

Agreement of Purchase & Sale – Cliff Notes Summary

The full agreement has been reviewed and edited (and reviewed, edited, reviewed, edited, reviewed...) by Paul Torline, our attorney with Lewis Rice, Steve Hamilton, our board member with Stinson Leonard Street and the buyers (although not buyer's counsel). I'm sorry it is coming to you so late - it took longer to negotiate than I expected, especially with the holiday last week. We've hammered out everything we believe will be a sticky area. Some minor tweaks may come through after buyer's counsel has a chance to review the document. I will summarize those changes in a follow up email should they come to pass.

Please do not only read this in place of reading the agreement in its entirety. The purpose of this is to provide an overview of each section and draw your attention to more complicated clauses.

Article I – Sale of Property

- This defines the property that is for sale: the building, the land, all fixtures and related intangibles. Also, should the billboard lease extend past the close date in any form, the Buyers will receive the proceeds from the lease (\$5,300 per year, net).

Article II – Purchase Price

- \$1,475,000

Article III – Deposit & Escrow

- The Buyer will put a \$50,000 deposit in escrow. The deposit will be refunded in full to the Buyer if the deal does not close for any reason.

Article IV – Closing, Proration and Closing Costs

- Closing date will be no later than 30 days after the end of the due diligence period.
- Any items where responsibility transfers with the property will be prorated at closing. The only thing at this time that comes to mind is the small parcel of property tax we currently pay because of the billboard – but the language is such that should other things become known they will be included.
- As we will lease the building back, we will continue to maintain all insurance, utilities, service contracts, etc. necessary to operate the building.
- Closing costs paid by the Seller will include Seller's counsel, deed recording fees, half of escrow fee and title policy.

Article V – Purchaser's Right of Inspection; Inspection Period

- The Buyer's inspection period is equal to 180 days plus up to 1 additional day for each day from the date of the agreement until Seller waives their right to cancel at the completion of a Feasibility Study and preliminary design work (not to exceed the first 180 days).
- Seller is obligated to (and in many instances has already) deliver documents pertaining to the property, such as operating expenses, blue prints, previous environmental reports, etc.
- The Buyer may cancel at any time with no penalty.
- Leaseback terms are articulated, including: there will be no rent, real estate taxes will be paid by the Buyer during the lease term, the term will be up to three years and the Seller can terminate on 30 days' notice, and the Seller need only maintain the property to the level of operation deemed necessary for Seller's operations.

- Should the contract be terminated, copies of all of the inspection reports will be provided to the Seller at no cost.

Article VI – Title and Survey Matters

- Seller will purchase Title Insurance policy within 60 days of the beginning of the due diligence period.
- Should the title work identify any limitations, the Seller has 10 days to advise whether or not they intend to cure any limitations.

Article VII – Representations and Warranties of the Seller

- This section outlines our authority to enter into the transaction, as well as warrants certain issues surrounding the property – including if the building may be subject in the future to liens, bankruptcy proceedings, condemnation and other circumstances.
- Contained in this section is a clause (in all capital letters) that explains the building is being bought as it is, and that with the exception of the items warranted in the agreement, no additional warranties are made. Even those items warranted within the PSA are only warranted for 3 months.

Article VIII – Representations and Warranties of the Purchaser

- This section outlines the buyer's authority to enter into the transaction, as well as warrants they are not terrorists (basically).

Article IX – Seller's Interim Operating Covenants

- In this section we agree to operate the building normally (maintenance, insurance, not to sell to anyone). It also says that we cannot do anything with the billboard lease without the support of the Purchaser.

Article X – Closing Conditions

- To be compelled to close, the Seller expects that the obligations of the Buyer under the agreement are accurate.
- The Seller has a right to terminate for any reason up to 180 days. Should the Seller terminate, they will reimburse the Buyer up to \$25,000 in documentable site-specific expenses related to the transaction.
- To be compelled to close, the Buyer expects that the obligations of the Seller under the agreement are accurate, the billboard lease will be resolved to the satisfaction of the Buyer and the Seller, the title policy will be in place and that ownership will be transferred.

Article XI – Closing

- Buyer's closing obligations include:
 - Payment, general assignment and bill of sale
 - Execute a Leaseback Lease
- Seller's closing obligations include:
 - Warranty Deed, general assignment
 - Execute a Leaseback Lease
 - Documentation of planned or completed termination of billboard lease

Article XII – Risk of Loss

- If the building is taken through eminent domain prior to the closing date, the Buyer can terminate the agreement.
- If the building is lost to casualty (fire, tornado, natural gas explosion, etc.) the agreement cannot be terminated. No one is obligated to repair (only make safe), and insurance proceeds will go to the Buyer.

Article XIII – Default

- With the ability for both parties to cancel the transaction up until the end of the inspection period, there are few terms under which default could occur. However, this provides guidance for making reparations should something happen.

Article XIV – Brokers

- A principal of the Buyer is acting as broker for the Buyer. Seller is unrepresented.

Article XV – Confidentiality

- As both Buyer and Seller intend to seek funding from municipal and other public sources, this is unlikely to stay confidential. *This section may need to be struck.*

Article XVI – Miscellaneous

- This section contains definitions, clarifications and housekeeping components.