

PURCHASE AGREEMENT

This Purchase Agreement (“Agreement”) is dated _____, 2026, (“Effective Date”), by and between American Bank of the North c/o Park State Bank (“Seller”), located at 428 NW 4th Avenue, Grand Rapids, Minnesota, and the City of Grand Rapids (“City” or “Buyer”), a Minnesota municipal corporation located at 420 North Pokegama Avenue, Grand Rapids, Minnesota. Seller and Buyer may each be referred to herein individually as a “Party” and collectively as the “Parties.”

RECITALS

WHEREAS, Seller is the owner of certain real property located in the State of Minnesota, more particularly described in Exhibit A attached hereto and incorporated herein by reference (the “Property”).

WHEREAS, Buyer intends to acquire the Property;

NOW, THEREFORE, in consideration of the mutual covenants, promises, and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

STANDARD PURCHASE PROVISIONS

1. SALE PRICE

1.1 Purchase Price. Buyer agrees to purchase, and Seller agrees to sell, the Property for a total purchase price of \$150,000.00 (the “Sale Price”), payable in United States dollars.

1.2 Inclusions. The Sale Price includes all improvements, fixtures, and appurtenances attached to or used in connection with the Property, transferred free and clear of all liens, encumbrances, and security interests, except as otherwise expressly set forth in this Agreement.

1.3 Payment. The Sale Price shall be paid as follows:

(a) Earnest Money as provided in Section 2 hereof;

(b) The balance of the Sale Price, less Earnest Money applied, shall be paid at Closing by certified funds, wire transfer, or cashier's check.

2. EARNEST MONEY

2.1 Deposit. ~~Within three (3) business days following the Effective Date, Buyer shall deposit the sum of \$ _____ (“Earnest Money”) with _____ (“Escrow Agent”), to be held in trust in accordance with this Agreement.~~ Not applicable.

2.2 Application. ~~At Closing, the Earnest Money shall be applied toward the Sale Price and credited to Buyer.~~ Not applicable.

2.3 Refundability. The Earnest Money is non-refundable except as specifically provided in this Agreement, including but not limited to:

- (a) Failure to satisfy the Environmental Compliance Contingency (Section 10);
- (b) Failure to satisfy the Inspection Contingency (Section 11); or
- (c) Default by Seller under Section 12 of this Agreement.

3. PERSONAL PROPERTY

3.1 Included Personal Property. ~~All personal property to be transferred to Buyer as part of this transaction, if any, is identified in Exhibit B — Equipment Schedule, attached hereto and incorporated herein by reference.~~ Not applicable.

3.2 Bill of Sale. ~~At Closing, Seller shall execute and deliver a Bill of Sale transferring all personal property listed in Exhibit B to Buyer, free and clear of all liens, encumbrances, and security interests.~~ Not applicable.

4. DEED AND TITLE

4.1 Warranty Deed. At Closing, Seller shall execute and deliver to Buyer a Warranty Deed conveying marketable title to the Property, free and clear of all liens, encumbrances, and claims, subject only to the following:

- (a) Building and zoning laws, ordinances, and state and federal regulations;

(b) Restrictions relating to use or improvement of the Property without effective forfeiture provisions;

(c) Reservation of minerals or mineral rights to the State of Minnesota, if any;

(d) Utility and drainage easements that do not materially interfere with existing improvements;

(e) Covenants, conditions, restrictions, and easements of record; and

4.2 Title Evidence. Buyer shall obtain, at Buyer's expense, a commitment for title insurance from a title company licensed to do business in the State of Minnesota. Buyer shall have twenty (20) days from receipt of the commitment to make written objections to title. Seller shall have a reasonable time, not to exceed sixty (60) days, to make title marketable. If Seller is unable to make title marketable, Buyer may terminate this Agreement and receive a full refund of Earnest Money.

5. REAL ESTATE TAXES AND ASSESSMENTS

5.1 Proration. Real estate taxes and installments of special assessments due and payable in the year of Closing shall be prorated between Seller and Buyer on a calendar-year basis to the date of Closing.

5.2 Prior Taxes. Seller shall pay all real estate taxes, penalties, and interest for all years prior to the year of Closing.

5.3 Special Assessments. All special assessments certified, pending, or levied as of the date of Closing shall be prorated between the Parties as of the Closing date. Seller shall be responsible for the proportionate share attributable to the period prior to Closing, and Buyer shall be responsible for the proportionate share attributable to the period from and after Closing.

6. EXPENSES

6.1 Seller's Expenses. All expenses related to the use, maintenance, and occupancy of the Property incurred prior to Closing shall be paid by Seller. Seller shall pay for preparation of the Warranty Deed and the state deed tax due on the conveyance.

6.2 Buyer's Expenses. Buyer shall be responsible for all expenses related to the use, maintenance, and occupancy of the Property from and after Closing. Buyer shall pay for the title insurance commitment and owner's policy of title insurance.

6.3 Closing Fees. Closing agent fees and escrow fees shall be paid by the Buyer unless otherwise agreed in writing. Each Party shall pay its own attorney's fees.

7. CLOSING

7.1 Closing Date. Closing shall occur within 30 days after the satisfaction or waiver of all contingencies set forth in this Agreement, but in no event later than August 3, 2026. Time is of the essence with respect to the Closing date.

7.2 Closing Location. Closing shall take place at the offices of Midland Title, LLC, located at 111 Golf Course Road, Grand Rapids, MN, or at such other location as the Parties may mutually agree in writing.

7.3 Possession. Possession of the Property shall be delivered to Buyer at Closing, unless otherwise agreed in writing.

7.4 Closing Documents. At Closing, the Parties shall execute and deliver all documents reasonably necessary to consummate the transaction contemplated by this Agreement, including without limitation:

- (a) Warranty Deed;
- (b) Bill of Sale (if personal property is included);
- (c) Seller's Affidavit;
- (d) Settlement Statement;
- (e) Assignment of permits and approvals, if applicable;
- (f) Well disclosure certificate, if applicable under Minn. Stat. § 103I.235;
- (g) Individual sewage treatment system disclosure, if applicable; and
- (h) Such other documents as may be reasonably required by the title company or Escrow Agent.

8. REPRESENTATIONS AND WARRANTIES

8.1 Seller's Representations. Seller represents and warrants to Buyer, as of the Effective Date and as of the date of Closing, that:

(a) Seller has full right, power, and authority to enter into this Agreement and to consummate the transactions contemplated herein;

(b) There are no undisclosed liens, encumbrances, claims, or security interests affecting the Property;

(c) There is no pending or threatened litigation, arbitration, or administrative proceeding that affects or may affect the Property or Seller's ability to perform under this Agreement;

(d) The Property is in compliance with all applicable laws, ordinances, rules, and regulations as of the date of Closing;

(e) There are no undisclosed environmental conditions affecting the Property, including but not limited to the presence of hazardous substances, underground storage tanks, or contamination;

(f) All permits, approvals, licenses, and governmental authorizations currently held with respect to the Property have been disclosed to Buyer;

(g) Seller has not received any notices of violation from any governmental authority that have not been disclosed to Buyer; and

(h) Seller has disclosed all material facts regarding the Property of which Seller has knowledge.

8.2 Survival. The representations and warranties set forth in this Section 8 shall survive Closing for a period of twelve (12) months.

10. ENVIRONMENTAL COMPLIANCE CONTINGENCY

10.1 Environmental Due Diligence Period. Buyer shall have 90 days from the Effective Date to conduct environmental due diligence at Buyer's sole cost and expense, including Phase I and, if warranted, Phase II Environmental Site Assessments ("ESAs") in accordance with ASTM standards.

10.2 Seller's Environmental Representations. Seller represents and warrants that, to the best of Seller's knowledge:

(a) No hazardous substances, pollutants, or contaminants have been released, stored, generated, treated, or disposed of on the Property in violation of applicable federal, state, or local environmental law;

(b) No underground storage tanks are currently present on the Property, and any previously existing underground storage tanks have been properly removed or closed in accordance with applicable regulations;

(c) The Property has not been the subject of any environmental enforcement action, administrative order, consent decree, or investigation by the Minnesota Pollution Control Agency (“MPCA”), the United States Environmental Protection Agency (“EPA”), or any other governmental authority.

10.3 Environmental Indemnification.

(a) **Seller’s Indemnification.** Seller shall indemnify, defend, and hold harmless Buyer from and against all claims, damages, losses, costs, and expenses (including reasonable attorney’s fees) arising from or related to environmental conditions existing on the Property prior to Closing, regardless of when discovered.

(b) **Buyer’s Indemnification.** Buyer shall indemnify, defend, and hold harmless Seller from and against all claims, damages, losses, costs, and expenses (including reasonable attorney’s fees) arising from or related to environmental conditions caused by Buyer’s operations on the Property from and after Closing.

(c) **Survival.** The indemnification obligations set forth in this Section 10.5 shall survive Closing.

10.4 Termination for Environmental Deficiency. If the ESAs reveal environmental conditions that are materially adverse, Buyer may terminate this Agreement by delivering written notice to Seller within the due diligence period, and the Earnest Money shall be refunded to Buyer in full.

11. INSPECTION AND DUE DILIGENCE PERIOD

11.1 Inspection Period. Buyer shall have 90 days from the Effective Date to conduct, at Buyer’s sole cost and expense, a physical inspection of the Property.

11.2 Access. Seller shall provide Buyer and Buyer's agents, inspectors, and contractors with reasonable access to the Property during the Inspection Period for the purpose of conducting inspections and evaluations including but not limited to legal/topographic surveys and soil borings.

11.3 Buyer's Remedies. If the inspection reveals deficiencies or conditions unsatisfactory to Buyer, Buyer may, within the Inspection Period:

- (i) Negotiate with Seller for repairs, remediation, or a reduction in the Sale Price;
- (ii) Waive objections and proceed to Closing under the existing terms of this Agreement; or
- (iii) Terminate this Agreement by delivering written notice to Seller, in which case the Earnest Money shall be refunded to Buyer in full.

STANDARD CLOSING PROVISIONS

12. DEFAULT

12.1 Buyer's Default. If Buyer defaults under this Agreement, Seller's sole and exclusive remedy shall be to retain the Earnest Money as liquidated damages. The Parties agree that the Earnest Money represents a reasonable estimate of Seller's damages in the event of Buyer's default and that Seller's actual damages would be difficult or impossible to ascertain.

12.2 Seller's Default. If Seller defaults under this Agreement, Buyer may, at Buyer's election:

- (a) Seek specific performance of this Agreement; or
- (b) Terminate this Agreement, receive a full refund of the Earnest Money, and recover actual damages incurred by Buyer as a result of Seller's default, including but not limited to reasonable attorney's fees and costs.

13. RISK OF LOSS

13.1 Risk Prior to Closing. Risk of loss or damage to the Property by fire, casualty, or other cause shall remain with Seller until Closing. Seller shall maintain adequate property insurance through the date of Closing.

13.2 Damage Prior to Closing. If the Property is materially damaged or destroyed prior to Closing, Buyer may, at Buyer's election:

- (a) Terminate this Agreement and receive a full refund of the Earnest Money; or
- (b) Proceed with Closing and receive an assignment of all insurance proceeds payable as a result of such damage or destruction, together with a credit against the Sale Price for any applicable deductible amount.

14. NOTICES

14.1 Method of Notice. All notices, demands, requests, consents, approvals, and other communications required or permitted under this Agreement shall be in writing and shall be deemed delivered:

- (a) Upon receipt, if delivered by personal delivery;
- (b) Three (3) business days after deposit in the United States mail, certified or registered, return receipt requested, postage prepaid, addressed to the Party at the address set forth in the preamble of this Agreement; or
- (c) Upon confirmed transmission, if delivered by email to the email address set forth in the preamble of this Agreement, provided that a copy is also sent by one of the methods described in subsections (a) or (b) above within two (2) business days.

14.2 Change of Address. Either Party may change its address for purposes of notice by delivering written notice of such change to the other Party in accordance with this Section 19.

15. ENTIRE AGREEMENT

15.1 This Agreement, together with all exhibits attached hereto and incorporated herein by reference, constitutes the entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior and contemporaneous agreements, representations, understandings, and negotiations, whether written or oral. No modification, amendment, or waiver of any provision of this Agreement shall be effective unless made in writing and signed by both Parties.

16. GOVERNING LAW AND VENUE

16.1 Governing Law. This Agreement shall be governed by, construed, and enforced in accordance with the laws of the State of Minnesota, without regard to its conflict of laws principles.

16.2 Venue. Any action, suit, or proceeding arising out of or relating to this Agreement shall be brought exclusively in the District Court of Itasca County, State of Minnesota, and each Party irrevocably consents to the jurisdiction of such court.

17. SEVERABILITY

17.1 If any provision of this Agreement is held to be invalid, illegal, or unenforceable by a court of competent jurisdiction, such invalidity, illegality, or unenforceability shall not affect any other provision of this Agreement, and the remaining provisions shall continue in full force and effect. The invalid, illegal, or unenforceable provision shall be deemed modified to the minimum extent necessary to make it valid, legal, and enforceable, while preserving the intent of the Parties.

18. COUNTERPARTS

18.1 This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument. Execution and delivery of this Agreement by facsimile or electronic transmission (including PDF) shall be deemed to have the same force and effect as delivery of an original signed copy.

SIGNATURES

IN WITNESS WHEREOF, the Parties have executed this Purchase Agreement as of the Effective Date first written above.

SELLER:
PARK STATE BANK:

BUYER:
CITY OF GRAND RAPIDS

Seller

Date

Buyer

Date

Print Name:

Title/Capacity:

Print Name:

Title/Capacity:

EXHIBIT A

Legal Description and Parcel Sketch

The real property that is the subject of this Agreement (the “Property”) is legally described as follows:

The East 68 feet of Lots 5-12, less the north 10 feet of Lot 5, Block 17, of the plat of Grand Rapids Second Division.

Parcel Identification Number (PIN): 91-420-1730

Street Address: 355 NW 4th Street

City: Grand Rapids **County:** Itasca County

State: Minnesota **ZIP:** 55744