REDEMPTION. If Buyer fails to timely perform this contract, Seller, at Seller's option, may elect to declare the entire balance immediately due and payable after such notice, if any, as may be required by Chapter 654 of the Iowa Code. Thereafter this contract may be foreclosed in equity and the court may appoint a receiver to take immediate possession of the Real Estate and of the revenues and income accruing therefrom and to rent or cultivate the same as the receiver may deem best for the interest of all parties concerned, and such receiver shall be liable to account to Buyer only for the net profits, after application of rents, issues and profits from the costs and expenses of the receivership and foreclosure and upon the contract obligation.

It is agreed that if this contract covers less than 10 acres of land, and in the event of the foreclosure of this contract and sale of the Real Estate by sheriff's sale in such foreclosure proceedings, the time of one year for redemption from said sale provided by the statutes of the State of Iowa shall be reduced to six months provided Seller, in such action files an election to waive any deficiency judgment against Buyer which may arise out of the foreclosure proceedings: all to be consistent with the provisions of Chapter 628 of the Iowa Code. If the redemption period is so reduced, for the first three months after sale such right of redemption shall be exclusive to Buyer, and the time periods in Sections 628.5, 628.15 and 628.16 of the Iowa Code shall be reduced to four months.

It is further agreed that the period of redemption after a foreclosure of this contract shall be reduced to 60 days if all of the three following contingencies develop: (1) the Real Estate is less than 10 acres in size; (2) the Court finds affirmatively that the said Real Estate has been abandoned by the owners and those persons personally liable under this contract at the time of such foreclosure; and (3) Seller in such action files an election to waive any deficiency judgment against Buyer or Buyer's successor in interest in such action. If the redemption period is so reduced, Buyer or Buyer's successor in interest or the owner shall have the exclusive right to redeem for the first 30 days after such sale, and the time provided for redemption by creditors as provided in Sections 628.5, 628.15 and 628.16 of the Iowa Code shall be reduced to 40 days. Entry of appearance by pleading or docket entry by or on behalf of Buyer shall be a presumption that the Real Estate is not abandoned. Any such redemption period shall be consistent with all of the provisions of Chapter 628 of the Iowa Code. This **Section 15** shall not be construed to limit or otherwise affect any other redemption provisions contained in Chapter 628 of the Iowa Code.

16. INTEREST ON DELINQUENT AMOUNTS. Either party will pay interest at the highest legal contract rate applicable to a natural person to the other on all amounts herein as and after they become delinquent, and/or on cash reasonably advanced by either party pursuant to the terms of this Contract, as protective disbursements.

17. RELEASE OF RIGHTS. Seller hereby relinquishes all rights of dower, homestead and distributive share in and to the Real Estate and waives all rights of exemption as to any of the Real Estate.

18. LEAD-BASED PAINT NOTICE. If applicable, see attached Disclosure of Information on

Lead-Based Paint and/or Lead-Based Paint Hazard.

19. CERTIFICATION. Each party hereto certifies that he/she is 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 is 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. INSPECTION OF PRIVATE SEWAGE DISPOSAL SYSTEM. Seller and Buyer agree that this transaction is exempt from the time of transfer inspection requirements by reason that the sale of the Real Estate is between related parties.

21. NOTICE. Notices required, permitted, or otherwise given under this Agreement shall be in writing and shall be deemed effective if given to the individuals named below. Notice shall be deemed given upon receipt of personal service, or upon mailing by first class mail, certified with restricted delivery, return receipt requested, to the address provided below:

To Buyer: Michael Schlarmann
3265 245th Street
Worthington, IA 52078

To Seller: Raymond J. Schlarmann, Jr., Trust & Marlene M. Schlarmann Trust
C/O Raymond J. Schlarmann, Jr., & Marlene M. Schlarmann
3364 Rockville Road
Worthington, IA 52078

22. GENERAL PROVISIONS. The following general provisions govern this Agreement:

A. No Waivers. The waiver by either party hereto of any condition or the breach of any term, covenant, or condition herein contained shall not be deemed to be a waiver of any other condition or of any subsequent breach of the same or of any other term, covenant, or condition herein contained.

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

C. Governing Law. This Agreement is made and executed under and in all respects to be governed and construed by the laws of the State of Iowa.

D. Invalidity. If for any reason any term or provision of this Agreement shall be declared void and unenforceable by any court of law or equity it shall only affect such particular term or provision of this Agreement and the balance of this Agreement shall remain in full force and effect and shall be binding upon the parties hereto.

E. Complete Agreement. All understandings and agreements heretofore existing

between the parties are merged into this Agreement that alone fully and completely expresses their agreement. This Agreement may be changed only in writing signed by all of the parties hereto and shall apply to and bind the successors and assigns of each of the parties hereto and shall not merge with the deed delivered to Buyer at closing.

F. Attorney's Fees. In case of any action, or in any proceedings in any Court to collect any sums payable or secured herein, or to protect the lien or title herein of Seller, or in any other case permitted by law in which attorney's fees may be collected from Buyer, or imposed upon them, or upon the above described Real Estate, Buyer agrees to pay Seller's reasonable attorney's fees.

G. Assignment. In case of the assignment of this contract by either of the parties, if permitted by the terms of this contract, prompt notice shall be given to the other party, who shall at the time of such notice be furnished with a duplicate of such assignment by such assignors. Any such assignment shall not terminate the liability of the assignor to perform, unless a specific release in writing is given and signed by the other party to this contract.

H. Personal Property. If this contract includes the sale of any personal property, then in the event of the forfeiture or foreclosure of this contract, such personal property shall be considered indivisible with the Real Estate above described; and any such termination of Buyer's rights in said Real Estate shall concurrently operate as the forfeiture or foreclosure hereto against all such personal property.

I. Counterparts. This Agreement may be executed in a number of identical counterparts, which taken together, shall cause it to be collectively one Agreement. In making proof of this Agreement, it shall not be necessary to produce or account for more than one such counterpart with each party's signature. An electronically-transmitted copy of an executed counterpart this agreement shall be deemed an original.

J. No Presumption Against Drafter. This Agreement has been freely negotiated by both parties. In any controversy, dispute, or contrast over the meaning, interpretation, validity, or enforceability of this Agreement or any of its terms or conditions, there shall be no inference, presumption or conclusion drawn whatsoever against either party by virtue of that party having drafted this Agreement or any portion thereof.

23. SPECIAL PROVISIONS.

A. Death of Raymond or Marlene. Should **Raymond J. Schlarmann, Jr.** or **Marlene M. Schlarmann** die prior to the expiration and full satisfaction of this contract, Seller anticipates that **Raymond J. Schlarmann, Jr.**'s interest or **Marlene M. Schlarmann**'s interest (as appropriate) in this contract will pass pursuant to his or her (as appropriate) estate planning documents, and those beneficiaries receiving an interest in this contract shall step into the shoes of "Seller" for all purposes of this contract. The estate/trust estate of **Raymond J. Schlarmann, Jr.**, or **Marlene M. Schlarmann** (as appropriate) and those beneficiaries receiving an interest in this contract shall be bound by the terms of this contract. The death of either **Raymond J. Schlarmann, Jr.**, or **Marlene M. Schlarmann** shall not accelerate the payment of any balance still due under this contract at the time of such death.

B. Rights of First Offer During 20 Year Period Following Closing. During the 20-year period of time following the date of Closing, the following rights of first offer shall run with the Real Estate:

(i) **Rights of First Offer.** In the event that Buyer or any successor-in-interest to Buyer with respect to the Real Estate who then owns any portion of the Real Estate ("*Selling Owner*") shall: (1) have all or any portion of his/her/its interest in any one or more parcel(s) of the Real Estate become subject to an Involuntary Disposition (as defined below), (2) seek to Transfer (as defined below) all or any portion of the Selling Owner's interest in any one or more parcel(s) of the Real Estate to a Non-Permitted Transferee (as defined below) (whether or not the Selling Owner has received a bona fide offer from a third party (the "*Offer*") who is ready, willing and able to purchase any or all of the Selling Owner's interest in any one or more parcel(s) of the Real Estate) and the Selling Owner is ready to consummate such transfer; or (3) effectuate a Change In Control (as defined below), said Selling Owner (and each other Person who has acquired or may acquire an interest in the parcel(s) of the Real Estate at issue) shall serve written notice (the "*Initial Notice*") upon each Offer Holder (as defined below). Such Initial Notice shall be delivered by registered or certified mail, return receipt requested, and shall contain an offer to sell the interest in the parcel(s) of the Real Estate at issue (collectively, the "*Option Real Estate Interest*") to the Offer Holders as herein provided (and, as applicable, shall also specify the details of any Offer received and disclose the proposed transferee). However, these rights of first offer shall not apply to the mere creation of an encumbrance on any parcel(s) of the Real Estate.

(ii) **Purchase Price.** As soon as reasonably possible following the triggering of this Right of First Offer, the parties shall determine the purchase price of the Option Real Estate Interest. Unless the Selling Owner and all Offer Holders agree in writing to other terms, the purchase price of the Option Real Estate Interest shall be equal to the be the lesser of (a) the "*Calculated Value*" (as defined below) of the Option Real Estate Interest, and (b) the offer price contained in any Offer received by the Selling Owner if this right of first offer is triggered by a proposed sale with an offer at a price the Selling Owner is prepared to accept. Moreover, the purchase price as determined above (i.e., the lesser of (a) and (b) above) shall be reduced by the amount of any and all debt encumbering or otherwise associated with the Option Real Estate Interest, as the purchasing Offer Holder will assume such debt (or, if the lender(s) at issue will not permit such debt to be assumed, then the purchasing Offer Holder will be required to make a cash down payment at closing to the extent necessary to satisfy such debt in full).

The Calculated Value of the Option Real Estate Interest shall be determined as follows: the "*Option Land Value*" with respect to the actual land comprising the Real Estate (as determined below) that is part of the Option Real Estate Interest *plus* the "*Option Building Value*" with respect to all residences, grain/feed facilities, livestock facilities, sheds, barns, and other structures located on the Real Estate (determined as provided below) that are part of the Option Real Estate Interest.

All values shall be determined as of the date the Selling Owner delivers written notice of intent to transfer as required above (the "*Farmland Option Trigger Date*").

The **Option Land Value** of the land comprising the Real Estate (that is part of the Option Real Estate Interest) shall be equal to the product determined by multiplying \$3,000/acre by the gross acres comprising such parcel at issue (*provided that* if the Option Real Estate Interest is a fractional interest, then such result (after multiplying \$3,000/acre by the number of gross acres) shall be further multiplied by the percentage ownership interest of such parcel being offered for sale).

The **Option Fair Market Value** of all residences, grain/feed facilities, livestock facilities, sheds, barns, and other structures located on the Real Estate (and that are part of the Option Real Estate Interest) and built prior to the date of Closing hereunder shall be equal to \$0, and the *Option*

Fair Market Value of all residences, grain/feed facilities, livestock facilities, sheds, barns, and other structures located on the Real Estate (and that are part of the Option Real Estate Interest) and built after the date of Closing hereunder shall be equal to the appraised fair market value (without any valuation discounts for fractional interests or otherwise) of each such structure multiplied by the percentage ownership interest of such structure constituting the Option Real Estate Interest with respect to such structure. The appraised fair market value of structures built after the date of Closing hereunder as required above shall be determined by a qualified appraiser selected by the Selling Owner and the Offer Holders (such Offer Holders acting by majority vote), provided that if such parties cannot agree upon the selection of an appraiser within 15 days following delivery of the Initial Notice by the Selling Owner, then the Selling Owner shall select a qualified appraiser and the Offer Holders (such Offer Holders acting by majority vote), collectively, shall select a qualified appraiser and the appraised value of the parcel shall be the average of the two appraisals. A copy of the appraisal(s) shall be distributed immediately to all Offer Holders. The Selling Owner shall be responsible for all costs associated with the appraisal(s).

(iii) **Right of Offer Holders.** As soon as the purchase price is determined pursuant to the dictates of **Section 23(B)(ii)** above, the Selling Owner shall deliver written notice of the purchase price of the Option Real Estate ("*Price Notice*") to each of the other owners of the Real Estate who are Permitted Transferees at the time these rights of offer are triggered ("*First Offer Holders*"), and each such First Offer Holder shall have the first option to purchase the Option Real Estate Interest. Each of the First Offer Holders shall have 15 days from the date the Purchase Notice is delivered to the First Offer Holders to notify the Selling Owner in writing of his or her intent to exercise his or her option with respect to all or some portion of the Option Real Estate Interest. If more than one First Offer Holder desires to exercise his or her option to purchase the Option Real Estate Interest, then such First Offer Holders shall have the right to purchase such remaining Option Real Estate Interest on a pro rata basis based on the respective interests already owned by such First Offer Holders in the Real Estate (or as otherwise agreed by such First Offer Holders). If any First Offer Holder fails to deliver written notice of exercise to the Selling Owner within such 15 day period, then his or her purchase option with respect to such Option Real Estate Interest shall expire.

If the First Offer Holders fail or elect not to purchase the Option Real Estate Interest, then the Selling Owner shall deliver the Price Notice to those children of **Raymond J. Schlarmann, Jr. and Marlene M. Schlarmann** who are then living ("*Second Offer Holders*"), extending to each of them the second option to purchase (at such price and on the terms set forth herein) the Option Real Estate Interest. Each of the Second Offer Holders shall have 15 days from the date he or she receives the Price Notice to notify the Selling Owner, in writing, of his or her intent to exercise his or her option. If more than one Second Offer Holder desires to exercise his/her option to purchase the Option Real Estate Interest, then such exercising Second Offer Holders shall purchase the Option Real Estate Interest in equal shares as tenants-in-common or as otherwise agreed by them. If any Second Offer Holder fails to deliver written notice of exercise to the Selling Owner within such 15 day period, then his or her purchase option with respect to such Option Real Estate Interest shall expire.

If the First and Second Offer Holders fail or elect not to purchase the entire Option Real Estate Interest, then the Selling Owner shall deliver the Price Notice to those grandchildren of **Raymond J. Schlarmann, Jr., and Marlene M. Schlarmann** who are then living ("*Third Offer Holders*"), extending to each of them the third option to purchase (at such price and on the terms set forth herein) the Option Real Estate Interest. Each of the Third Offer Holders shall have 15 days from the date he or she receives the Price Notice to notify the Selling Owner, in writing, of his or her intent to exercise his or her option. If more than one Third Offer Holder desires to exercise his/her option to purchase the Option Real Estate Interest, then such exercising Third Offer Holders

shall purchase the Option Real Estate Interest in equal shares as tenants-in-common or as otherwise agreed by them. If any Third Offer Holder fails to deliver written notice of exercise to the Selling Owner within such 15 day period, then his or her purchase option with respect to such Option Real Estate Interest shall expire.

Offer Holders may not assign their respective options hereunder, and any Option Real Estate Interest purchased by an Offer Holder pursuant to these options shall continue to be subject to the provisions of this Agreement (and shall agree in writing to be bound by the terms of this Agreement). Moreover, with respect to any Offer Holder who is then incompetent or a minor, such Offer Holder's financial agent (appointed in a properly executed durable financial power of attorney), or if none, such Offer Holder's guardian or conservator, may act on behalf of the Offer Holder in exercising these rights of refusal.

In the event the option process does not result in the purchase by the Offer Holders of the entire Option Real Estate Interest, then any option exercises that were made by the Offer Holders shall be void and the Selling Owner may sell or otherwise transfer the Option Real Estate Interest, provided that if the Selling Owner does not consummate the transfer within 180 days after the expiration of the last Offer Holder's option, then the Right of First Offer set forth herein shall remain in effect with respect to such Option Real Estate Interest.

(iv) No Right to Sell/Transfer until After Exhausting Option Process. No sale or other Transfer shall be consummated by the Selling Owner until the option process herein set forth has been exhausted.

(v) Payment Terms. Unless the Selling Owner and the exercising Offer Holders (such Offer Holders acting unanimously) agree to other payment terms, payment of the purchase price of the Option Real Estate Interest purchased pursuant to these rights of refusal shall be paid as follows: (I) cash down payment at closing equal to the income/capital gains tax liability resulting from the sale that cannot be deferred under then applicable tax laws and (II) the delivery of an installment contract for the balance of the purchase price, with such installment contract payable over 20 years in equal annual payments of principal and interest (with such annual payments beginning on the first anniversary of the closing), and calling for interest to accrue on the unpaid balance at a fixed rate equal to the Applicable Federal Rate ("AFR") in effect for such transaction on the date of closing. The purchasing Offer Holder(s) shall have the right to prepay all or any portion of the installment contract at any time without penalty. The Selling Owner shall be granted a mortgage/security interest in the Option Real Estate Interest as collateral for repayment of the installment contract. Moreover, as provided above, the purchasing Offer Holder(s) shall be required to assume any and all debt encumbering the Option Real Estate Interest (and as a result, such debt amount reduces the purchase price as provided above), but if the lender will not allow the purchasing Offer Holder(s) to assume such debt, then the purchasing Offer Holder(s) shall instead be required to pay cash at closing to the extent necessary to satisfy such debt in full (which cash down payment would be in addition to the cash down payment and installment contract as provided above). The closing of any sale pursuant to the exercise of these rights of refusal shall occur within 60 days after the expiration of the last Offer Holder's purchase option.

(vi) Definitions. The following definitions shall apply with respect to this **Section 23(B)**:

(a) "*Change in Control*" shall mean with respect to an entity that is a Permitted Transferee and owns an interest in the Real Estate (or a portion of it), the occurrence,

without the prior written consent of each of the Offer Holders then living and competent (*provided that* if any Offer Holder is incompetent at such time, such individual's financial agent (appointed in a properly executed durable financial power of attorney) or, if none, such individual's guardian or conservator shall act on behalf of such individual), of any one or more of the following events: (a) the entity merges or consolidates with any other entity and Permitted Transferees are not the owners of 100% of the equity or beneficial interests of the surviving entity; (2) the equity or beneficial interests in the entity are sold or transferred to any person or entity other than Permitted Transferees.

(b) "*Descendants*" shall exclude adopted persons and shall include only persons legitimately born, except that:

(1) A person adopted under the age of 18 years shall be considered legitimately born to the adopting parent or parents and shall not be considered a child of the natural parent or parents (if different from the adopting parent or parents). Persons adopted above age 18 years are not considered descendants.

(2) A person born out of wedlock shall be considered legitimately born to the natural mother unless a decree of adoption terminates her rights as parent during her life.

(3) A person born out of wedlock shall be considered legitimately born to the natural father only if he (i) marries the child's natural mother, (ii) adopts the child at any time or (iii) acknowledges in an irrevocable signed instrument delivered to the Trustee while both the child and the natural father are living that the child is to be considered legitimately born for purposes of this Agreement.

In no event shall a person's step-child be treated as the person's child or descendant for purposes of this Agreement unless such step-child has been legally adopted by such person (as provided above), and no person shall be treated as a sibling or descendant of a descendant of a person unless they would also be treated as a descendant of such person. All references to "descendants" are limited to lineal descendants (*i.e.*, children, grandchildren, great grandchildren, etc.) exclusively.

(c) "*Involuntary Disposition*" shall mean a Transfer (except to a Permitted Transferee) whereby (1) the Real Estate (or any portion of it), is involuntarily sold, transferred or otherwise disposed, or an involuntary sale, transfer or disposal is threatened by any third person or entity, whether by (A) sale upon the execution or in foreclosure of any encumbrance, (B) acquisition of an interest therein by a trustee in bankruptcy or a receiver or (C) any other means, or (2) a court order, in connection with a property division in a divorce proceeding does not grant Grantor or a Permitted Transferee ownership of the Real Estate (or any portion of it). The act of creating an Encumbrance on the Real Estate shall not be an Involuntary Disposition.

(d) "*Non-Permitted Transferee*" shall mean any party that is not a Permitted Transferee.

(e) "*Permitted Transfers*" shall mean any Transfer of any interest in the Real Estate or any portion of it, to (I) **Raymond J. Schlarmann, Jr.** and/or **Marlene M. Schlarmann**; (II) any one or more Descendants of **Raymond J. Schlarmann, Jr.** and **Marlene M. Schlarmann**; (III) any spouse or surviving spouse of a child of **Raymond J. Schlarmann, Jr.** and **Marlene M. Schlarmann**; (IV) a trust over which any person described in (I) through (III) hereof has the power of revocation; (V) the probate estate or revocable trust estate of any person described in (I) through (III) above during the administration of such estate/trust estate following such person's death; (VI) any other trust created for the exclusive benefit (except for remote contingent beneficiaries) of one or more of the persons described in (I) through (II) above, *provided that* such trust may also allow income and

principal (except for interests in the Real Estate and interests in entities that hold the Real Estate) to be distributed to the spouses and surviving spouses of the individuals described in (I) through (II) above and provided further that such trust may allow income and principal to pass, if and only if all of the individuals described in (I) through (II) above are then deceased, to any one or more individuals, trusts, and/or 501(c)(3) tax exempt charitable institutions); and (VII) to an entity (or entities) that is owned 100% by one or more of the persons/estates/trusts described in (I) through (VI) above.

(f) “*Permitted Transferee*” shall mean any person, trust, or entity who receives a Permitted Transfer (as defined above) of an interest in the Real Estate or any portion of it and agrees to be bound by the terms of this Agreement.

(g) “*Transfer*” shall mean any sale, gift, bequest, or other transfer of any interest in the Real Estate or any portion of it to another person, trust, or entity, whether or not for value, whether voluntary or involuntary, provided that a Transfer shall not include a Permitted Transfer, provided further that creating an encumbrance on the Real Estate shall not be a Transfer but any voluntary or involuntary conveyance or disposition to, or foreclosure or execution by, a creditor holding an encumbrance is a Transfer, and provided further that any Change in Control of a Permitted Transferee shall be a Transfer.

C. Lease Options During 20-Year Period Following Closing. During the 20-year period of time following the date of Closing, the following lease option shall apply with respect to the Real Estate (or any portion of it) not being farmed by Buyer or any successor-in-interest to Buyer with respect to the Real Estate:

(i) Lease Option. Each Farm Year (defined as being from March 1 to March 1 of the following calendar year) in which the Real Estate is not being farmed by Buyer or one or more successors-in-interest to Buyer (the “*Owner*” for purposes of this **Section 23(C)**), or by one or more spouses or descendants of the Owner (or an entity owned primarily by such Owner or related parties), the lease options set forth below shall be triggered. The Real Estate shall not be leased to a Lease Option Holder for a lease term in excess of one year, and if the Real Estate is leased to a Lease Option Holder for a given Farm Year, it shall be subject to these lease options again in the following Farm Year (if the Owner is not farming the Real Estate).

If this lease option is triggered in a given Farm Year (*i.e.*, the Owner does not to farm the Real Estate), the Owner shall deliver written notice of this lease option to those of **Dale Schlarmann, Michael Schlarmann, Kenneth Schlarmann, and David Schlarmann** who are then living and competent and who are not then an Owner of the Real Estate (“*First Lease Option Holders*”) by September 1 of year immediately preceding the Farm Year in question. Each First Lease Option Holder shall have 15 days from the date he receives the notice of his lease option to notify the Owner, in writing, as to whether or not he intends to lease the Real Estate for the upcoming farm year. Failure by a First Lease Option Holder to deliver written notice of his intent to exercise his lease option with respect to the Real Estate within such 15 day time period shall constitute a waiver of his lease option for that farm year. If multiple First Lease Option Holders intend to exercise his option to lease the Real Estate, then such First Lease Option Holders shall have the right to lease the Real Estate together, separately but in roughly equal shares (in terms of tillable acres), or as otherwise agreed by such exercising First Lease Option Holders.

If this lease option is triggered and the First Lease Option Holders do not wish to or otherwise fail to lease the Real Estate in a given Farm Year, then the Owner shall deliver written notice of this lease option to those other adult descendants of **Raymond J. Schlarmann, Jr.**, or

Marlene M. Schlarmann (*i.e.*, other than **Dale Schlarmann, Michael Schlarmann, Kenneth Schlarmann, and David Schlarmann**) who are then living and competent and who are not then an Owner of the Real Estate ("*Second Lease Option Holders*"). Each Second Lease Option Holder shall have 15 days from the date he/she receives notice of his/her lease option to notify the Owner, in writing, as to whether or not he/she intends to lease the Real Estate for the upcoming farm year. Failure by a Second Lease Option Holder to deliver written notice of his/her intent to exercise his/her lease option with respect to the Real Estate within such 15 day time period shall constitute a waiver of his/her lease option for that farm year. If multiple Second Lease Option Holders intend to exercise his/her option to lease the Real Estate, then such Second Lease Option Holders shall have the right to lease the Real Estate together, separately but in roughly equal shares (in terms of tillable acres), or as otherwise agreed by such exercising Second Lease Option Holders.

Although each Lease Option Holder is the person holding an option to lease the Real Estate and is the person who must actually exercise such option if he/she so chooses, any Lease Option Holder may assign his/her lease option hereunder an entity of which such Lease Option Holder is a primary owner or to his/her spouse or (provided that no such assignee may sub-lease Real Estate leased hereunder). The lease option shall not otherwise be assignable by the Lease Option Holders. Moreover, it shall not be considered a sub-lease if the Lease Option Holder's spouse farms the land.

(ii) Terms of Lease under Lease Option. If any of the lease option holders described above (such individuals collectively referred to herein as "Lease Option Holders" and individually as a "Lease Option Holder") leases any parcel pursuant to this provision for any Farm Year, such Lease Option Holder may lease such Real Estate parcel at a cash rental rate per acre equal to overall average cash rental price per acre for cropland for the county in which the Farmland parcel in question is located as reported by the most recently published ISU Extension cash rental survey available on September 1 of the calendar year preceding the start of the farm year in question (or, if unavailable, a comparable source), *provided that*, if necessary, such cash rental rate per acre shall be increased to the extent reasonably necessary (*i.e.*, not to exceed market rental rates for similar Farmland in the area) to enable the Owner to make any and all required debt, property tax, and/or insurance payments on the Real Estate and to cover the income tax liability associated with such rental payments (less deductible expenses related to the rental activity). Moreover, notwithstanding the foregoing, the Owner may enter into a lease agreement with an alternative rental rate and terms if the Owner first obtains the consent of each Lease Option Holder (determined as of the date the lease options are triggered with respect to the Farm Year in question). All such cash rent shall only be paid by the appropriate Lease Option Holder(s) on the net tillable acres of the Real Estate that such Lease Option Holder leases. Reasonable rent (based on ISU Extension rental surveys if and to the extent applicable for the type of building(s)/structure(s) at issue) shall also be charged for the use of residences, livestock facilities, grain/feed facilities, and other storage facilities located on the parcel(s) at issue. Unless otherwise agreed, one-half of the cash rental payments due under such lease structure for a lease term shall be due on March 1 of the lease term and the other one-half of such payments shall be due on November 1 of the lease term.

(iii) Real Estate Not Leased by Lease Option Holders for a Given Farm Year. If the Owner (and related parties as permitted above) does not farm and all Lease Option Holders fail or elect not to lease the Real Estate in a given Farm Year, then the Real Estate may be leased by the Owner for that Farm Year to any third party on terms agreed to by the Owner and such third party, *provided* that no lease of the Real Estate with any third party shall exceed a lease term of one Farm Year and the Real Estate shall again be subject to the lease option described herein for the following farm year.

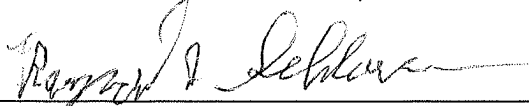
24. AGREEMENT DRAFTED BY COUNSEL FOR SELLER. This Agreement has been drafted by Simmons Perrine Moyer Bergman PLC (“*Simmons Perrine*”) as counsel for Seller. Buyer understands and acknowledges that Simmons Perrine has not represented and will not represent Buyer with respect to Buyer’s interest in the Real Estate or Buyer’s rights and obligations under this Agreement. Buyer has been advised to seek the advice of independent counsel with respect to Buyer’s interests in the Real Estate and all consequences of entering into this Agreement should Buyer so desire and Buyer acknowledges that Buyer has had the opportunity to seek such advice.

25. SURVIVAL. The provisions of **Section 23** shall survive closing.

[signature pages follow; remainder of page intentionally left blank]

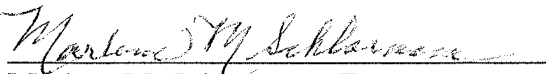
SELLER:

RAYMOND J. SCHLARMANN, JR. TRUST DATED APRIL 27, 1996



Raymond J. Schlarmann, Jr., Trustee
3364 Rockville Road
Worthington, IA 52078

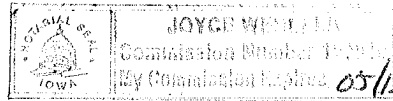
MARLENE M. SCHLARMANN TRUST DATED APRIL 27, 1996

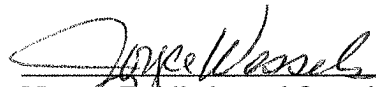


Marlene M. Schlarmann, Trustee
3364 Rockville Road
Worthington, IA 52078

STATE OF IOWA, COUNTY OF Dubuque, ss:

This instrument was acknowledged before me on the 2nd day of May, 2023, by **Raymond J. Schlarmann, Jr.**, as Trustee of the **Raymond J. Schlarmann, Jr. Trust dated April 27, 1996** and **Marlene M. Schlarmann**, as Trustee of the **Marlene M. Schlarmann Trust dated April 27, 1996**.





Notary Public in and for said State
My Commission Expires: 05/12/2024

BUYER

Michael Schlarmann

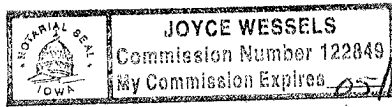
Michael Schlarmann
3265 245th Street
Worthington, IA 52078

Cindy Schlarmann

Cindy Schlarmann, spouse of Michael Schlarmann
3265 245th Street
Worthington, IA 52078

STATE OF IOWA, COUNTY OF Dubuque, ss:

This instrument was acknowledged before me on the 22nd day of May, 2023, by **Michael Schlarmann** and **Cindy Schlarmann**, husband and wife.



Joyce Wessels
Notary Public in and for said State
My Commission Expires: 05/12/2024

**EXHIBIT A
LEGAL DESCRIPTION**

The South one-eighth of the Southeast Quarter of Section 15, Township Eighty-eight (88) North, Range Three (3), West of the 5th P.M., Delaware County, Iowa;

AND

The North one-half of the Northeast Quarter, except the West 659 feet of the South 458 feet thereof, and the North one-half of the Southeast Quarter of the Northeast Quarter, Delaware County, Iowa, Section 22, Township 88 North, Range 3 West of the 5th P.M., Delaware County, Iowa