

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF INDIANA
EVANSVILLE DIVISION

IN RE:)
)
LARRY D. HEMBREE) CASE NO. 16-70779-BHL-11
)
Debtor)
_____)

DEBTOR’S MOTION FOR AUTHORITY TO CAUSE HEMBREE PROPERTIES, INC. TO SELL BY AGENT REAL PROPERTY LOCATED AT 714 W. WALNUT STREET IN WASHINGTON, INDIANA

Comes now the Debtor, by counsel and moves the Court for an order authorizing him to cause Hembree Properties, Inc. (“Properties”), to sell certain real property located at 714 W. Walnut Street in Washington, Daviess County, Indiana (the “Property,” as described further below), and to cause the proceeds of the sale to be distributed as described herein. In support of this motion (the “Motion”), the Debtor would show as follows:

1. The Court has jurisdiction over the subject matter of this Motion pursuant to 28 U.S.C. §§ 1334 and 157. This is a core proceeding under 28 U.S.C. § 157(b)(2). The statutory predicate for the relief requested in this motion is 11 U.S.C. § 363(b) and (f). The Motion is brought pursuant to Rules 2002 and 6004 of the Federal Rules of Bankruptcy Procedure. Venue in this Court is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

The Property and the Loan

2. The Debtor founded Properties in 1997 and has at all times since been its sole owner. *See Amended Schedule A/B* at line 19 [Doc. 180 at 16].

3. On or about May 7, 1999, Properties acquired a fee simple interest in the Property, which it has retained to this day. The Debtor believes the Property to be worth \$95,000.00. *See Exhibit A to Amended Schedule A/B* [Doc. 180 at 22].

4. The legal description of the Property is:

A part of Location 250, Township 3 North, Range 7 West, described as follows: Commencing at the Northeast corner of Lot 62 in Hyatt's Western Addition to the Town, now City of Washington, and running thence North 40 feet; thence East 30 feet to the point of beginning; thence East 110 feet; thence North 99 feet to the South side of public highway; thence North 88 degrees West 110 feet; thence South 102.84 feet to the point of beginning. Also, known as 714 West Walnut Street in said City, County and State.

5. On or about January 7, 2005, Properties granted a mortgage on the Property to Springs Valley Bank & Trust Company ("SVBT") to secure that certain loan in the original principal amount of \$1.34 million with loan number ending in X6888 (the "Loan"). In addition to the Property, the Loan was and is now secured by mortgages on six other properties owned variously by Properties, the Debtor, and the Debtor and his wife by the entireties; to-wit:

a. a multi-use property owned by Properties with 16 residential apartments and two units suitable for retail or office space located at 602 W. 7th Street in Jasper, Indiana, with an estimated value of \$650,000; *see id.*;

b. a vacant lot owned by Properties suitable for commercial development at the corner of Eversman and Rumbach Streets in Jasper, with an estimated value of \$100,000; *see id.*;

c. an office building owned by the Debtor located at 514 N. JFK Avenue in Loogootee, Indiana, with an estimated value of \$90,000; *see id.* at line 1.6;

d. a commercial property owned by the Debtor and his wife by the entirety located at 104 SW Second Street in Loogootee, with an estimated value of \$225,000; *see id.* at line 1.7;

e. a small house owned by the Debtor and his wife by the entirety located at 106 ½ SW Second Street in Loogootee, with an estimated value of \$35,000; *see id.* at line 1.8; and

f. a factory building located at 101 NW First Street in Loogootee, with an estimated value of \$125,000; *see id.* at p. 21.

6. On August 19, 2016 (the “Petition Date”), the Debtor filed his petition for relief under chapter 11 of the Bankruptcy Code, initiating the instant case.

7. As of the Petition Date, the balance on the Loan was approximately \$599,287. *See Amended Schedule D* at line 2.3 [Doc. 180 at 28].

8. As of December 26, 2017, regular monthly payments by Properties had reduced the balance of the loan to \$515,907.47. *See* the December 2017 Loan statement attached hereto as **Exhibit A**. Since then, on or about January 4, 2018, an additional monthly payment of \$7,120.74 was paid from funds held in trust by the undersigned for Properties, pursuant to the *Interim Order Granting in Part and Deferring Consideration in Part on Debtor’s Second Emergency Motion to Authorize Certain Payments from Funds of Hembree Properties, Inc., Held in Trust* [Doc. 277]; after this payment is applied, the outstanding balance will be less than \$510,000. The Loan is and at all times since the Petition Date has been fully secured by the aforementioned mortgages.

9. In addition to the mortgage securing the Loan, the Property is subject to property taxes accrued in 2017 and 2018 in the approximate amount of \$1,500,¹ which will become payable in the future; such taxes would be charged to Properties and reduced from the amount payable at closing.

10. The Property has been vacant for approximately 4 months. Before that, it had been occupied by the State of Indiana's Department of Workforce Development pursuant to a ten-year lease, which the State declined to renew despite the Debtor's best efforts to entice it to do so. Despite his best efforts, the Debtor has been unable to obtain a replacement tenant, and has no prospects for a replacement tenant at this time. The costs of maintaining the property, including insurance, certain utilities, and property taxes, are being borne by Properties without any corresponding income.

The Proposed Sale

11. On or about December 19, 2017, the Debtor was approached by realtor Tim J. Wagner, Sr., of Vic Hopkins Agency, LLC ("Hopkins Agency"), a longtime acquaintance of the Debtor's, with an unsolicited offer by Family Life Services, Inc., to buy the Property for a gross price of \$95,000.00, to be paid in cash with no financing. A copy of the written offer is attached hereto as **Exhibit B**.

12. By the terms of the offer, Properties must accept with no contingencies no later than January 18, 2018.

13. Concurrently herewith, the Debtor is filing applications to employ Hopkins Agency and pay it 6.0% of the gross sales price as compensation for arranging the sale.

¹ The taxes assessed against the property for 2016, which were fully and timely paid in 2017, totaled \$1,464.00, and are the basis for this estimate.

14. Additional transactional costs, projected to total less than \$1,000.00, would be assessed against Properties under the terms of the offer. *See* Exhibit B at ¶ 11.

15. After payment of the realtor's commission and deductions for property taxes and transaction costs, the Debtor expects the amount payable to SVBT would be approximately \$87,000. This would reduce Properties's monthly interest expense by approximately \$326.25 per month, among other savings which would result from the sale.

16. Neither the Debtor nor Properties has any affiliation or prior acquaintance with the proposed purchaser.

17. The Debtor believes the offer is fair and reasonable, and that an extended marketing process is not likely to result in a significantly higher and better offer. Accordingly, given the cost of continued ownership of the property, the Debtor believes that the offer is in the best interests of Properties, his bankruptcy estate, and his creditors.

Restrictions on Properties's Activities

18. Though the Property is not owned by the Debtor himself but instead by Properties, a corporation, and so is not itself property of the Debtor's bankruptcy estate, the Debtor brings this motion pursuant to the *Order Requiring Debtor to File Monthly Operating Reports for Entities Controlled by the Debtor and Directing Preservation of Estate Assets* [Doc. 101], which prohibits Properties's sale of assets without ten days' written notice to counsel for XTec, Inc.

19. Furthermore, in this extended period of settlement negotiations following the Court's approval of the disclosure statement [Doc. 157] associated with the Debtor's chapter 11 plan [Doc. 158] and the Court's referral of the dispute between the Debtor and his principal

creditor to mediation [Doc. 237], the Debtor wishes to keep his creditors, including SVBT, apprised of his intentions to proceed with the liquidation of Properties, his estate's largest asset.

20. Concurrently herewith, the Debtor is filing a motion to shorten notice time on this Motion, such that it may be heard and ruled upon by the Court at the telephonic hearing previously scheduled for January 18, 2018.

21. Because of the modest size of the proposed transaction and the prospective buyer's desired timeline, the Debtor requests that the Court waive the fourteen-day stay contemplated by Rule 6004(h) of the Federal Rules of Bankruptcy Procedure, such that an order granting this motion would be effective immediately upon its entry.

WHEREFORE, the Debtor prays for an order authorizing him to cause Hembree Properties, Inc., to sell the Property pursuant to the terms of the offer attached hereto as Exhibit B, with the 100% of the proceeds net of realtor's commission, property taxes, and sales expenses to be paid to SVBT in partial satisfaction of the Loan.

A proposed order is tendered herewith and attached hereto as **Exhibit C**.

Respectfully submitted,

/s/ William P. Harbison

DAVID M. CANTOR

WILLIAM P. HARBISON

KEITH J. LARSON

SEILLER WATERMAN LLC

Meidinger Tower – 22nd Floor

462 S. Fourth Street

Louisville, Kentucky 40202

Telephone: (502) 584-7400

Facsimile: (502) 583-2100

E-mail: cantor@derbycitylaw.com

E-mail: harbison@derbycitylaw.com

E-mail: larson@derbycitylaw.com

Counsel for Debtor

CERTIFICATE OF SERVICE

On January 15, 2018, I filed this *Debtor's Motion for Authority to Cause Hembree Properties, Inc., to Sell by Agent Real Property Located at 714 W. Walnut Street in Washington, Indiana* electronically. Notice of the filing will be sent via the Court's CM/ECF system to the following:

- U.S. Trustee: ustpreion10.in.ecf@usdoj.gov
- Laura A. DuVall, Counsel for the U.S. Trustee: Laura.Duvall@usdoj.gov
- Eduardo I. Rasco, Counsel for XTec, Inc.: eir@rrrlaw.com
- Steve M. Bimston, Counsel for XTec, Inc.: smb@rrrlaw.com
- Kayla D. Britton, Counsel for XTec, Inc.: kayla.britton@faegrebd.com
- Eric J. Schue, Counsel for German American Bancorp: eschue@bdglegal.com
- Deborah Caruso, Counsel for Stephanie Hembree: dcaruso@rubin-levin.net
- Reynold T. Berry, Counsel for Stephanie Hembree: rberry@rubin-levin.net

Furthermore, on January 15, 2018, I served a copy of this *Debtor's Motion for Authority to Cause Hembree Properties, Inc., to Sell by Agent Real Property Located at 714 W. Walnut Street in Washington, Indiana* upon the following:

Springs Valley Bank & Trust Co.
1500 Main Street
Jasper, IN 47546

/s/ William P. Harbison

WILLIAM P. HARBISON

SPRINGS VALLEY BANK AND TRUST
1500 MAIN STREET
JASPER, IN 47546

Loan:

6888

Page: 1
12/26/2017

Telephone: 812-634-1010

HEMBREE PROPERTIES INC
HEMBREE COMMUNICATIONS INC
HEMBREE LAUNDRIES INC
514 N JFK AVE
LOGOOTE IN 47553

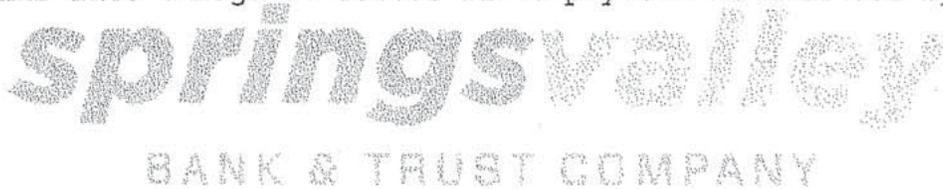
* L o a n P a y m e n t *

Commercial Mortgage Term

Principal Balance:	514,877.72	Current Rate:	4.500000
Interest Thru 12/26/2017:	1,029.75	Interest Paid 2017:	25,372.36
One Day's Interest:	64.35	Original Loan Date:	01/07/2005
Amount Past Due:	.00	Original Loan Amount:	1,340,000.00
Escrow Balance:	.00	Date of Last Payment:	12/11/2017
		Last Payment Amount:	7,120.74

Date Payment Due:	01/07/2018
Principal Due:	5,383.03
Interest Due:	1,737.71
Total Amount Due:	7,120.74

Add additional late charge of 356.03 if no payment is received by 01/17/2018



* * Please return this portion with your payment * *

L o a n P a y m e n t N o t i c e

HEMBREE PROPERTIES INC
HEMBREE COMMUNICATIONS INC
HEMBREE LAUNDRIES INC
514 N JFK AVE
LOGOOTE IN 47553

Total Amount Due:	7,120.74
Additional Principal:	_____
Additional Payment:	_____

Amount Enclosed: \$ _____

Date Payment Due:	01/07/2018
Commercial Mortgage Term	
Loan Number:	6888
Regular Payment T/C:	375

Loan Payment Remittance
P O Box 830
Jasper IN 47547

Listing Broker (Co.) Vic Hopkins Agency, LLC (HOPK) By Tim J. Wagner, Sr. ()
office code individual code
Selling Broker (Co.) Vic Hopkins Agency LLC (HOPK) By Tim J. Wagner, Sr. ()
office code individual code



PURCHASE AGREEMENT
COMMERCIAL-INDUSTRIAL REAL ESTATE

DATE: December 19, 2017

1 A. PARTIES: Hembree Properties, Inc. ("Seller")
2
3 agrees to sell and convey to Family Life Services, Inc. ("Buyer")
4

5 and Buyer agrees to buy from Seller the following property for the consideration and subject to the following:

6 B. PROPERTY: The property is commonly known as
7 714 W. Walnut Street, Washington, Indiana 47501
8 in Washington Township, Daviess County, Washington Indiana, 47501
9 including all buildings and permanent improvements and fixtures attached owned by Seller; all privileges, easements and
10 appurtenances pertaining thereto including any right, title and interest of Seller in and to adjacent streets, alleys, rights-of-way,
11 leases, rents, security deposits, licenses and permits with respect to the property, trade name, and warranties or guaranties
12 relating to the property being sold, and any personal property specified herein; all of the above referred to as the "Property," the
13 legal description of which is [] (attached as Exhibit "A") [X] (described as follows): Pt Loc 250 28-03-07
14

15 ; subject to exact determination by survey pursuant to Paragraph J.

16 The following items of personal property are INCLUDED in the sale: N/A

17 All other personal property and the following additional items are EXCLUDED from the sale: N/A

18
19
20 C. PRICE: The purchase price shall be Ninety-Five Thousand Dollars
21 (\$ 95,000.00), payable [X] (in cash at closing) [] (in accordance with the terms and conditions in this Agreement).

22 D. EARNEST MONEY: Buyer submits \$ 1,000.00 as Earnest Money to be held by Vic Hopkins Agency Escrow; 501
23 E. National Hwy, Suite A, Washington, Indiana 47501 as Escrow Agent within 5 days of execution and

24 receipt of this Agreement by both parties. If Buyer fails for any reason to timely submit Earnest Money, Seller may
25 terminate this Agreement upon notice to Buyer prior to Escrow Agent's receipt of the Earnest Money. The Earnest Money
26 shall be applied to the purchase price at closing unless returned to Buyer, released to Seller, or otherwise disbursed in
27 accordance with this Agreement. The Escrow Agent is not a party to this Agreement and does not assume or have any liability for
28 performance or non-performance of any party. Before the Escrow Agent has any obligation to disburse the Earnest Money in the
29 event of dispute, Escrow Agent has the right to require from all parties a written release of liability of the Escrow Agent,
30 termination of the Agreement and authorization or court order to disburse the Earnest Money. If the Escrow Agent is the Listing
31 Broker ("Broker") described above, Broker shall be absolved from any responsibility to make payment to the Seller or Buyer
32 unless the parties enter into a Mutual Release or a Court issues an Order for payment, except as permitted in 876 IAC 8-2-2
33 (release of earnest money). Upon notification that Buyer or Seller intends not to perform, Broker holding the earnest money may
34 release the Earnest Money as provided in this Agreement. If no provision is made in this Agreement, Broker may send to Buyer
35 and Seller notice of the disbursement by certified mail of the intended payee of the Earnest Money. If neither Buyer nor Seller
36 enters into a mutual release or initiates litigation within sixty (60) days of the mailing date of the certified letter, Broker may
37 release the Earnest Money to the party identified in the certified letter. Buyer and Seller agree to hold the Broker harmless from
38 any liability, including attorney's fees and costs, for good faith disbursement of Earnest Money in accordance with this Agreement
39 and licensing regulations.

40 E. ADDITIONAL PROVISIONS: Included in this Agreement are the following addenda: (Place an "X" on the appropriate line or
41 lines)

- 42 [] Financing Addendum [] Feasibility Study Addendum
43 [] Leased Property Addendum [] Exchange Addendum
44 [] Zoning/Governmental Approval Addendum [] Representations & Warranties of Seller Addendum
45 [] Alternative Dispute Resolution Addendum [] Lead-Based Paint Disclosure Addendum
46 [] Addendum to Purchase Agreement

47 F. CLOSING: The closing of the sale shall take place at [X] (the Title Company) [] (after CPA and Attorney approval
48) on or before N/A , or within N/A days after
49 the end of both the Inspection Period and any of the periods described in any of the above referenced Addenda which are part of
50 this Agreement, whichever is later, (the "Closing Date") or this Agreement shall terminate unless the Closing Date is changed in
51 writing by Seller and Buyer, or otherwise extended pursuant to this Agreement.

52 G. POSSESSION: The possession of the Property shall be delivered to Buyer, subject to the rights of tenants in possession, if any, in
53 its present condition, ordinary wear and tear excepted, on the Closing Date. Seller shall maintain the Property, including

(office use only)

EXHIBIT B

54 fixtures, equipment and any included personal property in its present condition until possession is delivered to Buyer.

55 **H. REAL ESTATE TAXES: (Check paragraph 1, 2, or 3 below)**

- 56 **1. Current Year (Lien Basis in Arrears) Indiana Customary Proration:** The taxes assessed for the current year, due and
 57 payable in the year following closing, shall be prorated between Seller and Buyer on a calendar year basis as of the day
 58 immediately prior to the Closing Date. All taxes assessed for any prior calendar year and remaining unpaid shall also be paid
 59 by Seller.
- 60 **2. Prior Year (Cash Basis) Proration When Taxes Are Paid:** The taxes assessed for the year prior to closing, due and
 61 payable during the year of closing, shall be prorated between Seller and Buyer on a calendar year basis as of the day
 62 immediately prior to the Closing Date. Buyer shall be responsible for all taxes assessed for the current year due and payable
 63 in the year following closing.
- 64 **3. Installment Basis:** Buyer will assume and pay all taxes on the Property beginning with the tax installment due and
 65 payable on _____, _____, and all taxes due thereafter. Seller shall pay all taxes for the Property
 66 due and payable before such tax installment not assumed by Buyer.

67 **For Purposes of 1, 2, and 3 above:**

- 68 (A) If the tax rate or assessment for taxes assessed or payable in the year of closing has not been determined as of the
 69 Closing date, the assessment or rate shall be assumed to be the same as the most recent assessment or rate.
- 70 (B) Taxes which are Seller's responsibility and not yet due as of the Closing Date, shall be credited against the purchase
 71 price or cash portion thereof payable by Buyer at closing, and Seller shall have no further liability for such taxes.
- 72 (C) All taxes due and payable on or prior to the Closing Date and shall be paid at or before closing and charged at closing to
 73 the responsible party.
- 74 (D) Buyer shall have the right to assume control and responsibility of all real estate tax appeals, and any rebates, refunds or
 75 credits shall be prorated between Seller and Buyer as of the Closing Date.

76 **(NOTE: The succeeding year's tax bill for recently constructed buildings or following reassessment periods may
 77 greatly exceed the last tax bill available to the closing agent.)**

78 **I. INSURANCE AND RISK OF LOSS:** Seller shall maintain replacement cost (if available) or actual cash value "all risk"
 79 insurance on the Property through the Closing Date. Seller's insurance shall be canceled as of the Closing Date and Buyer
 80 shall provide its own insurance thereafter. Risk of loss by damage or destruction to the Property prior to the closing shall be
 81 borne by Seller. In the event any damage or destruction is not fully repaired prior to closing, Buyer, at its option, may either
 82 terminate this Agreement or elect to close the transaction, in which event Seller's right to all insurance proceeds not yet
 83 applied to repair of the damage or destruction shall be assigned in writing by Seller to Buyer at closing. Seller shall reimburse
 84 Buyer at closing for any insurance deductible.

85 **J. CONDITIONS TO CLOSING:** Buyer's obligations under this Agreement are conditioned upon satisfaction of each of the
 86 following items which are for the Buyer's benefit and may be waived by Buyer at Buyer's sole discretion within 5 days from
 87 the last date between Seller and Buyer of this Agreement or any counter-offers (the "Inspection Period").

88 **1. Title Commitment:** A commitment for title insurance (the "Commitment") issued by a reputable title insurance company
 89 selected or approved by Buyer (the "Title Company") showing marketable title in Seller's name shall be ordered by
 90 (Seller) (Buyer) promptly upon acceptance of this Agreement and shall be delivered to Buyer within N/A days
 91 after N/A. At Buyer's request, legible copies of all recorded instruments
 92 affecting the Property or recited as exceptions in the Commitment shall also be delivered.

93 **2. Survey:** A survey shall be ordered promptly upon acceptance of this Agreement and shall be furnished at (Seller's)
 94 (Buyer's) expense within N/A days after N/A. It shall be prepared by a
 95 licensed Indiana surveyor selected or approved by Buyer, shall comply with requirements for ALTA Surveys, including
 96 optional requirements from Table A, shall reflect whether the Property is located in a designated flood zone area and shall be
 97 certified to Buyer, the Title Company and Buyer's lender.

98 **3. Title and Survey Approval:** If Buyer has an objection to items disclosed in the Commitment or the survey, Buyer shall
 99 make written objections to Seller within 10 days after receipt of both the Commitment and survey. Upon the
 100 expiration of such period, any item not objected to by Buyer or subsequently approved by Buyer in writing shall be
 101 deemed a permitted exception ("Permitted Exception"). If Buyer makes objections, Seller shall have thirty (30) days from
 102 the date the objections are made to cure the same, and the Closing Date shall be extended, if necessary. Seller agrees
 103 to utilize its best efforts and reasonable diligence to cure any objections, but only to the extent necessary to convey
 104 marketable title. If the objections are not satisfied within the time period, Buyer may either terminate this Agreement and
 105 receive a refund of the Earnest Money or waive the unsatisfied objections and close the transaction.

106 **4. Inspections: (Check paragraph (A) and/or (B) or paragraph (C) below)** Unless Buyer waives inspections under
 107 paragraph (C), Buyer shall have determined that the Property has no unacceptable, adverse environmental or physical
 108 condition as provided below.

109 **(A) Environmental Assessment:** A Phase I environmental site assessment ("Phase I") on the Property shall be ordered
 110 by (Seller) (Buyer) promptly upon acceptance of this Agreement at (Seller's) (Buyer's) expense from a
 111 reputable, qualified engineer, acceptable to Buyer. The Phase I shall be conducted in accordance with current ASTM
 112 standards unless otherwise agreed and may also include at Buyer's option the following matters:

- 113 (1) an investigation for the presence of asbestos, radon, lead or polychlorinated biphenyls (PCBs) on the Property;
 114 and/or
- 115 (2) an investigation to determine if the Property is located in any regulated or protected area under the jurisdiction of
 116 the U.S. Army Corps of Engineers, the U.S. Environmental Protection Agency, the Indiana Department of
 117 Environmental Management, the Indiana Department of Natural Resources, the U.S. Fish and Wildlife Service or
 118 any other federal, state or local agency.

119 If Buyer does not make a written objection to any problem(s) revealed in the report within N/A days of
 _____ (office use only)

N/A, the Property shall be deemed to be acceptable. If Buyer determines that the environmental condition is unsatisfactory, Seller shall have a reasonable period of time, not to exceed N/A days, to remediate the condition to Buyer's satisfaction and the Closing Date shall be extended, if necessary. If Seller fails or refuses to remediate, Buyer may either terminate this Agreement and receive a refund of the Earnest Money or waive its objection and close the transaction.

(B) **Physical Inspections:** Promptly upon acceptance of this Agreement, all physical inspections shall be ordered at (Seller's) (Buyer's) expense. Inspections shall be made by qualified inspectors or contractors, selected or approved by Buyer, with written reports delivered to Seller and Buyer. Inspections may include but are not limited to the following: heating, cooling, electrical, plumbing, roof, walls, ceilings, floors, foundation, basement, crawl space, mold, water, storm and waste sewer, well/septic, geotechnical, other: N/A. If Buyer, in its reasonable discretion, believes that an inspection report reveals a major defect in or with the Property, Buyer shall report such defect in writing to Seller within N/A days of N/A. If Buyer does not make a written objection to any problem(s) revealed in the report(s) within such time period, the Property shall be deemed acceptable to Buyer. Seller shall have a reasonable period of time, not to exceed N/A days, to repair any such major defect to Buyer's reasonable satisfaction and the Closing Date shall be extended, if necessary. If Seller fails or refuses to repair, Buyer may either terminate this Agreement and receive a refund of the Earnest Money or waive its objection and close the transaction.

(C) **Waiver of Inspections:** BUYER HAS BEEN MADE AWARE THAT INDEPENDENT INSPECTION DISCLOSING THE CONDITION OF THE PROPERTY ARE AVAILABLE, AND BUYER HAS BEEN AFFORDED THE OPPORTUNITY TO REQUIRE SUCH INSPECTIONS AS A CONDITION OF THIS AGREEMENT. HOWEVER, BUYER WAIVES THE RIGHT TO OBTAIN INSPECTIONS AND RELIES UPON THE CONDITION OF THE PROPERTY BASED UPON BUYER'S OWN EXAMINATION AND RELEASES SELLER AND LISTING AND SELLING BROKER(S) FROM ANY AND ALL LIABILITY RELATING TO ANY PROBLEM, DEFECT OR DEFICIENCY AFFECTING THE PROPERTY, WHICH RELEASE SHALL SURVIVE THE CLOSING.

Buyer and its agents shall have the right to enter upon the Property upon reasonable advance notice and make all inspections provided for herein. Buyer shall restore any damage to the Property resulting from the entry of Buyer or its agents and shall indemnify, defend and hold harmless Seller as to any injury to persons or damage to their property resulting from the negligence of Buyer or its agents in conducting their activities on the Property.

K. PRORATIONS AND SPECIAL ASSESSMENTS: Interest on any debt assumed or taken subject to, any rents, all other income and ordinary operating expenses of the Property, including but not limited to, public utility charges, shall be prorated as of the day prior to the Closing Date. Any special assessments applicable to the Property for municipal improvements made to benefit the Property prior to the date of acceptance of this Agreement shall be paid by Seller at or before closing. At closing, Buyer will assume and agree to pay all special assessments for municipal improvements which are completed after acceptance of this Agreement.

L. SALES EXPENSES: All sales expenses are to be paid in cash prior to or at the closing as follows in addition to the other items described in this Agreement.

ITEM	(Check the applicable party who pays)	
	Seller	Buyer
1. Release of existing loans and recording releases	X	
2. Closing Fee	X	
3. Preparation of Deed and Vendor's Affidavit	X	X
4. New or assumed loan fees		
5. Title search fee	X	
6. Title Policy Premium-Owner	X	
7. Title Policy Premium-Lender		X
8. Other Title Company Costs	X	

M. DEFAULT: If Buyer breaches this Agreement, Seller may seek any remedy provided by law or equity, or terminate this Agreement and receive the Earnest Money as liquidated damages. If Seller breaches this Agreement, Buyer may terminate this Agreement and receive a refund of the Earnest Money, or Buyer may seek specific performance or any other remedy provided by law or equity. In the event of Seller default, Seller shall immediately be obligated to pay all brokerage commissions that would have been paid had this transaction closed. In the event of Buyer default, commissions may also be due and payable pursuant to the terms of the applicable brokerage agreements.

N. DUTIES OF BUYER AND SELLER AT CLOSING:

1. At the closing, Seller shall deliver to Buyer, at Seller's sole cost and expense, except as otherwise provided in this Agreement, the following:

(A) A duly executed and acknowledged Corporate Deed conveying marketable title in fee simple to all of the Property, free and clear of any and all liens, encumbrances, conditions, easements, assessments, reservations and restrictions, except Permitted Exception(s);

(B) A pro-forma Owner's Policy of Title Insurance or marked up title commitment (the "Title Policy") issued by the Title Company in the amount of the purchase price, dated as of closing, insuring Buyer's fee simple title to the Property to be marketable subject only to the Permitted Exception(s), and deleting the standard printed exceptions contained in the usual form of the Title Policy;

(C) An executed Vendor's Affidavit in form acceptable to the Title Company;

(D) A Bill of Sale, duly executed by Seller, containing warranties of title, conveying title, free and clear of all liens, to any personal property specified in Paragraph B;

(E) An assignment, duly executed by Seller, of leases, prepaid rents, security deposits, and trade name, and to the extent

(office use only)

assignable, licenses and permits, warranties or guarantees, and to the extent agreed to be assumed by Buyer, all service, maintenance, management or other contracts relating to the ownership or operation of the Property. Such assignment shall include an indemnity from Seller in favor of Buyer with respect to all claims and obligations arising under such leases and contracts prior to the Closing Date. If Buyer does not agree to assume any such contract, then Seller shall deliver evidence of termination of such contract at closing and shall indemnify Buyer as to all claims and obligations thereunder;

- (F) A current rent roll duly certified by Seller and any security or tenant deposits, if applicable;
- (G) Evidence of its capacity and authority for the closing of this transaction;
- (H) Certification establishing that no federal income tax is required to be withheld under the Foreign Investment and Real Property Tax Act, or consent to withhold tax from the proceeds of sale as required, unless it is established that the transaction is exempt;
- (I) All other executed documents necessary to close this transaction.

2. At the closing, Buyer shall perform, at Buyer's sole cost and expense, except as otherwise provided in this Agreement, the following:

- (A) Pay the cash portion of the purchase price in the form of a cashier's check (if the Purchase Price is under \$10,000) or other immediately available funds. If purchase price is \$10,000 or more, the funds shall be wired unconditionally to closing agent's escrow account;
- (B) Execute any note(s) and mortgage(s) and cause the funds to be made available to the closing agent for disbursement;
- (C) Provide evidence of its capacity and authority for the closing of this transaction;
- (D) Provide to Buyer's lender any title policy as required by the holder(s) of the mortgage(s);
- (E) An assumption agreement by Buyer (which may be included in Seller's assignment pursuant to Paragraph N.1(E) above) with respect to leases assigned to Buyer and contracts, if any, which Buyer has agreed to assume. Such assumption agreement shall include an indemnity from Buyer in favor of Seller as to claims and obligations arising under such leases and contracts assumed by Buyer from and after the Closing Date;
- (F) Execute all other documents necessary to close this transaction.

O. CONDEMNATION: Seller shall promptly notify Buyer in writing of the commencement of any condemnation proceedings against any portion of the Property. If such condemnation proceedings are commenced, Buyer, at its option, may (1) terminate this Agreement by written notice to Seller within seven (7) days after Buyer is advised of the commencement of condemnation proceedings, or (2) appear and defend in any condemnation proceedings, and any award shall, at Buyer's election, (a) become the property of Seller and reduce the purchase price by the same amount or (b) shall become the property of Buyer and the purchase price shall not be reduced.

P. MISCELLANEOUS:

1. Any notice required or permitted to be delivered shall be deemed received when personally delivered or when confirmed as received by facsimile (with a copy sent by United States mail), express courier or United States mail (postage prepaid, certified and return receipt requested) addressed to Seller or Buyer or their designee at the address set forth below the signature of each party.
2. This Agreement shall be construed in accordance with the laws of the State of Indiana.
3. Time is of the essence. Time periods specified in this Agreement and any addenda are calendar days and shall expire at 11:59 p.m. of the date stated unless the parties agree otherwise in writing.
4. This Agreement is binding upon and for the benefit of the parties' respective heirs, administrators, executors, legal representatives, successors, and assigns. No assignment of this Agreement shall release a party from liability for its obligations hereunder.
5. If any provision contained in this Agreement is held invalid, illegal, or unenforceable in any respect, the invalidity, illegality, or unenforceability shall not affect any other provision.
6. This Agreement constitutes the entire agreement of the parties and cannot be changed except by their written consent.
7. By signing below, the parties to this transaction acknowledge receipt of a copy of this Agreement and give their permission to a Multiple Listing Service or other advertising media, if any, to publish information regarding this transaction.
8. Broker(s) may refer Buyer or Seller to other professionals, service providers or product vendors, including lenders, loan brokers, title insurers, escrow companies, inspectors, surveyors, engineers, consultants, environmental inspectors and contractors. Broker(s) has no responsibility for the performance of any service provider and/or inspector. Buyer and Seller are free to select providers/inspectors other than those referred or recommended to them by Broker(s).
9. Buyer discloses to Seller that Buyer is licensed and holds License # N/A . Seller discloses to Buyer that Seller is licensed and holds License # N/A .
10. Where the word "Broker" appears, it shall mean "Licensee" as provided in I.C. 25-34.1-10-6.8.
11. Any party who is the prevailing party against any other party in any legal or equitable proceeding relating to this Agreement shall be entitled to recover court costs and reasonable attorney fees from the non-prevailing party.
12. The parties agree that this Agreement may be transmitted between them electronically or digitally. The parties intend that electronically or digitally transmitted signatures constitute original signatures and are binding on the parties. The original document shall be promptly executed and/or delivered. This Agreement may be executed simultaneously or in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.
13. Each person executing this Agreement on behalf of a party represents and warrants that he or she has been authorized by all necessary action to execute and deliver this Agreement on behalf of such party.

(office use only)

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Q. FUTURE CONDITIONS (List any additional provisions): _____

1. This is a cash transaction with no financing required.

2. This offer is subject to approval by the Seller's Certified Public Accountant and Attorney within 30 days of the Buyers offer to purchase.

3. This offer to purchase is subject to the property appraising for at least the purchase price with the Buyer paying for the appraisal fee.

R. CONSULT YOUR ADVISORS: Buyer and Seller acknowledge they have been advised that, prior to signing this document, they should seek the advice of an attorney for the legal or tax consequences of this document and the transaction to which it relates. In any real estate transaction, it is recommended that you consult with a professional, such as a civil engineer, environmental engineer, or other person, with experience in evaluating the condition of the property, including the possible presence of asbestos, hazardous and/or toxic materials and underground storage tanks.

S. CONFIRMATION OF AGENCY RELATIONSHIPS: Buyer and Seller acknowledge that each has received agency office policy disclosures, had agency explained and now confirm their agency relationships. Buyer and Seller further acknowledge that they understand and accept agency relationships involved in this transaction.

T. TERMINATION OF OFFER: Unless accepted by Seller and delivered to Buyer by _____ 5:00 _____ (A.M.) (P.M.) (Noon), the _____ 22nd _____ day of _____ December _____ 2017, this Purchase Agreement shall be null and void and all parties shall be released of any and all liability or obligations.

Family Life Services, Inc.
BUYER'S SIGNATURE Wayne Neeloy, President DATE 12/21/17

BUYER'S SIGNATURE _____ DATE _____

Family Life Services, Inc.
PRINTED
(270) 779-0066 (Wayne Neeloy)
(812) 257-1041 (FLS, Inc)
(AREA CODE) TELEPHONE NUMBER/FAX NUMBER

PRINTED _____
(AREA CODE) TELEPHONE NUMBER/FAX NUMBER _____

705 Troy Road, Washington IN 47501
BUYER'S ADDRESS FOR NOTICE PURPOSES

ACCEPTANCE OF PURCHASE AGREEMENT

Seller accepts the offer made by Buyer as set forth above, without change or condition at _____ (A.M.) (P.M.) (Noon) on the _____ day of _____.

SELLER'S SIGNATURE _____ DATE _____

SELLER'S SIGNATURE _____ DATE _____

Hembree Properties, Inc.
PRINTED
(AREA CODE) TELEPHONE NUMBER/FAX NUMBER _____

PRINTED _____
(AREA CODE) TELEPHONE NUMBER/FAX NUMBER _____

SELLER'S ADDRESS FOR NOTICE PURPOSES _____



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EXHIBIT B