

No delinquent taxes and transfer entered;
 Certificate of Real Estate Value
 (✓) filed () not required

Certificate of Real Estate Value
 No. _____
 _____ 9-2, 2015

Mona Hammer
 County Auditor Recorder
 By mcj Paid: Exempt
 Deputy

207294

OFFICE OF COUNTY RECORDER
 LYON COUNTY MINNESOTA

CERTIFIED, FILED, AND/OR
 RECORDED ON
 09/02/2015 12:25:01 PM

MONA HAMMER
 COUNTY RECORDER

ECRV ID: 403653

CONTRACT FOR DEED
 Individual(s) to Individual(s)

Dated: Aug 31, 2015

THIS CONTRACT FOR DEED is made on the above date by, Knochenmus Enterprises, LLP, a Minnesota limited liability partnership, Seller and City of Marshall, a municipal corporation under the laws of the State of Minnesota, Purchaser.

Seller and Purchaser agree to the following terms:

1. **PROPERTY DESCRIPTION.** Seller hereby sells, and Purchaser hereby buys, real property in Lyon County, Minnesota, described as follows:
 See attached Exhibit A.

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

Check box if applicable:

- The seller certifies that the seller does not know of any wells on the described real property.
- A well disclosure certificate accompanies this document.
- I am familiar with the property described in this instrument and I certify that the status and number of wells on the described real property have not changed since the last previously filed well disclosure certificate.

2. **TITLE.** Seller warrants that title to the Property is, on the date of this contract, subject only to the following exceptions:
 - (a) Covenants, conditions, restrictions, declarations and easements of record, if any;
 - (b) Reservations of minerals or mineral rights by the State of Minnesota, if any;
 - (c) Building, zoning and subdivision laws and regulations;
 - (d) The lien of real estate taxes and installments of special assessments, which are payable by Seller pursuant to paragraph 6 of this contract; and
 - (e) The following liens or encumbrances: to be paid at closing; Utility Easement to City of Marshall recorded as Document # 196969.

3. **DELIVERY OF DEED AND EVIDENCE OF TITLE.** Upon purchaser's prompt and full performance of this contract, Seller shall:

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- (a) Execute, acknowledge and deliver to Purchaser a Warranty Deed, in recordable form, conveying marketable title to the Property to Purchaser, subject only to the following exceptions:
 - (i) Those exceptions referred to in paragraph 2(a), (b), (c) and (d) of this contract;
 - (ii) Liens, encumbrances, adverse claims or other matters, which Purchaser has created, suffered or permitted to accrue after the date of this contract; and
 - (iii) The following liens or encumbrances: Utility Easement to City of Marshall recorded as Document # 196969
- (b) Deliver to Purchaser the abstract of title to the Property or, if the title is registered, the owner's duplicate certificate of title.

4. PURCHASE PRICE. Purchaser shall pay to Seller, at closing, Marshall, MN, the sum of Five Hundred Forty Thousand and no/100 (\$540,000.00) Dollars, as and for the purchase price for the Property, payable as follows:

\$10,000.00 Earnest Money; \$290,000 due on September 1, 2015; \$240,000 due on the earlier of November 15, 2016 or Seller vacating "north half" leased premises of property above described.

- 5. PREPAYMENT. Unless otherwise provided in this contract, Purchaser shall have the right to fully or partially prepay this contract at any time without penalty. Any partial prepayment shall be applied first to payment of amounts then due under this contract, including unpaid accrued interest, and the balance shall be applied to the principal installments to be paid in the inverse order of their maturity. Partial prepayment shall not postpone the due date of the installments to be paid pursuant to this contract or change the amount of such installments.
- 6. REAL ESTATE TAXES AND ASSESSMENTS. Real estate taxes due and payable in and for the year of closing shall be paid in full by Seller. Real estate taxes due and payable in the year 2016 will be paid by Seller.

SELLER SHALL PAY all installments of special assessments certified for payment with the real estate taxes due and payable in the year of closing (2015).

BUYER SHALL ASSUME-ON DATE OF CLOSING all other special assessments levied as of the date of this agreement.

BUYER SHALL ASSUME PAYMENT OF special assessments pending as of the date of the agreement for improvements that have been ordered by the City Council or other governmental assessing authorities. As of the date of this agreement, Seller represents that Seller has not received a notice of hearing of a new public improvement project from any governmental assessing authority, the costs of which project may be assessed against the property.

SELLER SHALL PAY ON DATE OF CLOSING any deferred real estate taxes or special assessments, payment of which is required as a result of the closing of this sale.

7. PROPERTY INSURANCE.

- (a) INSURED RISKS AND AMOUNT. Purchaser shall keep all buildings, improvements and fixtures now or later located on or a part of the Property insured against loss by fire, extended coverage perils, vandalism, malicious mischief and, if applicable, steam boiler explosion for at least the amount of its insurance value. If any of the buildings, improvements or fixtures are located in a federally designated flood prone area, and if flood insurance is available for that area, Purchaser shall procure and maintain flood insurance in amounts reasonable satisfactory to Seller.

- (b) OTHER TERMS. The insurance policy shall contain a loss payable clause in favor of Seller, which provides that Seller's right to recover under the insurance shall not be impaired by any acts or omissions of Purchaser or Seller, and that Seller shall otherwise be afforded all rights and privileges customarily provided a mortgagee under the so-called standard mortgage clause.
- (c) NOTICE OF DAMAGE. In the event of damage to the Property by fire or other casualty, Purchaser shall promptly give notice of such damage to Seller and the insurance company.

8. DAMAGE TO THE PROPERTY.

- (a) APPLICATION OF INSURANCE PROCEEDS. If the property is damaged by fire or other casualty, the insurance proceeds paid on account of such damage shall be applied to payment of the amounts payable by Purchaser under this contract, even if such amounts are not then due to be paid, unless Purchaser makes a permitted election described in the next paragraph. Such amounts shall be first applied to unpaid accrued interest and next to the installments to be paid as provided in this contract in the inverse order of their maturity. Such payment shall not postpone the due date of the installments to be paid pursuant to this contract or change the amount of such installments. The balance of insurance proceeds, if any, shall be the property of Purchaser.
- (b) PURCHASER'S ELECTION TO REBUILD. If Purchaser is not in default under this contract, or after curing any such default, and if the mortgages in any prior mortgages and sellers in any prior contracts for deed do not require otherwise, Purchaser may elect to have that portion of such insurance proceeds necessary to repair, replace or restore the damaged Property (the repair work) deposited in escrow with a bank or title insurance company qualified to do business in the State of Minnesota, or such other party as may be mutually agreeable to Seller and Purchaser. The election may only be made by written notice to Seller within sixty days after the damage occurs. Also, the election will only be permitted if the plans and specifications and contracts for the repair work are approved by Seller, which approval Seller shall not unreasonably withhold or delay. If such a permitted election is made by Purchaser, Seller and Purchaser shall jointly deposit, when paid, such insurance proceeds into such escrow. If such insurance proceeds are insufficient for the repair work, Purchaser shall, before the commencement of the repair work, deposit into such escrow sufficient additional money to insure the full payment for the repair work. Even if the insurance proceeds are unavailable or are insufficient to pay the cost of the repair work, Purchaser shall at all times be responsible to pay the full cost of the repair work. All escrowed funds shall be disbursed by the escrowee in accordance with generally accepted sound construction disbursement procedures. The costs incurred or to be incurred on account of such escrow shall be deposited by Purchaser into such escrow before the commencement of the repair work. Purchaser shall complete the repair work as soon as reasonably possible and in a good and workmanlike manner, and in any event the repair work shall be completed by Purchaser within one year after the damage occurs. If, following the completion of and payment for the repair work, there remain any undisbursed escrow funds, such funds shall be applied to payment of the amounts payable by Purchaser under this contract in accordance with paragraph 8 (a) above.

9. INJURY OR DAMAGE OCCURRING ON THE PROPERTY.

- (a) LIABILITY. Seller shall be free from liability and claims for damages by reason of injuries occurring on or after the date of this contract to any person or persons or property while on or about the Property. Purchaser shall defend and indemnify Seller from all liability, loss, costs and obligations, including reasonable attorneys' fees, on account of or arising out of any such injuries. However, Purchaser shall have no liability or obligation to Seller for such injuries, which are caused by the negligence or intentional wrongful acts or omissions of Seller.
- (b) LIABILITY INSURANCE. (SELLER) It is contemplated that the parties hereto shall enter into a shared use lease agreement for the period of time from May 1, 2015 through August 1, 2016. Seller shall, at Seller's own expense, procure and maintain liability insurance against claims for

bodily injury, death and property damage occurring on or about the Property in amounts reasonably satisfactory to Purchaser and naming Purchaser as an additional insured.

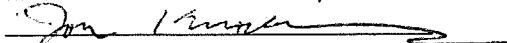
(c) LIABILITY INSURANCE. (PURCHASER) Purchaser shall, at Purchaser's own expense, procure and maintain liability insurance against claims for bodily injury, death and property damage occurring on or about the Property in amounts reasonably satisfactory to Seller and naming Seller as an additional insured.

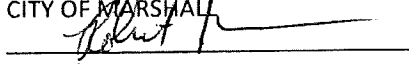
10. INSURANCE, GENERALLY. The insurance which Purchaser is required to procure and maintain pursuant to Paragraphs 7 and 9 of this contract shall be issued by an insurance company or companies licensed to do business in the State of Minnesota and acceptable to Seller. The insurance shall be maintained by Purchaser at all times while any amount remains unpaid under this contract. The insurance policies shall provide for not less than ten days written notice to Seller before cancellation, non-renewal, termination or change in coverage, and Purchaser shall deliver to Seller a duplicate original or certificate of such insurance policy or policies.
11. CONDEMNATION. If all or any part of the Property is taken in condemnation proceedings instituted under power of eminent domain or is conveyed in lieu thereof under threat of condemnation, the money paid pursuant to such condemnation or conveyance in lieu thereof shall be applied to payment of the amounts payable by Purchaser under this contract, even if such amounts are not then due to be paid. Such amounts shall be applied first to unpaid accrued interest and next to the installments to be paid as provided in this contract in the inverse order of their maturity. Such payment shall not postpone the due date of the installments to be paid pursuant to this contract or change the amount of such installments. The balance, if any, shall be the property of Purchaser.
12. WASTE, REPAIR AND LIENS. Purchaser shall not remove or demolish any buildings, improvements or fixtures now or later located on or a part of the Property, nor shall Purchaser commit or allow waste of the Property while any payments are due to Seller pursuant to this contract. Purchaser shall maintain the Property in good condition and repair. Purchaser shall not create or permit to accrue liens or adverse claims against the Property which constitute a lien or claim against Seller's interest in the Property. Purchaser shall pay to Seller all amounts, costs and expenses, including reasonable attorneys' fees, incurred by Seller to remove any such liens or adverse claims.
13. RECORDING OF CONTRACT; DEED TAXES. Seller shall, at Purchaser's expense, record this Contract in the office of the county recorder or registrar of titles in the county in which the Property is located within four (4) months after the date hereof. Purchaser shall pay any penalty imposed under Minnesota Statutes Section 507.235 for failure to timely record the Contract. Seller shall, upon Purchaser's full performance of this contract, pay the deed tax due upon the recording or filing of the deed to be delivered by Seller.
14. NOTICE OF ASSIGNMENT. If either Seller or Purchaser assigns their interest in the Property, a copy of such assignment shall promptly be furnished to the non-assigning party.
15. PROTECTION OF INTERESTS. If Purchaser fails to pay any sum of money required under the terms of this contract or fails to perform any of Purchaser's obligations as set forth in this contract, Seller may, at Seller's option, pay the same or cause the same to be performed, or both, and the amounts so paid by Seller and the cost of such performance shall be payable at once, with interest at the rate stated in paragraph 4 of this contract, as an additional amount due Seller under this contract.

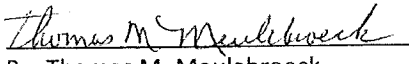
If there now exists, or if Seller hereafter creates, suffers or permits to accrue, any mortgage, contract for deed, lien or encumbrance against the Property which is not herein expressly assumed by Purchaser, and provided Purchaser is not in default under this contract, Seller shall timely pay all amounts due

thereon, and if Seller fails to do so, Purchaser may, at Purchaser's option, pay any such delinquent amounts and deduct the amounts paid from the installment(s) next coming due under this contract.

- 16. **DEFAULT.** The time of performance by Purchaser of the terms of this contract is an essential part of this contract. Should Purchaser fail to timely perform any of the terms of this contract, Seller may, at Seller's option, elect to declare this contract cancelled and terminated by notice to Purchaser in accordance with applicable law. All right, title and interest acquired under this contract by Purchaser shall then cease and terminate, and all improvements made upon the Property and all payments made by Purchaser pursuant to this contract shall belong to Seller as liquidated damages for breach of this contract. Neither the extension of the time for payment of any sum of money to be paid hereunder nor any waiver by Seller of Seller's rights to declare this contract forfeited by reason of any breach shall in any manner affect Seller's right to cancel this contract because of defaults subsequently occurring, and no extension of time shall be valid unless agreed to in writing. After service of notice of default and failure to cure such default within the period allowed by law, Purchaser shall, upon demand, surrender possession of the Property to Seller, but Purchaser shall be entitled to possession of the Property until the expiration of such period.
- 17. **BINDING EFFECT.** The terms of this contract shall run with the land and bind the parties hereto and their successors in interest.
- 18. **HEADINGS.** Headings of the paragraphs of this contract are for convenience only and do not define, limit or construe the contents of such paragraphs.
- 19. **ADDITIONAL TERMS:** _____

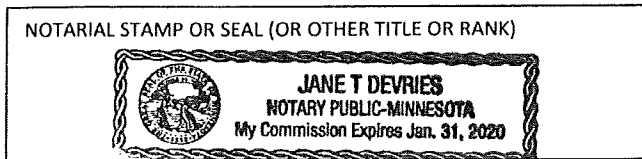
SELLER(S)
 KNOCHENMUS ENTERPRISES, LLP

 By: Jon Knochenmus
 Its: Partner

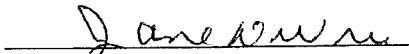
PURCHASER
 CITY OF MARSHALL

 By: Robert J. Byrnes
 Its: Mayor


 By: Thomas M. Meulebroeck
 Its: City Clerk/Finance Director

STATE OF MINNESOTA)
)ss
 COUNTY OF LYON)

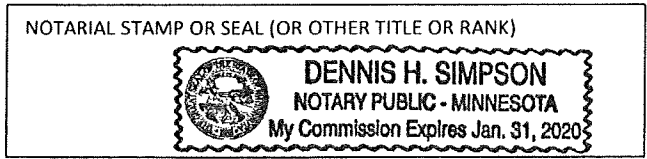
The foregoing instrument was acknowledged before me this 31 day of August, 2015, by Robert J. Byrnes and Thomas M. Meulebroeck, the Mayor and City Clerk/Finance Director of the City of Marshall, a municipal corporation under the laws of the State of Minnesota, on behalf of the City of Marshall.




 Notary Public

STATE OF MINNESOTA)
)ss
COUNTY OF LYON)

The foregoing instrument was acknowledged before me this 1st day of September, 2015, by Jon Knochenmus, the Partner of Knochenmus Enterprises, LLP, a limited liability partnership under the laws of the State of Minnesota, on behalf of the limited liability partnership.



[Handwritten Signature]

Notary Public

THIS INSTRUMENT WAS DRAFTED BY:

QUARNSTROM & DOERING, P.A.
By: Dennis H. Simpson, Marshall City Attorney
109 South Fourth Street
Marshall, MN 56258
(507) 537-1441

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

City of Marshall
344 W. Main St.
Marshall, MN 56258

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

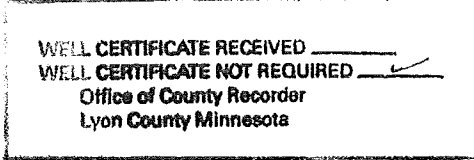


EXHIBIT "A"

TRACT ONE:

That part of the Southeast Quarter of the Northeast Quarter (SE1/4 NE1/4) and that part of the Northeast Quarter of the Southeast Quarter (NE1/4 SE1/4) of Section Five (5), Township One Hundred Eleven (111), Range Forty-one (41), Lyon County, Minnesota, described as follows: Commencing at the East Quarter corner of said Section 5, thence on an assumed bearing of South 88 degrees 41 minutes 13 seconds West along the East-West Quarter line of said Section 5 a distance of 88.62 feet to the centerline of the main track of The Burlington Northern Railway Company; thence northeasterly along said centerline to the intersection with the centerline of the main track of the Chicago and Northwestern Railway Company; thence North 45 degrees 37 minutes 40 seconds West along last said centerline 295.21 feet; thence South 44 degrees 22 minutes 20 seconds West 60.00 feet to the southwesterly right of way line of said Chicago and Northwestern Railway Company, thence southwesterly 68.28 feet along a tangential curve concave to the southeast, having a radius of 128.52 feet and a central angle of 30 degrees 54 minutes 51 seconds to the centerline of the railroad Spur Track I.C.C. No. 17, thence South 45 degrees 37 minutes 40 seconds East along the centerline of said Spur Track 20.68 feet; thence Southeasterly along last said centerline, 344.93 feet along a tangential curve concave to the west, having a radius of 407.49 feet and a central angle of 48 degrees 30 minutes to the northwesterly right of way line of said Burlington Northern Railway Company; thence Northeasterly 218.02 feet along last said right of way line to the intersection with the southwesterly right of way line of said Chicago and Northwestern Railway Company thence North 45 degrees 37 minutes 40 seconds West along last said right of way line 263.32 feet to the point of beginning.

27.600092.0

AND

That part of the Southeast Quarter of the Northeast Quarter (SE1/4 NE1/4) of Section Five (5), Township One Hundred Eleven (111) North Range Forty-one (41) West of the Fifth Principal Meridian, bounded and described as follows: Commencing at a point distant 50 feet Northwesterly, measured at right angles or radially from the center line of the main track of the Burlington Northern, Inc. as now located, and distant 50 feet Southwesterly measured at right angles from the center line of the main track of the Chicago and North Western Transportation Company, as said main track is now located; thence Northwesterly parallel with said (Chicago and North Western Transportation Company) main track center line a distance of 220 feet to the point of beginning of the parcel of land herein described; thence Southeasterly along the last described course, parallel with said (Chicago and North Western Transportation Company) main track center line, a distance of 220 feet to the point of commencement; thence Northeasterly parallel with and distant 80 feet Northwesterly, measured at right angles or radially, from said (Burlington Northern Inc.) main track center line a distance of 28 feet, more or less, to a point distant 25 feet Southwesterly measured at right angles, from said Chicago and North Western Transportation Company main track center line; thence Northwesterly parallel with said last described main track center line a distance of 220 feet, thence Southwesterly along a straight line a distance of 28 feet, more or less, to the point of beginning.

27.600097.0

AND

Lot One (1) and Two (2) in Block Nine (9) in Marshall Right of Way Addition to The City of Marshall, according to the plat thereof on file and of record in the Office of the County Recorder in and for Lyon County, Minnesota.

27.739037.0

AND

All that part of the Southeast Quarter of the Northeast Quarter (SE1/4 NE1/4) of Section Five (5), Township One Hundred Eleven (111), Range Forty-one (41), Lyon County, Minnesota, described as follows: Commencing at the point of intersection of the centerline of the main track of the Chicago and Northwestern Railway Company with the centerline of the main track of the Burlington Northern Railway Company, thence northwesterly along said centerline of the main track of the Chicago and Northwestern Railway Company 300.21 feet; Thence northeasterly deflecting to the right 90 degrees a distance of 60.00 feet to the northeasterly right of way line of said Chicago and Northwestern Railway Company and the point of beginning of the land to be described; thence continuing northeasterly along last described course 50.00 feet; thence Southeasterly parallel with said northeasterly right of way line 190.81 feet to the Southwesterly right of way line of said Burlington Northern Railway Company, Thence southwesterly along last said right of way line 54.98 feet to the intersection with said northeasterly right of way line of the Chicago and Northwestern Railway Company, thence northwesterly along the last said right of way line 222.43 feet to the point of beginning.

27.600091.0

TRACT TWO:

Outlot A, Moose Addition to the City of Marshall, Minnesota, according to the recorded plat thereof.

27.542001.0

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