
THE NoteMasters INTERNATIONAL, INC

ACQUISITION MANUAL

MISSION STATEMENT:

TO PRESERVE AND INCREASE THE
NET WORTH OF PEOPLE THROUGH THE
ACCUMULATION OF CASH AND ASSETS

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NoteMasters International Inc.

Port Huron, MI

Printed in USA

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ADVANCED REAL ESTATE NOTE ACQUISITIONS**INCOME OPPORTUNITIES AND INVESTMENT****ADVANCED REAL ESTATE PROGRAM****COURSE DESCRIPTION/OBJECTIVES**

Purpose: The purpose of this course is to provide a detailed description of operating, creating and promoting a real estate note acquisition business for income production along with detailed acquisition techniques for selecting of high quality investment grade real estate notes for a personal portfolio. Additional strategies for mushrooming your business while utilizing today's technology.

Prerequisites: **Participants should be** familiar with real estate terms and general principles, have proficiency in writing, reading, and mathematics.

Target Audience: Entrepreneurs, home based workers, real estate investors and people who want to learn.

OBJECTIVES TO THE COURSE:

1. Identify the following major elements of real estate paper:
 - Status of the parties
 - Terms of the note
 - Default remedies and procedures
 - 5 essential elements found in mortgages
 - Assignable or not assignable
 - 11 steps to analyzing the real estate paper grade
2. Identify the capabilities and limitations of real estate notes and where to find them.
3. How to execute within the proven acquisition system.
 - The best way to create catchy headlines for advertising
 - 5 great areas to place advertisements and 3 no-no's to avoid
 - Why a system is required to become successful
4. Utilizing the forms provided in the acquisition system
 - Paper analysis
 - Daily activities
 - Snapshot credit analysis

- Determining truthful supporting documents
 - Potential perils found in Real Estate Paper
5. Building an acquisition system for residual income.
 6. Use the system to plan, market, analyze and control your real estate success.

The NoteMasters Acquisition Manual

Table of Contents

I. Introduction

A. The Entrepreneur

B. The Average America

II. The Importance of Action

A. Starting Up the Money Machine

B. Definitions of the Trade

III. The Success Formula

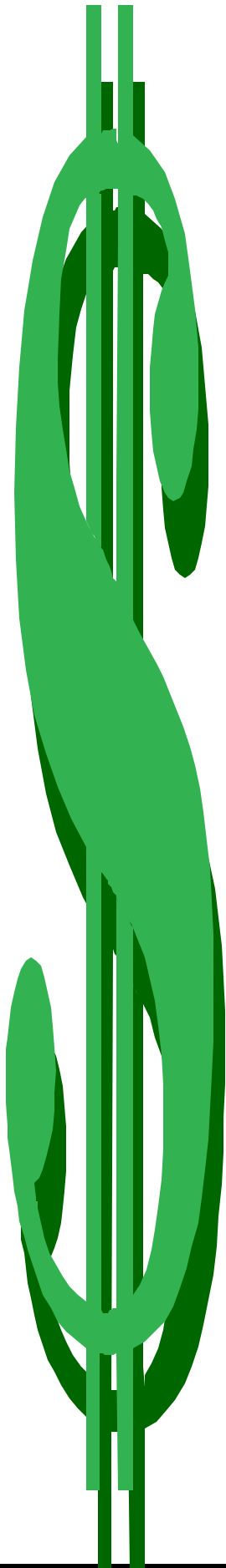
A. Attitude is the Most Important Thing

B. Image and Credibility Goal Setting Secrets

IV. Locating the properties

A. Locating the Gold Mines

B. Determination of Good and Bad Bits of information



C. Other Locations for Gold Mines

D. Money Machine Criteria

V. Money Machine in Motion

A. Methods of Contact

- 1. Telephone**
- 2. Tips**
- 3. Mailers**
- 4. Newspaper Advertisements**
- 5. High Traffic Land**

B. Direct Mail

- 1. What to Do**
- 2. What Not to Do**

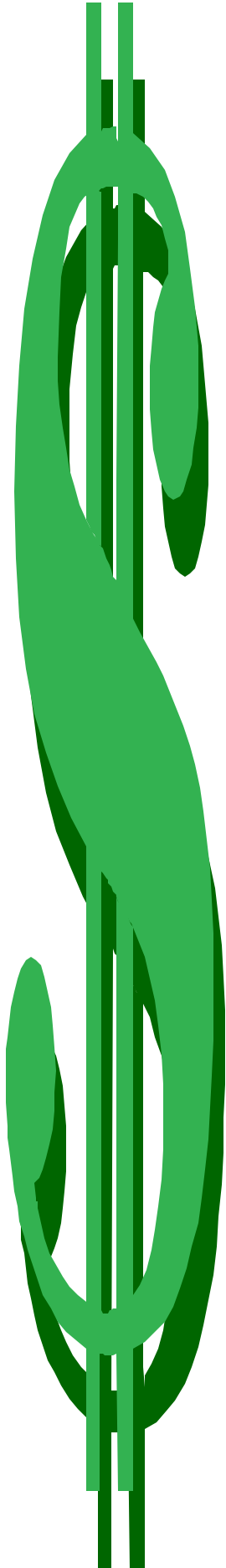
VI. Financing the Money Machine

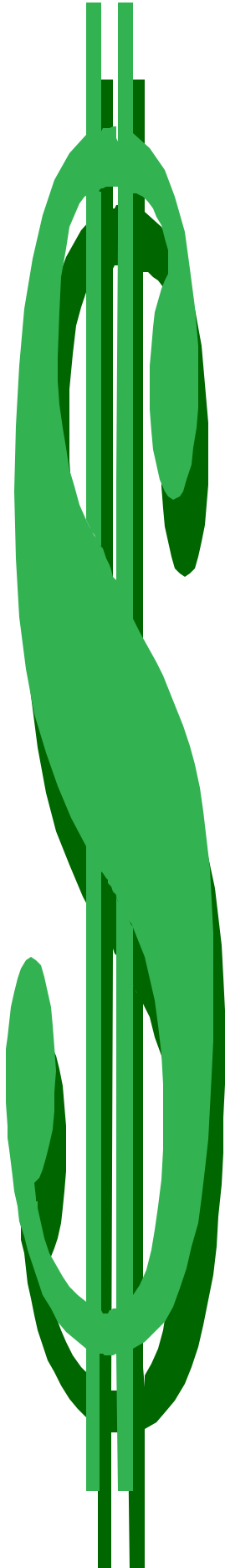
A. What Factors Affect Financing

B. NoteMasters as your Money Buddy

C. The Next Step

D. The Never Ending Line of Capital





VII. Financial Analysis

A. Learning the Basics

B. Simple and Compound Interest

C. Buying Paper at a Discount

D. Discounting Techniques

VIII. Negotiation

A. Use Time as a Tool

B. Basis Principles to Get What You Want

C. The Human Factor

D. Identifying Sellers

E. Armchair Closing

IX. Operations

A. Getting Others to Help

B. Selection of Help

C. Develop a System

D. The NoteMasters Step-by-Step System

X. The Safety of the Money Machine

A. Safety Measures



XI. Automatic Pilot

- 1. No Management Hassles**
- 2. Readily Obtained Cash**
- 3. Foreclosures**
- 4. Non-regulation**
- 5. High-yielding**
- 6. Real Estate Secured**
- 7. Track Record**
- 8. Check Out Each and Every Detail**

XII. The Appendix

XIII. Necessary Business Forms

XIV. Acquisition Pak-It

Success Formula

One great author wrote:

**“MONEY
AND
TIME
AND
COMPOUND
INTEREST
=
FINANCIAL SUCCESS.”**

Attitude is the most important thing

ATTITUDE IS THE MOST IMPORTANT THING

What is the magic ingredient that separates the successful person from the average individual? There are many, many reasons, probably more than we want to count. There are, of course a few that come to mind: lack of courage, inadequate supervision, etc. And while these are legitimate factors, possibly the primary reason for success, or for lack of success, is attitude.

It is essential as Important Acquisition Associates that we must understand this principle. With the right attitude we can provoke ourselves to take action (follow the *NoteMasters* step-by-step process) to accumulate money and gain time for ourselves and family.

Success is a quality that is difficult to define and measure because the criteria for success is different for everyone and will vary from person to person. Happiness is closely related to success. Again, it is entirely up to us as individuals to determine what makes us happy.

We must realize that we can influence those things that can be changed. The frightening thing is that too many people wait for happiness to come to them. They wait for things and times to get better. They wait for the world to become a better place. They wait for the weather to improve, to feel better, to get richer.

Why waste all of this valuable time waiting and being negative? Instead, take a positive stance and see what you can do to contribute to make yourself better. You

have already taken one step by enrolling in this opportunity. Use the *NoteMasters* step-by-step process and take a plan of action to reach the wealth you have been dreaming of.

Attitude may get you over the hill, but it may be in a sporadic nature, in part 4 we will discuss how focus that attitude into a single wealth creating system.

WHAT FACTORS AFFECT FINANCING?

Through out my years of experience, I have found a few factors that can and will reduce yields on the mortgages you plan to purchase. The **first factor** is **demographics**. Not until recently, demographics never were looked at as a determining factor, but it is now. Demographics can usually be obtained in the County Building where the research and planning office is located or the local Police Station. Demographics show things such as low-income areas, high crime rates, etc.

The **second factor** is the **term remaining on the instrument**. As explained before, the shorter the term on the instrument the higher the yield, the longer the term on the instrument, the lower the yield.

The **third factor** is the **amount of down payment, which was applied toward the purchase price of the**

property. If the amount of down payment is less than ten percent, the instrument is viewed as a risky investment because the less money a person has in a home, the more likely they will not continue to make the payments and take care of the structure.

The **fourth and the most important** factor is the **credit history** of the person. This is a must in any real estate deal. If more than two bad debts, the consumer may be rated as a high-risk creditor. Remember that in the paper business, the assurance and willingness of someone who pays his bills on time is almost a must. If you put fifteen thousand on a 22,000-dollar contract, you are sure going to take the necessary steps to see how good or bad the payee of the contract is or has been in the past. Also, beware of many self-employed

individuals. Requirements for them are two years of tax returns and/or a current financial statement.

The **fifth factor** is the **lien position the mortgagor has**. It is not uncommon for two, three, and even four land contracts to be on the same parcel of property. As the position of the mortgagor increases, the value of his contract decreases. Therefore, if I owned a piece of property which I bought on an installment contract from a person who owned the property free and clear and sold it on an installment contract, I would have second position on the contract and the person who I bought it from would have the first position. Therefore, as position number increases, yield value decreases.

The **sixth factor**, and a crucial one at that, is the status of the **taxes** on the property. In order for these

paper deals to go through, the tax status of the property must be paid up to date. In other words if you are buying the mortgage yourself, you may take the risk of having delinquent taxes by lowering the amount of lump sum the mortgagor will receive from you. It is also a strong negotiating point to lower contract value. Many states in recent years have adopted a strict policy on tax collection to reduce the amount of property tax delinquencies.

The eighth and ninth factors play a large common sense role on the value of the mortgage. The **eighth factor** is the **issuance of a title commitment**. Any glitch in the title or the discovery of additional liens can bring a deal to a halt (i.e. state and federal tax liens). A clear concise title commitment will speed up the

processing time and give you an assurance that the money you are about to put forth will be going toward the mortgage you intended it to. The **ninth** factor is the **appraisal**. The appraisal value of the property must come in within a reasonable amount of what the sale price was. For instance, many mortgagors are able to get away with selling a property at a much higher price than it would be appraised by offering a buyer very easy terms on the mortgage. An appraisal is in most cases a requirement and needs to be done by a certified appraiser. Comps, photos and an area map should accompany the appraisal. In addition, photos of the property are also helpful.

THERE ARE ONLY TWO TYPES OF INTEREST THAT
CAN BE CHARGED IN THE PAPER BUSINESS:
“SIMPLE” AND “COMPOUND”

The formula for **simple interest** is:

$$\text{simple interest} = \text{principle} \times \text{interest rate} \times \text{time}$$

For example, if you borrow \$1,000.00 for four months at ten percent, then your interest would be:

$$\text{interest} = 1,000.00 \times 0.10 \times (4/12) \text{ months} = \$33.33$$

Compound interest is interest that acquires both the principle and the past-accrued interest. Compounding is said to "turn all your stones into gold." When interest is compound, interest is earned per period on the outstanding principle and on the interest accumulated for the preceding periods. For example, if you had \$1000.00 compounded semi-annually at eight percent, after two years you would have \$1169.86.

In order to determine this number, you should use the five financial keys on your financial calculator:

n	i	PV	PMT	FV
---	---	----	-----	----

Where:

n = the number of remaining

payments
i = effective interest rte (per
compounding period)
PV = present value of the dollar(s)
today
PMT = the periodic payment amount
FV = future value of the dollars.

Therefore:

n	i	PV	PMT	F?
2 yrs x 2	8%/2	\$1,00 0.00	-0-	

Solve for FV = \$1169.86

Summarized below are a few of the key time value of money characteristics:

Items that cause of HIGHER value today:

- ❖ Higher interest rate
- ❖ Shorter length of time to maturity
- ❖ More frequent compounding periods
- ❖ Higher present value amount

Items that cause a LOWER value today:

- ❖ Lower interest rate
 - ❖ Longer length of time to maturity
 - ❖ Less frequent compounding periods
 - ❖ Lower present value amount
-

NOTEMASTERS

UNDERWRITING GUIDELINES

FORM #1016

PENDING LAND CONTRACTS

1. Purchase Agreement

- (a) Signed by both Purchaser & Seller
- (b) Clear Legal Description
- (c) Terms clearly stated (Sale Price, Down Payment, Interest Rate, Principle & Interest Payment and Maturity)

2. Appraisal

- (a) Full Appraisal on all Pending Land Contract Purchases
- (b) Completed by a Certified Appraiser
- (c) Request Resume if not currently on file
- (d) Comps with Photos
- (e) Area Map

3. Form 1017 (Residential Loan Application)

- (a) Completely filled out and signed by Purchaser and Spouse/Co-Purchaser

4. Verification Forms

- (a) Deposit
- (b) Rent/Mortgage Payments
- (c) Employment (if self-employed: 2 years tax returns and/or current financial statement).

5. Credit Report

- (a) Letter explaining any/all delinquencies.

6. Title Commitment

- (a) Insured & Sale Price

7. Underlying Mortgage/Land Contract

- (a) Assumption Letter/Package on Mortgage
- (b) Copy of 1st Land Contract with Status Letter

8. Taxes and Insurance

- (a) Set-up Escrow Account

9. Terms

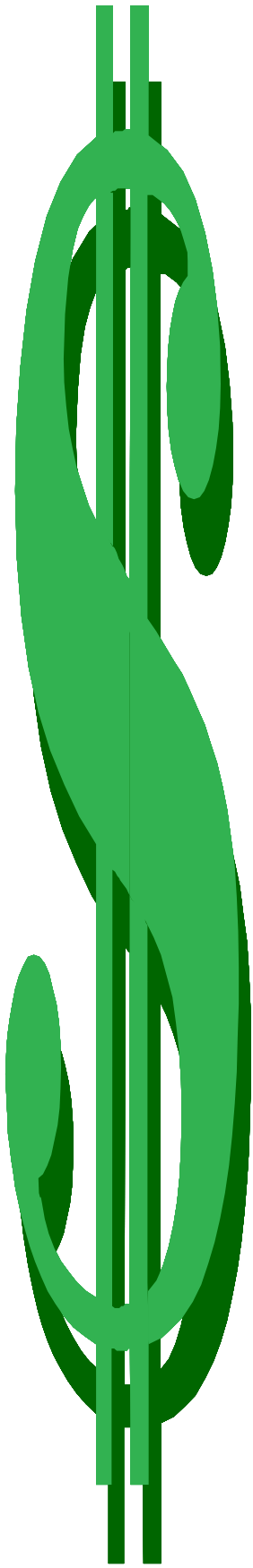
- (a) Sale Price: Not to exceed Appraised Value
- (b) Down Payment: 10% or better. LTV not to exceed 90%
- (c) Interest Rate: 11%
- (d) P & I: Based on 30-year amortization or 1% or better of Land Contract balance after down payment.

10. Additional Language

- (a) Late Charges (attach)
- (b) Legal Fees (attach)

11. Miscellaneous

- (a) City verification if applicable
- (b) Well and Septic test if applicable
- (c) Power of Attorney if applicable



Noteworthy Lessons

LAND CONTRACT

THIS CONTRACT, made June 27th, 1990,

Between Steven K. Sheck, a single man, whose address is 160 North Britt Road, Whittemore, Michigan 48770, hereinafter referred to as the "Seller" and David Damron, a married man, whose address is 312 Seventh Street, Tawas City, Michigan, 48763, hereinafter referred to as the "Purchaser."

WITNESSETH, That In consideration of the mutual covenants to be performed between the respective parties hereto as hereinafter expressed and the sum hereinafter state to be duly paid **by** the Purchaser to the Seller, as hereinafter specified, it is agreed between the parties hereto as follows:

SALE The Seller hereby sells and agrees to convey unto the Purchaser all that certain piece or parcel of land situated In the Township of Plainfield, County of losco and State of Michigan, commonly known as and described as follows, to-wit:

Part of the N.W. 1/4 of the N.W. 1/4 of Section 23, Township 23 North. Range 5 East, Plainfield Township, losco, County, Michigan, described as commencing 304.0 feet East of the Northeast corner thereof, thence South 133.0 feet, thence East 40.0 feet, thence North 133.0 feet, thence West 40.0 feet to the point of Beginning, EXCEPTING the Easterly 10.0 feet thereof.

AND ALSO:

Part of the Northwest 114 of the Northwest i/4 of Section 23, Township 23 North, Range 5 East, described as follows: commencing 176 feet West of the intersection of the West line of the D&M Right-of-Way and the North line of said Section 23, thence South 133 feet, thence West 30 feet, thence North 133 feet, thence East 30 feet to the point of beginning, Plainfield Township, losco County, Michigan.

Together with all easements and rights benefiting the premises, whether or not such easements and rights are of record, and all tenements, hereditament, improvements and appurtenances, including all lighting fixtures, plumbing fixtures, shades, venetian blinds, curtain rods, storm windows, storm doors, screens, awnings, if any, and now on the premises, and subject to all recorded easements, conditions, encumbrances and limitations and to all applicable building and use restrictions, zoning laws and ordinance, conditions, encumbrances and limitations and to all applicable building and use restrictions, zoning laws and **ordinances**, if any, affecting the premises.

PRICE AND TERMS. Said Purchaser hereby purchases said premises from the Seller and agrees to pay the Seller therefore the sum of SEVENTY THOUSAND and 00/100 (\$70,000.00) DOLLARS In the manner following; TEN THOUSAND and 00/100 (\$10,000.00) DOLLARS on delivery of this contract, the receipt whereof is hereby confessed and acknowledged by said Seller, and the remaining which is secured by this contract, together with interest on the whole sum that shall be from time to time unpaid at the rate of Ten (10) % per cent, per annum, payable as follows: \$650.00 on the .21st--- day of July 1 1990, and the same amount on the same day of each and every month thereafter, until the principal and interest shall be fully paid.

Interest to be computed monthly and deducted from payment and balance of payment to be applied on principal, said Purchaser to have the right to pay larger fnstailments than above provided for and to pay the whole or any part of the balance remaining unpaid on this contract at any time before the same, by the terms hereof, becomes due and payable. Interest shall commence to run on the unpaid balance of principal as of July 1, 1990, and payments shall be made at 160 North Britt Road, Whittemore, Michigan 48770 until Purchaser is given written

notice to the contrary. Notwithstanding the prepayment of any installments, the Purchaser is not relieved of the requirement that the Purchaser make the monthly payments described above.

3. **TAXES AND INSURANCE.** Said Purchaser shall promptly pay, when due, all taxes and assessments of every nature which shall become a lien on said premises after the date hereof. and may installments of special assessments becoming due after the date hereof, excepting ----- and shall, during the continuance of this contract, maintain liability insurance on the premises, naming the Seller as an additional Insured, keep insured the buildings now on said premises, or which shall hereafter be placed thereon, in the name of said Seller against loss by fire and windstorm, in such company or companies and for such amount as the Seller shall approve, and forthwith deposit all policies of insurance with the Seller, with loss, if any, payable to the Seller. as his interest may appear under this contract. Should the Purchaser fail to pay any tax or assessment, or installment thereof. when due, or keep said buildings insured, the Seller may pay the same and have the buildings insured, and the amounts thus expended shall be a lien on said premises and may be added to the balance then unpaid hereon and be due at once and bear interest until paid at the rate of the per cent per annum above specified in Paragraph 2. In case of damage as a result of which said insurance proceeds are available, the Purchaser may, within sixty (60) days of said loss or damage, give to the Seller written notice of Purchaser's election to repair or rebuild the damaged parts of the premises, in which event said insurance proceeds shall be used for such purpose. The balance of said proceeds, if any, which remain after completion of said repairing or rebuilding, or all of said insurance proceeds If the Purchaser elects not to repair or rebuild, shall be applied first toward the satisfaction of any existing defaults under the terms of this contract, and then a prepayment upon the principal balance owing* and without penalty, notwithstanding other terms of paragraph 2 to the contrary. No such prepayment shall defer the time for payment of any remaining payments required by said contract. Any surplus of said proceeds in excess for the balance owing hereon shall be paid to the Purchaser.

(Following paragraph applies unless elected. See footnote I-e. of this Contract is being used under Michigan Land Sales Act.)

Notwithstanding the provisions of the foregoing paragraph, the Seller herein shall, while this contract is not in default, by pay all taxes (but not special assessments levied on the above described premises and premiums on insurance on the buildings on said premises and the amounts so paid shall be added to the principal then unpaid thereon. It Is understood that \$ ----- is Included in each monthly payment as a credit to cover taxes and insurance premiums as they mature. The monthly payment required shall be increased from time to time, as necessary to cover any increase in cost of taxes and insurance incurred over such costs as of the time of execution of this contract.

4. **MAINTENANCE.** All buildings, trees or other improvements now on said premises, or hereafter made or placed thereon, shall be a part of the security for the **performance** of this contract and may not be removed therefrom. Purchaser shall not commit, or suffer any other person to commit, any waste or damage to **said** premises or the appurtenances and **shall keep** the **said** premises and all improvements in **as** good condition as **they** are **now**.

5. **FORFEITURE AND ACCELERATION**- Should default **be** made by the Purchaser In any of the provisions hereof, the Seller may immediately thereafter declare this contract void and forfeited and the said buildings, improvements and **all** payments made on this contract shall be forfeited to the Seller as rental for the **use** of the premises and as stipulated damages for failure to perform this contract. Seller shall be entitled to immediate peaceable possession of said premises without notice and remove the Purchaser and all persons claiming under him therefrom. Seller may, without notice to the Purchaser, declare all money remaining unpaid under this contract forthwith due and payable, notwithstanding that the period hereinbefore limited for the payment of the said balance may not then have expired. Seller may thereafter enforce his rights under this contract in law or in equity, or may take summary proceedings to forfeit the interests of Purchaser or may enforce said contract in any other manner now or hereafter provided. In addition to any other remedy, Seller, on default being made, may consider Purchaser as **a** tenant holding over without permission and remove Purchaser from said premises. A notice of forfeiture given Purchaser 1s days to cure the default shall be served on Purchaser, as provided by statute, prior to the institution of any proceeding to recover possession of the land.

6. **DEED AND EVIDENCE OF TITLE** If the Purchaser shall, in the time and manner above specified, make all the payments herein provided for, and shall observe and perform all the conditions and agreements herein made, the Seller shall thereupon, by good and sufficient warranty deed, convey the said premises to the Purchaser on the conditions herein agreed upon., the warranty deed, the abstract and the tax history shall be limited so as to except acts or negligence of parties other than the Seller subsequent to the date of this contract. In the event an abstract is delivered, the Purchaser agrees to accept the abstract of title certified to date of conveyance, showing in the Seller a marketable title of record, subject to easements, conditions. encumbrances and limitations of record. as defined in Act 20 of the 1945 Public Acts of Michigan as amended.

In the event that evidence of title in the Seller, by abstract of title or title insurance, has been furnished the Purchaser current with the date of this contract, Purchaser agrees that except **for** costs resulting from **acts, negligence**, or death of the Seller, the cost of additional evidence of title shall be the obligation of the Purchaser.

7. **POSSESSION.** possession of said premises may be taken by said Purchaser immediately and retained for so long as no default is made by said Purchaser in any of the terms or conditions hereof.

8. **ASSIGNMENT OR SALE.** Purchaser further agrees, that, notwithstanding any other provision herein contained, this land contract shall become immediately due and payable in the event Purchaser shall sell, assign, transfer or convey his interest or any part of his interest in the subject property by assignment, sub-land contract, or any other manner, without first securing the written consent of the Seller.

CONVEYANCE OR MORTGAGE BY SELLER.The Seller reserves the right to convey his interest in the above described land and his conveyance hereof shall not be a cause for rescission.

The Seller may, during the lifetime of this contract, place a mortgage on the premises above described, which shall be a lien on the premises, superior to the rights of the Purchaser herein, or may continue and renew any existing mortgage be a lien on the premises, superior to the rights of the Purchaser herein, or may continue and renew any existing mortgage thereon, provided that the aggregate amount due on all outstanding mortgages shall not at any time be greater than the unpaid balance of the contract, and provided that the aggregate payments of principal and interest, whether periodic or final, required in any one month in such new or renewal mortgage shall not exceed those named in this contract; nor shall said new or renewal mortgage restrict the time of payments thereon to a date later than Is provided for similar payments in this contract. To secure the priority of lien granted to a new or renewal mortgage as provided for in this paragraph, written notice shall be given to the Purchaser within fifteen (15) days of the execution of all such new mortgages and renewals containing the name and

address of the mortgagee, the rate of interest of such mortgage, the amount and due date of payments and maturity of principal.

If the Seller's interest be that of land contract Purchaser or is now or hereafter encumbered by mortgage, the Seller covenants that he will meet the payments of principal and interest thereon as they mature and produce evidence thereof to the Purchaser upon demand. In the event the Seller shall default upon any such mortgage or land contract, the Purchaser shall have the right to do the act or make the payments necessary to cure such default and shall be reimbursed for so doing by receiving, automatically credit on this contract to apply on the payments due or to become due hereon.

When payments on this contract have reduced the amount due hereon the amount due by Seller on any such mortgage or land contract indebtedness hereafter the Purchaser shall be entitled to make payments due on this contract directly to the mortgagee Or land contract vendor for credit on such mortgage or land contract indebtedness and the Purchaser shall be reimbursed for doing so by receiving, automatically, credit on this contract to apply on the payments due or to become due hereon. Notwithstanding anything contained herein to the contrary, the Seller shall not place any mortgage on the premises from and after the date hereof, which contains a due-on-sale provision without the prior written consent of the Purchaser.

10. **NOTICES.** Until endorsed on this contract to the contrary, each of the parties hereto agrees that notices required hereunder may be sent to;
SELLER 160 North Britt Road, Whittemore, Michigan 48770
PURCHASER 312 Seventh Street, Tawas City, Michigan 48763
and when mailed, postage prepaid, to send address, shall be binding and conclusively presumed to be served upon said parties respectively. Notice of forfeiture of this contract shall be served as provided by law-

11. **PRONOUNS-** If more than one joins in the execution hereof as Seller or Purchaser, or either be of the feminine sex, or a corporation. the pronouns and relative words herein used shall be read as if written in plural, feminine or neuter respectively.

12. **TIME OF ESSENCE.** It is expressly understood and agreed by the parties hereto that time shall be deemed as of the very essence of this contract and all stipulations and agreements herein contained shall apply to and bind the heirs, executors, administrators, successors and assigns of the parties hereto.

13. **CONDITION OF PREMISES-**Purchaser agrees that the Seller has made no representations or warranties and makes no representations or warranties as to the condition of the premises, the condition of the buildings, appurtenances and; fixtures located thereon, and/or the location of the boundaries.

14. **RENTS AND PROFITS.** Notwithstanding any other provision herein contained or any provision of law, the parties expressly agree that in the event of default not cured by the Purchaser(s) within fifteen (15) days after notice of intent to forfeit the contract and served upon Purchaser, Seller shall have the right to possession of the subject property, and to receive all rents and profits relative to the subject property from and after the date set in said notice for curing such default and such right of Seller shall continue during any period that forfeiture or foreclosure proceedings may be pending and during any period of redemption. Purchaser further agrees that Seller shall have the right to the appointment of a receiver to receive such rents and profits and such receiver may be Seller or an agent of Seller.

15. **ATTORNEY FEES.** in the event of default, in addition to any remedies or rights of Seller, Purchaser shall pay to seller, Seller's reasonable and actual attorneys' fees

and expenses incurred by Seller in enforcement of any rights of Seller hereunder, which sums shall be payable prior to Purchaser's being deemed to have corrected any such default.

16. LATE PAYMENT CHARGE. If Purchaser shall fall to pay in ten (10) days after due date, any installment due hereunder, Purchaser shall be required to pay an additional charge of four (4%) percent of th

17. OTHER PROVISIONS- Buyers agree that for their own purpose they will purchase their own title insurance in regard to the above described premises.

18. Notwithstanding any of the above, there shall be no proration of taxes for the year of 1990, and Purchaser agrees to be responsible for all 1990 Property Taxes.

19. Seller acknowledges that Seller shall remain liable for all business debts or claims against "Steve's Pizzeria" and the Purchaser is not buying nor is Seller transferring the business known as "Steve's Pizzeria", and should Purchaser be made liable for any debts of "Steve's Pizzeria", Seller agrees that any liability of Purchaser may be offset against any debt owed to Seller by Purchaser pursuant to this contract.

20. Seller agrees that in consideration for this agreement, will not participate, instigate or go into the pizzeria business within a 30 mile radius of either the City of Whittemore-or Hale, Michigan, within 8 years of the date of this contract.

21. It is acknowledged between the parties hereto that this is a second land Contract junior to a Land Contract dated September 21st, 1988, between Gerald L. Everitt and Diana G. Everitt, his wife, as vendors and Steven K. Sheck, a single man, as vendee. It is agreed that this Land Contract shall not be paid Immediately. but that payment of said land Contract may continue according to its terms; provided, however, that the amount remaining unpaid on said Land Contract shall at all times be kept less than the outstanding balance herein; and in the event the payments of said Land Contract are not made for any reason, then the Purchasers shall have the right to make said payments and deduct such amounts from their obligation herein.

IN WITNESS WHEREOF, the parties hereto have signed and sealed this Land Contract on the **day** and year first **above** written.

in the presence of

STATE OF MICHIGAN

)ss

COUNTY OF IOSCO

On the 27th day of June* 1990, before me, a Notary public, in and for said County, personally appeared Steven K. Sheck, a single man, to me known to be the same person described in and who executed the within instrument, who has acknowledged the same to be his free act and deed.

COLEEN C. CLEMENT
Notary Public
Iosco County, Michigan
My Comm. Expires: 9/2/91

Executed by purchaser in the presence

OTWELL WELL

COLEEN C. CLEMENT

STATE OF MICHIGAN

)ss

DAVID DAMRON

COUNTY OF iosco

On the 27th day of June, 1990, before me, a Notary public, in and for said County, personally appeared David Damron, to me known to be the same person described in and who executed the within instrument, who has acknowledged the same to be his free act and deed.

Drafted **By:**

JAMES W. SHOTWELL

Attorney at Law

408 West Lake Street

P.O. Box 97

Tawas City, Michigan 48764

(517) 362-4422

Coleen C. Clement

Notary Public

iosco County, **Michtgan**

My Comm. Expires: 9/2/91

JUN 4 4 23 PM '92

Purchase and Sale Agreement for Land Contract

G. Smith & Co.

REGISTER OF DEEDS
IOSCO COUNTY, MICH.

1. **Parties.** The parties are the undersigned Seller(s), whose address is 160 N. Wittemore, MI 48870 (the "Seller") and First National Acceptance Company, a Michigan corporation, whose address is 241 E. Saginaw, P.O. Box 4010, East Lansing, MI 48826 (the "Assignee") and or its assigns, doing business for profit and herein declaring that no agency or fiduciary exists between any of the parties hereto.

2. **Terms.** Seller is the owner (payee or current assignee) of the following described Land Contract (a true and accurate copy of which is attached hereto and referenced as "Exhibit A") and has made no prior transfer, assignment or conveyance of all or any portion of this Land Contract dated June 27, 1990, and executed between

Steven K. Sheck, a single man

as Seller(s), and

David Damron, a married man whose address is 312 Seventh Street,
Tawas City, MI 48763

as Purchaser(s), for the sale of land situated in the Township of Plainfield County of Iosco and State of Michigan, described as

«Part of the NW 1/4 of the NW 1/4 of section 23, T23N, R5E, Plainfield Township, Iosco County, Mi. described as commencing 304.0 feet E of the NW corner thereof, thence S 133.0 feet, thence E 40.0 feet, thence N 133.0 feet thence W 40.0 feet to the point of beginning, excepting the E 10.0 feet thereof.

and also:

Part of the NW 1/4 of the NW 1/4 of Section 23, T23N, R5E, described as follows: commencing 176 feet W of the intersection of the W line of the D&M right-of-way and the N line of said section 23, thence S 133 feet, thence W 30 feet, thence N 133 feet, thence E 30 feet to the point of beginning, Plainfield township, Iosco County, Mi.»

together with all sums due and to become due thereon, and covenants that there is now owing thereon \$59,285.20 with interest from 10/21/90.

3. **Amounts.** Assignee agrees to buy and Seller agrees to sell the above described Land Contract for the sum of:

\$54,800.00 for the entire Fcontract with \$26,400.00 payable immediately and \$28,400.00 in 86 months, subject to paragraph 11.

Pursuant to this commitment Assignee shall receive all monthly payments beginning with the next payment due, (unless said payment has been deducted on the Closing Statement) plus the final balloon payment, if applicable.

4. **Verifications.** Assignee shall have 30 days from the date hereof to examine the Seller's title and interest, the original instrument(s), the property, the payment history, Purchaser(s)'s credit and financial status and to cancel this Agreement if any of the same is unsatisfactory to Assignee.

5. **Timing and Release.** This transaction shall be closed within 30 days from the date hereof unless the closing date is extended by the parties hereto. Seller agrees to execute an assignment of the Land Contract and to deliver the Land Contract and such other documents to Assignee as it may reasonably request. If for any reason the Seller does not execute the assignment or such other documents to Assignee upon demand, or if for any reason Seller withdraws from this Agreement, or if for any reason the Seller fails to deliver the original Land Contract to Assignee and or fails to deliver other original instruments, deeds or assignments to Assignee, then Seller shall be released from this commitment by paying Assignee an amount of money equal to ten (10%) percent of the sum stated in paragraph 3 hereto plus interest on this amount at the highest allowable legal rate accrued from this date plus all incurred costs such as legal fees, appraisals, credit checks, title insurance, processing fee, etc., plus all reasonable attorney fees. Any conflicts between parties herein shall be decided in the court and location chosen solely by Assignee.

6. **Title.** Seller warrants that his interest as owner (current assignee) in the real property which is the subject matter of the above described Land Contract is marketable and insurable. If a title examination reveals that it is not marketable and insurable, Seller agrees to exercise diligent and reasonable efforts to render his interest marketable and insurable or Assignee, at his option, may do the same at Seller's expense.

7. **Warrants.** Seller warrants that the above described Land Contract has not been obtained or created in any fashion which violates any state, federal or local laws, that there are no legal or equitable defenses or offsets to the payment of said Land Contract, that there have been no amendments, modifications, extensions or addenda of any kind and that as of this date there is no default of any kind in the Land Contract. Seller shall further indemnify and hold harmless Assignee from any and all liability, loss or damage Assignee may suffer as a result of any claims, demands, costs or judgments which may result from the representations and warranties herein made being untrue.

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