

Memorandum Community and Economic Development

To: Thomas Thomas, City Manager
Subject: Sale of 309-3011 20th Street to Dan Bonowski
Date: April 14, 2015



Dan Bonowski, owner of Jaded Gypsy Tattoo, is moving forward after the fire destroyed his business and home on 18th Street. He purchased the property at 313 20th Street with the intention of rehabbing the building to house Jaded Gypsy Tattoo and create residential apartments on the upper two floors. However, this building is not as large as the previous location which housed Jaded Gypsy. Mr. Bonowski would like to purchase, at the nominal amount of \$1, the adjacent buildings at 309 & 311 20th Street which the City acquired from an IRS action. Mr. Bonowski spent \$75,000 on the purchase of 313 20th Street and if he could acquire the two adjacent buildings, would spend an additional \$535,000 in rehabbing the three buildings together. He would create space for Jaded Gypsy Tattoo and one additional commercial tenant on the first floor, plus 7 apartments on the upper floors of the three buildings. Mr. Bonowski hired architect Italo Milani to draw up preliminary plans from which the construction estimate was developed.

309 & 311 20th Street were purchased by the City from the IRS at auction with the intention of redeveloping the properties into a more appropriate use than the prior adult book store. Both buildings need significant rehabilitation to make them habitable with needed major work, including: roofs, new water & sewer connections, façade improvements, plus substantial interior work.

RECOMMENDATION:

Authorize the sale of 309 & 311 20th Street to Mr. Bonowski for One Dollar (\$1) based on the above terms, authorize the City Manager to execute the contract documents, and refer to the City Attorney to prepare an ordinance.

Submitted by: Brandy Howe, AICP, Urban Planner
Jeffery A. Eder, Assistant City Manager / CED Director

**AGREEMENT FOR THE SALE OF REAL ESTATE
SPECIFIC TERMS OF THE AGREEMENT**

A. Date of Agreement		
B. Seller(s) Address	City of Rock Island 1528 3 rd Avenue Rock Island, IL 61201	
C. Purchaser(s) Address	Daniel Bonowski 313 20 th Street	
D. Address of Properties Legal Description (Provide Attachment if Needed)	309 20 th Street All of Lot 2 and the south 2.5' of Lot 3 of the south 22.5' of Sub-lot 5, Block 14 Spencer & Case's Addition of Rock Island	311 20 th Street The north ½ of Out-lot 1, Block 14 Spencer & Case's Addition of Rock Island
E. Purchase Price Earnest Money	\$1.00	
F. Amount of % of Financing Type of Loan Days to Obtain Commitment	N/A	
G. Closing Date	ASAP	
H. Possession After Closing Days After Closing Per Diem Liquidated Damages	At Closing	
I. Personal Property to Stay (Provide Attachment if Needed) Fixtures To Go	N/A	
J. Condition of Premises Air Conditioning Days	As-Is (X) or Warranty ()	
K. Wood Infestation Report Ordered and Paid By Structural Damage Exceeds \$	N/A	
L. Riders Attached	N/A	
M. Acceptance On or Before Counter Offer	At Presentation	

These Specific Terms of the Agreement are an integral part of the terms and conditions contained on pages 2 through 6 together with any Riders attached. In order to have a legal and binding Agreement for the Sale of Residential Real Estate, all pages must be signed and dated or initialed by all parties.

Executed by Purchaser:

Executed by Seller:

Dated: _____

Dated: _____

AGREEMENT FOR THE SALE OF RESIDENTIAL REAL ESTATE

THIS IS A LEGAL AND BINDING PURCHASE CONTRACT WHEN EXECUTED BY ALL PARTIES

This Form Has Been Approved By The Rock Island County Bar Association
and The Illinois Quad City Area Realtors Association

The **SPECIFIC TERMS OF THE AGREEMENT**, attached hereto and hereinafter referred to as the "Specific Terms" are an integral part of this Agreement for the Sale of Residential Real Estate and are by this reference incorporated into the provisions of this Agreement as if fully set forth in each case. **THIS AGREEMENT**, executed in duplicate, is made and entered into as of the date listed in SECTION A of the Specific Terms, by and between the person(s) listed in SECTION B of the Specific Terms, hereinafter called the Seller, and the person(s) listed in SECTION C of the Specific Terms, hereinafter called the Purchaser, and in consideration of the mutual promises, conditions and covenants contained herein the parties agree as follows:

SALE AND PURCHASE: The Purchaser agrees to purchase from the Seller and the Seller agrees to sell to Purchaser the real estate commonly known and legally described as set forth in SECTION D of the Specific Terms for the total sum of the purchase price set forth in SECTION E of the Specific Terms.

EARNEST MONEY: The amount indicated as Earnest money in SECTION E of the Specific Terms has been deposited by the Purchaser with the party listed in SECTION E of the Specific Terms; and shall be held and receipt of which is hereby acknowledged by that party in escrow for the benefit of the parties hereto.

FINANCING: *If applicable*, this Agreement is contingent upon Purchaser obtaining, on or before the date set out in SECTION F of the Specific Terms, a loan commitment on the subject property of the type and in the amount or percentage of the purchase price set forth in SECTION F of the Specific Terms. Purchaser agrees to apply immediately, to use all diligence, and to fully cooperate in obtaining the loan. In the event, after having used all diligence, Purchaser is unable to obtain such a loan commitment within the number of days indicated in SECTION F of the Specific Terms from date hereof, the earnest money and any additional down payment shall be refunded in full, and this Agreement shall be void.

CLOSING AND POSSESSION: Closing shall be on or about the date set forth in SECTION F of the Specific Terms and Seller shall deliver possession concurrently with closing, **UNLESS SECTION H of the Specific Terms** contains information, in which case Seller shall deliver possession to Purchaser on or before the number of days after closing set forth in SECTION H of the Specific Terms. Per diem liquidated damages in the amount set forth in SECTION H of the Specific Terms shall be paid by Seller to Purchaser for each day the delivery of possession is beyond the number of days after closing set forth in SECTION H of the Specific Terms. In either event:

- (a) Possession shall be deemed delivered when Seller has vacated the premises and delivers the keys to Purchaser or Purchaser's agent.
- (b) Necessary timely legal notices to tenants, if any, shall be given by Seller unless otherwise agreed to by the parties.
- (c) If Seller shall fail for any reason whatsoever to vacate said premises on the date set forth in SECTION H of the Specific Terms, the Purchaser shall in addition to all other remedies have the right to commence any legal action or proceeding to evict and remove the Seller from the premises with Seller hereby agreeing to reimburse Purchaser for all reasonable attorney fees and expenses incurred by the Purchaser in the enforcement of Purchaser's rights under this Agreement.

The parties agree that nothing contained herein is intended to create a landlord and tenant relationship between them.

ASSESSMENTS: Special assessments for improvements, which are a lien on the property as of the date of closing, shall be paid by SELLER. Seller warrants that prior to the execution of this Agreement Seller has no knowledge of and no notice has been received from any municipal authority concerning improvements which could result in a special assessment on the property to be sold herein. Tap on fees, if any, which exist for municipal services to the property shall be paid by SELLER, if payment is currently required by the municipality.

SELLER DISCLOSURE: This Agreement is subject to the provisions of the Illinois Residential Real Property Disclosure Act. The Seller represents that the information contained on the disclosure form required by that Act is accurate **AS OF THE DATE INDICATED ON THE DISCLOSURE FORM.**

FIXTURES AND PERSONAL PROPERTY: All fixtures presently installed on the premises, including but not limited to: window shades and blinds; all attached carpeting; existing storm and screen windows and doors; all attached cooling, heating, plumbing and electrical systems; all planted vegetation; sump pump; ceiling fans; water softener; and garage door openers and all remote units shall be left by the Seller in or upon the premises exactly as they are as of the date of this Agreement and shall be deemed a part of the real estate and title thereto shall pass to Purchaser at closing.

The additional items of personal property, if any, listed in SECTION I of the Specific Terms, ("Personal Property to Stay") are included in the sale and shall be transferred to Purchaser, in the same condition as they are as of the date of this Agreement, by a bill of sale with warranty of title at the closing if requested by Purchaser.

The fixtures, if any, listed in SECTION I of the Specific Terms ("Fixtures to Go") are to be retained and removed by the Seller prior to the date of possession and are excluded from this Agreement.

All other items of personal property on the premises shall be removed by Seller no later than the delivery of possession and are excluded from this Agreement.

CONDITION OF PREMISES: The parties agree that the purchase price reflects the condition of the property and Purchaser acknowledges that purchaser has inspected the real estate and the improvements thereof, is acquainted with the condition thereof, and accepts the same under one of the following terms according to SECTION J of the Specific Terms:

- (a) "AS-IS" condition; or
- (b) "AS-IS" condition except Seller warrants the plumbing, septic system, sewer and water lines, heating, electrical and air conditioning systems and the built-in appliances to be in normal working condition on date of possession. In the event the condition of the air conditioning system cannot be determined upon possession due to the season of the year, the warranty on it shall be extended for the number of days listed in SECTION J of the Specific Terms. The warranty contained herein shall survive the closing of the transaction.

Notice of breach of warranty contained in (b) must be served upon Seller, Seller's attorney, or Seller's agent within three (3) days (in this Agreement "days" means calendar days) after the date of possession or within the specified number of days listed in SECTION J of the Specific Terms. Failure to give written notice within the specified period shall constitute a waiver of the right to recover for damages pursuant to this paragraph. Purchaser shall have the right to inspect the property during the 48-hour period immediately prior to closing.

EXPENSES OF TRANSFER:

Seller shall pay:

- (a) Seller’s Broker commission, if any;
- (b) Cost of Seller’s abstracting or owner’s title insurance policy”
- (c) Revenue stamps and recording of any releases

Purchaser shall pay:

- (a) Purchaser's Broker commission, if any;
- (b) Recording fee for deed and mortgage;
- (c) Cost of Purchaser's abstracting or mortgage title insurance policy as required by lender.

Each party shall be responsible for that party's own attorney fees and customary closing costs. Closing costs do not ordinarily include charges incident to the Purchaser's financing, and such charges shall be paid by Purchaser.

WOOD INFESTATION REPORT: At least five (5) but not more than thirty (30) days prior to closing, the party set forth in SECTION K of the Specific Terms, shall, at that party's expense, provide the other party with a written report from a pest control firm certifying to Purchaser that the premises have been inspected for termite and other wood-destroying insect infestation. If active infestation is found, the premises shall be treated at Seller's expense. If structural damage due to prior or existing infestation is found, repairs shall be made at Seller's expense; provided that if the estimated cost of such repairs exceeds the amount set forth in SECTION K of the Specific Terms then, at the option of either Seller or Purchaser, this Agreement may be terminated and the earnest money refunded to Purchaser.

TITLE ASSURANCE: Within a reasonable time, Seller shall deliver one of title following to Purchaser as assurance of Seller's title:

- (a) A merchantable Abstract of Title showing merchantable title of record to tile real estate in Seller and certified to a current date by an abstractor regularly doing business in the county where the premises are located; or,
- (b) A Commitment for Title Insurance issued by a title insurance company regularly doing business in the county where the premises are located, committing the company to issue an owner's policy in the usual form insuring merchantable title to the real estate in Purchaser for the amount of the purchase price.

If title evidence discloses exceptions other than those permitted under the rules for examination for abstracts of title adopted by the Rock Island County Bar Association, Purchaser or Purchaser's attorney shall give written notice of such exceptions to Seller within a reasonable time. Seller shall have a reasonable time to have such tide exceptions removed, or, any such exception which may be removed by the payment of money may be cured by deduction from the purchase price at the time of closing. If Seller is unable to cure such exception, then Purchaser shall have the option to terminate this Agreement in which case Purchaser shall be entitled to refund of the earnest money. Furnishing a title insurance policy insuring over an exception shall constitute a cure of such exception. *In the event the property to be sold hereunder is a unit in a condominium, the terms and conditions of the Condominium Unit Purchaser Rider (which is attached hereto) are incorporated by this reference as part of the terms of this Agreement.)*

CONVEYANCE OF TITLE AND DOCUMENTS OF SALE: At closing, Seller shall deliver either:

- (a) A warranty deed or fiduciary's deed, if applicable, to Purchaser, or such party or parties as Purchaser may direct, conveying title together with such other documents as may be required to record the deed, transfer personal property, if any, and protect Purchaser from mechanics' liens; or,
- (b) In the event Paragraph 1B of the Seller Financing Rider applies to this Agreement, then the executed Agreement for Deed shall be delivered and exchanged at closing.

PRORATIONS AND ADJUSTMENTS: The following items shall be prorated at closing as of the date of delivery of possession:

Prorations:

- (a) Real estate taxes, based on the most recent tax information available, which, in the absence of fraud, shall be final;
- (b) Rent, if any, (with transfer in full of any security/damage deposits);
- (c) Interest on any assumed indebtedness;
- (d) Insurance premiums if policy assigned to Purchaser;
- (e) Other income and operation expenses, if any;

Adjustments: Utility charges shall be adjusted by the parties by appropriate meter readings at or about the time of delivery and surrender of possession.

DEFAULT: If purchaser fails to make any payment or to perform any obligation imposed upon Purchaser by this Agreement, Seller may serve written notice of default upon Purchaser and if such specified default is not corrected within ten (10) days thereafter, Seller, subject to the terms of any listing agreement, may accept the earnest money and any additional down payment as damages or may pursue any available legal remedy including specific performance. In the event Seller fails to perform any obligation imposed upon Seller by this Agreement, Purchaser may serve written notice of default upon Seller and if such default is not corrected within ten (10) days thereafter, earnest money and any additional down payment deposit shall be refunded to Purchaser without prejudicing the Purchaser's right to any available legal remedy including specific performance. In the event of default the defaulting party shall be liable to the other party for reasonable attorney fees and expenses incurred by reason of the default.

CASUALTY CLAUSE: This Agreement shall be subject to the Illinois Uniform Vendor and Purchaser Act as currently in effect. Seller shall keep adequate insurance, including fire and other extended coverage, on improvements on the above premises until title has passed to Purchaser or possession is delivered to Purchaser, whichever first occurs. Purchaser shall be responsible for insurance coverage upon taking title or possession of above premises, whichever first occurs.

DWELLING CODE VIOLATION: Seller expressly warrants that prior to the execution of this Agreement, neither Seller nor Seller's agent has received any notice issued by any city, village, or governmental authority of any existing dwelling code violations in the dwelling structure upon the premises herein described.

LEAD PAINT POISONING PREVENTION DISCLOSURES: If the residential real estate which is the subject of the Agreement was constructed before 1978, the Lead-Based Paint Hazards Rider must be attached to this Agreement This Agreement is subject to the provisions of the federal Residential Lead-Based Paint Hazard Reduction Act (42 U.S.C.A. Sec. 485 I et seq. [1992]), and the Seller of any interest in residential real estate may be required to provide the Purchaser with the information on lead-based paint hazards from risk assessment or assessments in the Seller's possession and notify the "Purchaser of any known lead-based paint hazards. If required, the Seller has provided to and the Purchaser has received a copy of the disclosure of information on lead-based paint and/or lead-based paint hazards that is attached to this Agreement prior to or at the time of signing this Agreement.

ESCROW: This Agreement will be closed through an escrow with the Purchaser's attorney, mortgage lender or agent acting as an escrow agent, in accordance with the general custom of the community and in conformity with this Agreement The funds held in escrow shall be paid out upon recording of the necessary documents and the vesting of merchantable title in the Purchaser.

NOTICE: Any communications between the parties leading up to this Agreement and all notices required pursuant to this Agreement shall be in writing and signed by the party or the party's agent (an "agent" shall be any person or persons designated in writing as such by a party) and shall be given to the other party or that party's agent by:

- (a) Personally served upon the other party or that party's agent, in which case notice shall be effective upon the date of delivery;
- (b) By facsimile transmission to the other party or that party's agent, in which case notice shall be effective on the date of the facsimile transmission; or
- (c) Certified or registered mail, return receipt requested, and sent to the address of the party set forth in SECTION B or C of the Specific Terms, in which case notice shall be effective on the date of mailing.

Notice to anyone party of a multiple person party shall be sufficient to all.

LEGAL ASSISTANCE: *The Seller and Purchaser are aware that when fully signed, this is a legally binding agreement for the sale and purchase of real estate and that in order to protect their interests in connection with the contractual, title and other aspects of this transaction, they have the right to consult legal counsel before this Agreement is signed.*

ENTIRE AGREEMENT: This Agreement, including the preprinted riders indicated in SECTION M of the Specific Terms, constitutes the entire agreement between the parties and there are no oral representations, warranties, or covenants other than those set forth herein and on any riders attached hereto and made a part hereof. This Agreement shall extend to and be binding upon the heirs, executors, administrators and assigns of the respective parties hereto.

ACCEPTANCE: Until accepted by the party to whom it is tendered, this document constitutes an offer (or counteroffer, if so indicated in SECTION M of the Specific Terms of the terms stated above and in the Specific Terms. This offer/counteroffer must be accepted by the party to whom it is tendered and notice given of such acceptance on or before the date and time set forth in SECTION M of the Specific Terms. If not so accepted, the offer/counteroffer shall be void and earnest money returned to Purchaser.

CERTIFICATION: If this Agreement has been prepared on other than a preprinted form distributed by the Illinois Quad City Area REALTOR Association, the preparer certifies by initialing this provision that this is the complete and unmodified text of the 1996 approved form of Agreement for Sale of Residential Real Estate.

This Agreement has been read and executed on the dates below our signatures.

Executed by Purchaser:

Executed by Seller:

Dated: _____

Dated: _____