

LEGAL SERVICE AGREEMENT
(Nonprofit Corporation)

THIS AGREEMENT, made this _____ day of _____, _____,
between _____, hereinafter referred to as OWNER,
and _____, Attorney at Law, of
_____, hereinafter referred to as ATTORNEY,

WHEREAS, the OWNER intends to acquire, construct or improve a _____
_____,
hereinafter called FACILITY, in _____ County, Iowa, under the provisions of
Chapter _____ of the Code of Iowa.

SECTION A - LEGAL SERVICES

ATTORNEY agrees to perform all legal services necessary to organize and incorporate said
_____(Nonprofit Corporation), under the above provisions
of the statutes of the Code of Iowa, and to perform all other legal services necessary to the
organization, financing, construction and initial operation of the FACILITY, such services to
include, but not limited to, the following:

1. Preparation and filing of petition (certificate of incorporation) and supervision and assistance in the taking of such other actions as may be necessary or incidental to cause the OWNER to become duly incorporated and to be authorized to undertake the proposed system (as applicable).
2. Preparation for and furnishing advise and assistance to the Board of Directors and Officers of the OWNER in connection with (a) the notice for and conduct of meetings; (b) the preparation of minutes of these meetings; (c) the preparation and enactment of such resolutions as may be necessary in connection with the authorization, financing, construction and initial operation of the FACILITY; (d) the preparation of such affidavits, publication notices, reports, certifications, and other instruments and advice as may be necessary to finance the FACILITY; (e) the execution of documents for obtaining a loan made or insured by the United States of America, acting through the United States Department of Agriculture, Rural Development hereinafter referred to as Rural Development; (f) entering into construction contracts; (g) adoption of bylaws, rules and regulations, and rate schedules; (h) such other corporate action as may be necessary in connection with the financing, construction and initial operation of the FACILITY; (i) review of architectural/engineering agreement and issuance of opinion regarding legal sufficiency of agreement.
3. Review of construction contracts, bid letting procedure, and surety and contractual bonds in connection therewith and issuance of opinion regarding legal sufficiency.
4. Preparation, negotiation, or review of contracts with other entities necessary to provide such services to allow the FACILITY to operate.

5. Preparation where necessary, and examination of deeds, easements and other rights-of-way documents and other easement instruments; render title opinions and record instruments as necessary to provide continuous rights-of-way for the FACILITY.

The title examination will include searches of all relevant land title and other records, so as to express an opinion as to the title of the property and steps necessary to obtain the appropriate title and security position. The title examination will be on Form RD 1927-9, "Preliminary Title Opinion." A Final Title Opinion (Form RD 1927-10) will be issued immediately after closing for all loans. Grant only projects will not need a Final Title Opinion.

The attorney will determine:

- a) The legal description and all owners of the real property.
- b) Any exceptions affecting the property and the nature and effect of outstanding interests and exceptions, prior sales of part of the property, judgments or interests to assist in determining which exceptions must be corrected in order for borrowers to obtain good and marketable title of record and for the Agency to obtain a valid lien on the property.
- c) Whether there are outstanding Federal, State, or local tax claims (including taxes which may become a lien superior to the previously attaching mortgage lien) or homeowner's association assessment liens.
- d) Whether outstanding judgments of record, bankruptcy, insolvency, divorce, or probate proceedings involving any part of the property, whether already owned by the borrower, or to be acquired by assumption or with loan funds, or involving the borrower or the seller exist.
- e) If wetlands easements or other conservation easements have been placed on the property.
- f) What measures are required for preparing, obtaining, or approving curative material, conveyances, and security instruments.

Note: Abstract reviews are not acceptable. An abstract review limits the ATTORNEY'S liability and review to the information furnished the ATTORNEY, and is not an acceptable limitation in accordance with Rural Development policies and regulations. A title opinion which limits its review to the abstract is essentially limiting the opinion to information provided by a third party, to whom Rural Development and the OWNER have no recourse. It is for this reason that Rural Development loans require an actual title opinion which does not limit itself to a review of the abstract and which reviews the relevant documents involved. Rural Development needs an examination of the records, not just the abstract, *and an opinion on the title of the property*, not an opinion on the abstract.

6. Obtain necessary permits from the city, county, townships, utility companies, State regulatory agencies, individuals and others with respect to approval of construction and operation of the FACILITY.
7. Cooperate with the Architect/Engineer employed by the OWNER in connection with preparation of tract sheets, easements, and other necessary title documents, construction contracts, water supply contracts, Department of Environmental Quality permits, health permits, crossing permits and other instruments.

8. Maintain, at the ATTORNEY'S expense, such insurance as will protect the ATTORNEY and the OWNER from claims which may arise from the negligent performance of the ATTORNEY.

SECTION B - COMPENSATION

The ATTORNEY should review the scope of the planned FACILITY and extent of Section A, Legal Services with the OWNER, Architect/Engineer and Rural Development prior to negotiating the compensation for basic services.

The OWNER agrees to pay to the ATTORNEY for professional services rendered in accordance with the fee schedule attached, or in accordance herewith fees as follows:

Hourly rate of \$ _____ per hour not to exceed the lump sum of \$ _____.

Basic fees will be payable in the following manner and at the following times.

Award of construction contracts -----	40%
Contractor notice to proceed -----	10%
Closing of Rural Development loan -----	40%
Acceptance of FACILITY by OWNER -----	10%

If condemnation proceedings are necessary, the ATTORNEY will be entitled to additional compensation not to exceed the hourly rate for the area. Other extraordinary services to be rendered not described in this Agreement, as it relates to the completion of this FACILITY, will be arranged for separately between the OWNER and the ATTORNEY, with the approval of Rural Development, prior to services being accomplished.

The ATTORNEY is entitled to out-of-pocket expenses for filing of easements, deeds, or other necessary documents and for mileage, meals, room accommodations, if necessary, and normal long distance calls when itemized and submitted to the governing body.

Estimated not to exceed \$ _____

SECTION C - OTHER PROVISIONS

This Agreement shall not become effective until approved by Rural Development. Such approval shall be evidenced by the signature of a duly authorized representative of Rural Development in the space provided at the end of this Agreement. The approval so evidenced by Rural Development shall in no way commit Rural Development to render financial assistance to the OWNER, but in the event assistance is provided, the approval shall signify that the provisions of this Agreement are consistent with the requirements of Rural Development.

IN WITNESS WHEREOF, the parties hereto have executed, or caused to be executed by their duly authorized officials, this Agreement on the respective dates indicated below.

ATTORNEY:

ATTEST: _____ Name _____
_____ By _____
Date _____

OWNER:

(SEAL)
ATTEST: _____ Name _____
_____ By _____
Title _____
Date _____

APPROVED:
RURAL DEVELOPMENT

By _____
Title _____
Date _____