

PURCHASE AND SALE AGREEMENT

between

KW Elm Investment LLC

and

the City of Sanger

dated as of

December 20, 2022

PURCHASE AND SALE AGREEMENT

This PURCHASE AND SALE AGREEMENT (this "**Agreement**"), dated as of December 19, 2022 (the "**Effective Date**"), is entered into between KW Elm Investment LLC, a Texas limited liability company ("**Seller**") having an address at 2888 Switzer Road, Sanger, Texas 76266 and the City of Sanger, a Texas Home Rule Municipality ("**Purchaser**") having an address at 502 Elm Street, P.O. Box 1729, Sanger, Texas 76266.

RECITALS

WHEREAS, Seller is the owner of the Property (as hereinafter defined); and

WHEREAS, subject to the terms and conditions hereof, Seller desires to sell to Purchaser the Property and Purchaser desires to purchase the Property from Seller.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I DEFINITIONS

The following terms have the meanings specified or referred to in this ARTICLE I:

"**Agreement**" has the meaning set forth in the preamble.

"**Broker**" has the meaning set forth in Section 13.01.

"**Brokerage Agreements**" has the meaning set forth in **Error! Reference source not found..**

"**Closing**" has the meaning set forth in Section 4.01 et seq.

"**Closing Date**" has the meaning set forth Section 4.01(a).

"**Confidential Information**" has the meaning set forth in Section 12.01.

"**Deposit**" has the meaning set forth in Section 3.01(a).

"**Escrow Agent**" has the meaning set forth in Section 3.01(a).

"**Excluded Personal Property**" has the meaning set forth in Section 2.02.

"**Improvements**" has the meaning set forth in the Section 2.01(b).

"**Land**" has the meaning set forth in Section 2.01(a).

"**Notices**" has the meaning set forth in Section 9.01.

"**OFAC**" has the meaning set forth in Section 6.01(f).

"**Permitted Exceptions**" has the meaning set forth in Section 5.02.

"**Property**" has the meaning set forth in Section 2.01.

"**Purchase Price**" has the meaning set forth in Section 3.01.

"**Purchaser**" has the meaning set forth in the preamble.

"**Purchaser Default**" has the meaning set forth in Section 10.01(a).

"**Purchaser Related Party**" shall mean collectively any Purchaser agent, advisor, representative, affiliate, employee, director, partner, member, beneficiary, investor, servant, shareholder, trustee, or other person or entity acting on Purchaser's behalf or otherwise related to or affiliated with Purchaser.

"**Purchaser's Survey**" has the meaning set forth in Section 5.03(a)(ii).

"**Rents**" has the meaning set forth in **Error! Reference source not found..**

"**Seller**" has the meaning set forth in the preamble.

"**Seller Related Party**" shall mean collectively any Seller agent, advisor, representative, affiliate, employee, director, partner, member, beneficiary, investor, servant, shareholder, trustee, or other person or entity acting on Seller's behalf or otherwise related to or affiliated with Seller.

"**Seller's Survey**" has the meaning set forth in Section 5.02(c).

"**Title Commitment**" has the meaning set forth in Section 5.03(a)(i).

"**Title Insurance Company**" has the meaning set forth in Section 5.01.

"**Title Objection Date**" has the meaning set forth in Section 5.03(b).

"**Title Objection Notice**" has the meaning set forth in Section 5.03(b).

"**Transaction Parties**" has the meaning set forth in Section 12.01.

"**Violations**" has the meaning set forth in Section 5.05.

"**Voluntary Liens**" has the meaning set forth in Section 5.04(d).

ARTICLE II CONVEYANCE OF THE PROPERTY

Section 2.01 Subject of Conveyance. Seller agrees to sell and convey to Purchaser and Purchaser agrees to purchase from Seller, upon the terms and conditions hereinafter set forth, all right, title, and interest of Seller in and to the following (collectively referred to herein as the "**Property**"):

(a) All that certain lot, piece, or parcel of land located at 117-123 Elm Street, Sanger, County of Denton and State of Texas, as more particularly bounded and described in Exhibit A attached hereto and hereby made a part hereof (the "**Land**");

(b) All buildings and improvements located on the Land and all of Seller's right, title, and interest in and to any and all fixtures attached thereto (collectively, the "**Improvements**");

(c) All rights appurtenant to the Land, if any, including without limitation, any strips and gores abutting the Land, and any land lying in the bed of any street, road, or avenue in front of, or adjoining the Land, to the center line thereof;

(d) All other rights, privileges, easements, licenses, appurtenances, and hereditaments relating to the Property. Additionally, there are no leases encumbering the Property.

Notwithstanding anything herein to the contrary, "Property" does not include any tenant fixtures or other property belonging to the tenants at the Property, or any item leased from third-parties.

Section 2.02 Excluded Personal Property. The sale of the Property contemplated by this Agreement shall not include the personal property.

Section 2.03 AS-IS.

(a) Subject to Section 5.03 of this Agreement, Purchaser acknowledges that Purchaser has made thorough inspections and investigations of the Property and Purchaser agrees to take title to the Property "AS-IS, WHERE IS, AND WITH ALL FAULTS" and in the condition existing as of the date of this Agreement, subject to reasonable use, ordinary wear and tear, and without any reduction in or abatement of the Purchase Price. Purchaser has undertaken all such investigations of the Property as Purchaser deems necessary or appropriate under the circumstances as to the status of the Property and the existence or non-existence of curative action to be taken with respect to any hazardous or toxic substances on or discharged from the property, and based upon same, Purchaser is and will be relying strictly and solely upon such inspections and examinations and the advice and counsel of its own consultants, agents, legal counsel, and officers.

(b) Neither party to this Agreement is relying on any statement or representation not expressly stated in this Agreement. Purchaser specifically confirms and acknowledges that in entering into this Agreement, Purchaser has not been induced by, and has not relied upon, whether express or implied, warranties, guaranties, promises, statements, inducements, representations, or information pertaining to the Property or its uses, the physical condition, environmental condition, state of title, income, expenses, or operation of the Property, or any other matter or thing with respect thereto, written or unwritten, whether made by Seller or any

agent, employee, or other representative of Seller, or any broker or any other person representing (or purporting to represent) Seller, which are not expressly set forth in this Agreement. Seller shall not be liable for or bound by any written or unwritten statements, representations, warranties, brokers' statements, or other information pertaining to the Property furnished by Seller, any broker, any agent, employee, or other actual (or purported) representative of Seller, or any person, unless and only to the extent the same are expressly set forth in this Agreement.

(c) Seller makes no warranty with respect to the presence of any hazardous or toxic substances on, above, beneath, or discharged from the Property (or any adjoining or neighboring property) or in any water on or under the Property. The Closing hereunder shall be deemed to constitute an express waiver of Purchaser's right to recover from Seller, and upon the Closing, Purchaser forever releases, covenants not to sue, and discharges Seller from, any and all damages, demands, claims, losses, liabilities, penalties, fines, liens, judgments, costs, or expenses whatsoever, including attorneys' fees and costs, whether direct or indirect, known or unknown, foreseen or unforeseen, that may arise on account of or in any way be connected with the physical condition of the Property.

(d) The provisions of this Section 2.03 shall survive the Closing and shall not be deemed to have merged into any of the documents executed or delivered at the Closing.

ARTICLE III PURCHASE PRICE

Section 3.01 Purchase Price and Deposit. The purchase price to be paid by Purchaser to Seller for the Property is Two Hundred Thousand and No/100 Dollars (\$200,000) (the "**Purchase Price**"). The Purchase Price shall be payable as follows:

(a) Simultaneously with the execution and delivery of this Agreement by Purchaser, the sum of Ten Thousand and No/100 Dollars (\$10,000) and additional, independent consideration in the amount of One Hundred and No/100 Dollars (\$100.00) together with any interest earned thereon, (collectively, the "**Deposit**") by Purchaser's wire transfer of immediately available federal funds to Michelle Neely, as escrow agent ("**Escrow Agent**"), to an account at such bank as designated by Escrow Agent. The receipt of the Deposit is hereby acknowledged and Escrow Agent agrees to hold the Deposit in escrow pursuant to the terms of ARTICLE XI of this Agreement. Any interest earned on the principal portion of the Deposit shall be deemed to be part of the Deposit and shall be paid together with the principal portion of the Deposit, it being understood and agreed that if the transaction contemplated under this Agreement closes, any interest earned on the Deposit shall not be credited to the Purchase Price upon the Closing and shall, upon the Closing, be and remain the property of Seller.

(b) The balance of the Purchase Price in the amount of One Hundred and Ninety Thousand and No/100 Dollars (\$190,000) shall be paid to Seller on the Closing Date, subject to any credits or apportionments as provided for under this Agreement, simultaneously with delivery of the deed, by one or more wire transfers of immediately available federal funds to an account, or accounts, designated in writing by Seller no later than five (5) days prior to the Closing Date.

Section 3.02 No Financing. Purchaser expressly agrees and acknowledges that Purchaser's obligations to pay the Purchase Price and otherwise consummate the transactions contemplated hereby are not in any way conditioned upon Purchaser's ability to obtain financing of any type or nature whatsoever (i.e., whether by way of debt financing, equity investment, or otherwise).

ARTICLE IV CLOSING

Section 4.01 Closing Date.

(a) The closing of the transaction contemplated by this Agreement (the "**Closing**") shall take place at 12:00 pm Central Time on December 23, 2022 or on such later date and time as provided under Section 4.01(b) of this Agreement (the "**Closing Date**") at the offices of Doma Title, Denton Branch located at 525 S. Locust St. - Suite 400, Denton, TX 76201.

(b) Pursuant to Section 5.04(a) of this Agreement, Seller shall have the right to adjourn the Closing Date.

Section 4.02 Seller's Closing Deliverables. At the Closing, Seller shall deliver or cause to be delivered to Purchaser, the following executed, certified, and acknowledged by Seller, as appropriate:

(a) A special warranty deed, executed with the appropriate acknowledgement form and otherwise in proper form for recording so as to convey title to the Property as required by this Agreement. The delivery of the special warranty deed by Seller, and the acceptance by Purchaser, shall be deemed the full performance and discharge of every obligation on the part of Seller to be performed pursuant to this Agreement, except those obligations of Seller that are expressly stated in this Agreement to survive the Closing.

(b) A certification that Seller is not a "foreign person" as such term is defined in Section 1445 of the Internal Revenue Code, as amended and the regulations thereunder, which certification shall be signed under penalty of perjury.

(c) Originals, or copies certified by Seller as being complete, of all applicable bills, invoices, and other items that shall be apportioned as of the Closing Date.

(d) A consent of the members of Seller authorizing the transaction contemplated hereby and the execution and delivery of the documents required to be executed and delivered hereunder.

(e) Seller's original closing statement and any disclosure forms required under federal and/or state law.

(f) All keys and access codes to any portion of the Property, to the extent in Seller's possession or control.

(g) All other documents reasonably necessary or otherwise required by Escrow Agent and Title Insurance Company to consummate the transaction contemplated by this Agreement.

Section 4.03 Purchaser's Closing Deliverables. At the Closing, Purchaser shall deliver or cause to be delivered to Seller, the following, executed, certified, and acknowledged by Purchaser, as appropriate:

- (a) Purchaser's original closing statement and any disclosure forms required under federal and/or state law.
- (b) Purchaser shall, where applicable, join with Seller in the execution and delivery of the closing documents and instruments required under Section 4.02 of this Agreement.
- (c) A consent of the manager of Purchaser authorizing the transaction contemplated hereby and the execution and delivery of the documents required to be executed and delivered hereunder.
- (d) All other documents reasonably necessary or otherwise required by Escrow Agent and Title Insurance Company to consummate the transaction contemplated by this Agreement.

Section 4.04 Closing Costs.

- (a) Seller and Purchaser shall each pay the fees and expenses of its own counsel in connection with the preparation and negotiation of this Agreement. The deed and other agreements and instruments related to the transaction contemplated by this Agreement and such legal costs shall not be part of the closing costs; provided, however, that if any legal action is instituted under this Agreement, the prevailing party in such action shall be entitled to recover from the other party costs related to such legal action, including reasonable attorneys' fees and costs in all trial, appellate, post-judgment, and bankruptcy proceedings.
- (b) Seller shall pay:
 - (i) The commission owed to the Broker, if any, pursuant to ARTICLE XIII of this Agreement;
 - (ii) All recording fees for the release of any liens on the Property, as required pursuant to the terms of this Agreement; and
 - (iii) The title insurance premium charged by Title Insurance Company for Purchaser's owner's title insurance policy.
- (c) Purchaser shall pay:
 - (i) Title Insurance Company charges for title endorsements to Purchase's owner's policy as well as the premium for a loan policy required by Purchaser's lender, if any;
 - (ii) The costs related to the Purchaser's Survey and any other survey or survey update;
 - (iii) Any other fees or costs related to Purchaser's due diligence reviews;

- (iv) Any transfer fees charged by the issuer of any letters of credit; and
- (v) All costs related to the recording fees payable in connection with the recording of the deed and Purchaser's lender's security instruments, if any.

Section 4.05 Apportionments. The following shall be apportioned as of 11:59 p.m. Central Time of the date immediately preceding the Closing Date, unless expressly provided for otherwise:

(a) Seller shall pay for any and all real estate taxes due and payable before the Closing. Purchaser shall pay for any and all real estate taxes due and payable on or after the Closing. No real estate tax credit or proration shall be given to Purchaser by Seller. If the Property shall be, or has been, affected by any assessments or special assessments payable in a lump sum or which are, or may become, payable in installments, of which the first installment is then a charge or lien, or has already been paid, then at the Closing such amounts will be paid or apportioned, as the case may be, in the following manner:

- (i) Any such assessments or installments, or portion thereof, payable on or after the Closing Date shall be the responsibility of Purchaser; and
- (ii) Any such assessments or installments, or portion thereof, payable prior to the Closing Date shall be the responsibility of Seller.

The obligations contained in this Section 4.05(a) shall survive the Closing and shall not be merged into the Deed.

(b) All water and sewer charges based on the fiscal year for which they are assessed, unless the meters are read on the date immediately preceding the Closing Date; provided, however, that if any such charges or rents are payable by any tenant under the Leases, such charges or rents shall not be apportioned.

(c) Utilities, fuel, gas, and electric charges based on most recently issued bills, unless: (i) the meters are read on the date immediately preceding the Closing Date; or (ii) the Purchaser has opened its own accounts as of the Closing Date; provided, however, that if any such charges are payable by any tenant under the Leases, such charges shall not be apportioned.

(d) Any leasing commissions due to any broker or leasing agent on or after the date hereof in connection with any Leases.

(e) All other items customarily apportioned in connection with sales of property substantially similar to the Property in the State of Texas.

Section 4.06 Miscellaneous. Any miscellaneous adjustments payable by either Purchaser or Seller, as the case may be, that occur at the Closing may be paid at the Closing by delivery of personal or business checks; provided, however, that such miscellaneous adjustments do not exceed One Thousand and No/100 Dollars (\$1,000). Any errors in calculations or apportionments shall be corrected or adjusted as soon as practicable after the Closing Date. The provisions of this Section 4.06 and Section 4.05 shall survive the Closing Date.

ARTICLE V TITLE MATTERS AND VIOLATIONS

Section 5.01 Acceptable Title. Seller shall convey, and Purchaser shall accept, such title to the Property that any title insurance company authorized and licensed to do business in Texas (the "**Title Insurance Company**") would be willing to insure, subject to the matters set forth in this Agreement. Seller shall convey, and Purchaser shall accept, fee simple title to the Property in accordance with the terms and conditions of this Agreement, and subject to:

(a) The Permitted Exceptions; and

(b) Such other matters as any Title Insurance Company shall be willing to omit as exceptions to coverage or to except with insurance against collection out of or enforcement against the Property.

Section 5.02 Permitted Exceptions. The Property shall be sold, assigned, and conveyed by Seller to Purchaser, and Purchaser shall accept and assume same, subject to the following matters (collectively, the "**Permitted Exceptions**"):

(a) Any and all present and future zoning, building, environmental and other laws, statutes, ordinances, codes, rules, regulations, requirements, or executive mandates of all governmental authorities having jurisdiction with respect to the Property, including, without limitation, landmark designations and all zoning variances and special exceptions, if any; provided, however, that the same are not violated by the Improvements or prohibit or materially impair the continued use of the Property as it is being used on the date of this Agreement.

(b) Possible encroachments and/or projections of stoop areas, roof cornices, window trims, vent pipes, cellar doors, steps, columns and column bases, flue pipes, signs, piers, lintels, window sills, fire escapes, satellite dishes, protective netting, sidewalk sheds, ledges, fences, coping walls (including retaining walls and yard walls), air conditioners, and the like, if any, on, under or above any street or highway, the Property or any adjoining property, *provided, however*, that the same do not materially impact the value of the Property or impair the continued use of the Property as it is being used on the date of this Agreement.

(c) The state of facts shown on that certain survey made by Arthur Surveying Co., 220 Elm St., #200, Lewisville, Tx 75057 dated October 14, 2015 ("**Seller's Survey**") and any additional state of facts a new or updated survey or personal inspection would show, provided the additional facts do not render title uninsurable in Texas.

(d) All presently existing and future liens for unpaid real estate taxes, assessments, and water and sewer charges that are not due and payable as of the Closing Date, subject to any apportionments as provided for in this Agreement.

(e) All covenants, restrictions and rights of record, and all easements and agreements of record for the erection and/or maintenance of water, gas, steam, electric, telephone, sewer or other utility pipelines, poles, wires, conduits, or other like facilities, and appurtenances thereto, over, across, and under the Property; provided, however, that the same are not violated by the Improvements and do not impose any monetary obligation on the owner of the Property.

(f) Party walls and party wall rights, beams and beam rights, the possible revocable nature of or lack of right to maintain vaults or other improvements or installations beyond building or property lines.

(g) Variations between tax lot lines and lines of record title provided same do not render title uninsurable in Texas.

(h) Any lien or encumbrance (including, without limitation, any mechanics lien and materialmen's lien) the removal of which is the obligation of a tenant.

(i) Any lien or encumbrance arising out of the acts or omissions of Purchaser.

(j) Consents by Seller or any former owner for the erection and maintenance of any structures on, under, or above any streets or roads on which the Property may abut, provided same do not render title unmarketable.

(k) Any financing statements filed on a date more than five (5) years prior to the Closing Date and not renewed, and any financing statements, chattel mortgages, encumbrances, or mechanics' or other liens filed against the against property or equipment which is not part of the Property or is owned by tenants.

(l) Any exceptions disclosed on Schedule B of the Title Commitment (as hereinafter defined) which will be extinguished upon the transfer of the Property.

(m) The standard conditions and exceptions to title contained in the form of title policy or a revised post "mark-up" Title Commitment issued to Purchaser by Title Insurance Company.

(n) Such other matters as any reputable title insurer licensed to do business in Texas shall be willing, without special premium, to omit as exceptions to title insurance coverage.

Section 5.03 Title.

(a) Seller shall promptly order, at its sole cost and expense:

(i) A commitment for title insurance from the Title Insurance Company, together with true, legible copies (to the extent available) of all instruments giving rise to any defects or exceptions to title to the Property (collectively, the "**Title Commitment**"), which Title Commitment shall be delivered to counsel for both Purchaser and Seller concurrently; and

(ii) Either an update of Seller's Survey or a new survey of the Property, prepared by a surveyor licensed in Texas ("**Purchaser's Survey**"), which Purchaser's Survey shall be delivered to counsel for both Purchaser and Seller concurrently.

(b) Purchaser or Purchaser's attorney shall deliver to Seller, and Seller's attorney, in writing, any objections to the exceptions to title set forth in the Title Commitment or Purchaser's Survey, other than the Permitted Exceptions (collectively, "**Title Objection Notice**"), by no later

than 12:00 pm Central Time on the date that is five (5) days after the Effective Date ("**Title Objection Date**"). The failure by Purchaser, or Purchaser's attorney, to deliver the Title Objection Notice on or before the Title Objection Date shall constitute Purchaser's irrevocable acceptance of the Title Commitment and Purchaser's Survey and Purchaser shall be deemed to have unconditionally waived any right to object to any matters set forth therein. If, after giving the Title Objection Notice to Seller and Seller's attorney, Purchaser receives any amendment or update to the Title Commitment or to Purchaser's Survey showing any title defects which Purchaser claims are not Permitted Exceptions, Purchaser shall give written notice thereof to Seller immediately after the date Purchaser receives such evidence and Purchaser shall be deemed to have unconditionally waived any such matters of which it fails to give such notice to Seller within five (5) days after the date Purchaser receives same. Purchaser acknowledges and agrees that **TIME IS OF THE ESSENCE** with respect to all time periods relating to Purchaser's obligations set forth in this Section 5.03.

Section 5.04 Seller's Inability to Convey.

(a) If, on the Closing Date, Seller fails or is unable to convey title to the Property in accordance with this Agreement, Seller shall be entitled, upon written notice delivered to Purchaser on or prior to the Closing Date, to reasonable adjournments of the Closing one or more times for a period not to exceed five (5) days in the aggregate to enable Seller to convey such title to the Property.

(b) If Seller does not so elect to adjourn the Closing, and on the Closing Date, fails or is unable to convey title subject to and in accordance with the provisions of this Agreement, Purchaser shall be entitled, to either: (i) terminate this Agreement by written notice to Seller delivered on or before the Closing Date, in which event Purchaser shall be entitled to a return of the Deposit minus the independent consideration, and this Agreement shall thereupon be deemed terminated and of no further effect, and neither party hereto shall have any obligations to the other hereunder or by reason hereof, except for the provisions hereof that expressly survive termination of this Agreement; or (ii) complete the purchase (with no reduction in the Purchase Price) with such title as Seller is able to convey on the Closing Date.

(c) If Seller elects to adjourn the Closing as provided in Section 5.04(a) above, this Agreement shall remain in effect for the period or periods of adjournment, in accordance with its terms. If, on the adjourned Closing Date, Seller fails or is unable to convey title to the Property subject to and in accordance with the provisions of this Agreement, Purchaser shall make its election between clauses (i) and (ii) of Section 5.04(b) above, by written notice to Seller given not later than the adjourned Closing Date. If Purchaser shall fail to give such notice as aforesaid, Purchaser shall be deemed to have elected clause (ii) above and the Closing shall take place on the adjourned Closing Date.

(d) Notwithstanding anything to the contrary contained in this Agreement, Seller shall not be required to take or bring any action or proceeding or any other steps to remove any defect in or objection to title or to fulfill any condition precedent to Purchaser's obligations under this Agreement or to expend any moneys therefor, nor shall Purchaser have any right of action against Seller therefor, at law or in equity, except that Seller shall, on or prior to the Closing, pay, discharge, or remove of record or cause any Voluntary Lien to be paid, discharged, or

removed of record at Seller's sole cost and expense. The term "**Voluntary Liens**" as used herein shall mean any lien and other encumbrances (other than Permitted Exceptions) which: (i) Seller has knowingly and intentionally placed (or allowed to be placed) on the Property, including, without limitation, mortgages and mechanics' liens; (ii) are in a liquidated amount; and (iii) may be satisfied solely by the payment of money. For all Voluntary Liens, other than mortgages and mechanics liens, Seller shall have no obligation to pay, discharge, or remove of record Voluntary Liens, in the aggregate, in an amount greater than Ten Thousand and No/100 Dollars (\$10,000).

(e) Notwithstanding anything in this Section 5.04 above to the contrary, Purchaser may at any time accept such title as Seller can convey, without reduction of the Purchase Price or any credit or allowance on account thereof or any claim against Seller. The acceptance of the Deed by Purchaser shall be deemed to be full performance of, and discharge of, every agreement and obligation on Seller's part to be performed under this Agreement, except for such matters which are expressly stated to survive the Closing hereunder.

Section 5.05 Violations. Notwithstanding anything to the contrary in this Agreement, Purchaser shall accept title to the Property subject to any and all violations or any notes or notices of violations of law or municipal ordinances, orders, or requirements noted or issued prior to, on, or after the date of this Agreement (collectively, the "**Violations**"), if any. Purchaser acknowledges and accepts that Seller shall not be obligated to comply with, or take any action or incur any expense in connection with any Violations. If requested by Purchaser, Seller shall furnish Purchaser with an authorization to make any required violation searches against the Property.

ARTICLE VI REPRESENTATIONS AND WARRANTIES

Section 6.01 Seller's Representations and Warranties. Seller represents and warrants to Purchaser on and as of the date of this Agreement and on and as of the Closing Date as set forth in this Section 6.01:

(a) Seller is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Texas.

(b) The execution, delivery, and performance of this Agreement by Seller and all agreements, instruments, and documents herein provided to be executed by Seller on the Closing Date: (i) do not violate the Articles of Incorporation of Seller, or any contract, agreement, commitment, lease, order, judgment, or decree to which Seller is a party; and (ii) have been duly authorized by the consent of the members of Seller and the appropriate and necessary action has been taken by such members on the part of Seller. This Agreement is valid and binding upon Seller, subject to bankruptcy, reorganization, and other similar laws affecting the enforcement of creditors' rights generally.

(c) Seller is not a "foreign person" as such term is defined in Section 1445 of the Internal Revenue Code or any regulations promulgated thereunder, as amended.

(d) To Seller's actual knowledge, there is no pending or threatened litigation or condemnation action against the Property or against Seller with respect to the Property as of the date of this Agreement.

(e) Seller has not entered into any service or equipment leasing contracts relating to the Property.

(f) Seller is not, and will not become, a person or entity with whom United States persons or entities are restricted or prohibited from doing business under regulations of the Office of Foreign Asset Control ("OFAC") of the Department of the Treasury (including those named on OFAC's specially designated and blocked persons list) or under any statute, executive order (including the September 24, 2001, Executive Order Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism), or other governmental action and is not and will not engage in any dealings or transactions or be otherwise associated with such persons or entities.

Section 6.02 Purchaser's Representations and Warranties. Purchaser represents and warrants to Seller on and as of the date of this Agreement and on and as of the Closing Date as set forth in this Section 6.02:

(a) Purchaser is a Home Rule Municipality duly organized, validly existing, and in good standing under the laws of the State of Texas.

(b) The execution, delivery, and performance of this Agreement by Purchaser and all agreements, instruments, and documents herein provided to be executed by Purchaser on the Closing Date: (i) do not violate the Articles of Incorporation of Purchaser, or any contract, agreement, commitment, lease, order, judgment, or decree to which Purchaser is a party; and (ii) have been duly authorized by the consent of the manager of Purchaser and the appropriate and necessary action has been taken by such manager on the part of Purchaser. This Agreement is valid and binding upon Purchaser, subject to bankruptcy, reorganization, and other similar laws affecting the enforcement of creditors' rights generally.

(c) Purchaser has not violated any contract, agreement, or other instrument to which Purchaser is a party nor any judicial order, judgment, or decree to which Purchaser is bound by: (i) entering into this Agreement; (ii) executing any of the documents Purchaser is obligated to execute and deliver on the Closing Date; or (iii) performing any of its duties or obligations under this Agreement or otherwise necessary to consummate the transactions contemplated by this Agreement.

(d) There are no actions, lawsuits, litigation, or proceedings pending or threatened in any court or before any governmental or regulatory agency that affect Purchaser's power or authority to enter into or perform this Agreement. There are no judgments, orders, or decrees of any kind against Purchaser unpaid or unsatisfied of record, or, to the best of Purchaser's knowledge, threatened against Purchaser, which would have any material adverse effect on the business or assets or the condition, financial or otherwise, of Purchaser or the ability of Purchaser to consummate the transactions contemplated by this Agreement.

(e) Except for the express representations and warranties of Seller found in Section 6.01, Purchaser is acquiring the Property on an "AS IS, WHERE IS" basis, without any representation or warranty of any kind or nature whatsoever, express or implied, and Purchaser acknowledges that no such representations or warranties have been made except as set forth in writing herein. In deciding whether to acquire the Property, Purchaser is relying solely on Purchaser's investigation of the Property.

(f) Purchaser is not, and will not become, a person or entity with whom United States persons or entities are restricted or prohibited from doing business under regulations of OFAC (including those named on OFAC's specially designated and blocked persons list) or under any statute, executive order (including the September 24, 2001, Executive Order Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism), or other governmental action and is not and will not engage in any dealings or transactions or be otherwise associated with such persons or entities.

ARTICLE VII MAINTENANCE AND REPAIRS

Section 7.01 Maintenance and Repairs. Seller shall cause the Property, and the Improvements, to be maintained in substantially the same manner as prior to the date of this Agreement pursuant to Seller's normal course of business, subject to reasonable wear and ARTICLE VIII of this Agreement.

ARTICLE VIII RISK OF LOSS

Section 8.01 Risk of Loss. If prior to the Closing Date any portion of the Property shall be taken by condemnation or eminent domain or damaged or destroyed by fire or other casualty, neither party shall have the right to cancel this Agreement. Purchaser shall purchase the Property in accordance with this Agreement, and the Purchase Price shall not be reduced; provided, however, that Seller's rights to any award resulting from such taking or any insurance proceeds resulting from such fire or other casualty (less any reasonable sums expended by Seller for repair or restoration through the Closing Date) shall be assigned by Seller to Purchaser at the Closing. Purchaser and Seller hereby irrevocably waive the provision of any statute that provides for a different outcome or treatment in the event the Property shall be taken or damaged or destroyed by fire or other casualty, including without limitation, the provisions of the Uniform Vendor and Purchaser Risk Act (Tex. Prop. Code Ann. § 5.007).

ARTICLE IX NOTICES

Section 9.01 Delivery of Notices. Unless specifically stated otherwise in this Agreement, all notices, demands, requests, consents, approvals, or other communications (for purposes of this Section 9.01 collectively referred to as "**Notices**") shall be in writing and delivered to Purchaser, Seller, or Escrow Agent, at the addresses set forth in Section 9.02 below, by one the following methods:

(a) Personal delivery, whereby delivery is deemed to have occurred at the time of delivery;

(b) Overnight delivery by a nationally recognized overnight courier company, whereby delivery is deemed to have occurred the business day following deposit with the courier;

(c) Registered or certified mail, postage prepaid, return receipt requested, whereby delivery is deemed to have occurred on the third business day following deposit with the United States Postal Service; or

(d) Electronic transmission (facsimile or electronic mail) provided that such transmission is completed no later than 5:00 p.m. Central Time on a business day and the original is also sent by personal delivery, overnight delivery, or by mail in the manner previously described, whereby delivery is deemed to have occurred at the end of the business day on which the electronic transmission is complete.

Section 9.02 Parties' Addresses.

(a) Unless changed in accordance with Section 9.02(b) of this Agreement, the addresses for all communications and notices shall be as follows:

If to Seller:

Name: KW Elm Investment LLC
Address: 2888 Switzer Road, Sanger, Texas 76266
Attention: Mel Gunter Knight
Email: Melgknight@gmail.com

If to Purchaser:

Name: City of Sanger
Address: 502 Elm Street, P.O. Box 1729, Sanger, Texas 76266
Attention: City Manager
Email: jnoblitt@sangertexas.com

If to Escrow Agent:

Name: Michelle Neely
Address: 525 S. Locust St., Suite 400 Denton TX 76201
Attention: Michelle Neely
Email: michelle@dosterlawgroup.com

(b) Any party may, by notice given in accordance with this Article, designate a different address or person for receipt of all communications or notices.

(c) Any notice under this Agreement may be given by the attorneys of the respective parties who are hereby authorized to do so on their behalf.

ARTICLE X REMEDIES

Section 10.01 Remedies.

(a) If Purchaser shall default in the observance or performance of Purchaser's obligations under this Agreement and the Closing does not occur as a result thereof (a "**Purchaser Default**"), Seller's sole and exclusive remedy shall be to retain the Deposit plus any accrued interest thereon, if any, as and for full and complete liquidated and agreed damages for Purchaser's Default, and the parties shall be released from further liability to each other hereunder, except for those obligations and liabilities that are expressly stated to survive termination of this Agreement. SELLER AND PURCHASER AGREE THAT IT WOULD BE IMPRACTICAL AND EXTREMELY DIFFICULT TO ESTIMATE THE DAMAGES WHICH SELLER MAY SUFFER UPON A PURCHASER DEFAULT AND THAT THE DOWN PAYMENT AND ANY INTEREST EARNED THEREON, AS THE CASE MAY BE, REPRESENTS A REASONABLE ESTIMATE OF THE TOTAL NET DETRIMENT THAT SELLER WOULD SUFFER UPON A PURCHASER DEFAULT. SUCH LIQUIDATED AND AGREED DAMAGES ARE NOT INTENDED AS A FORFEITURE OR A PENALTY WITHIN THE MEANING OF APPLICABLE LAW.

(b) If Seller shall default in the observance or performance of any of the terms of this Agreement, and Purchaser is ready, willing, and able to close in accordance with the terms, provisions, and conditions of this Agreement and the Closing does not occur as a result thereof, Purchaser's sole and exclusive remedy shall be to receive the Deposit and any accrued interest thereon minus the independent consideration and Purchaser's actual costs relating to the Title Commitment and Purchaser's Survey, if any. Notwithstanding anything to the contrary contained in this Agreement, in no event shall Seller be liable to Purchaser for any damages of any kind whatsoever. Purchaser waives all rights to specific performance or injunctive relief or other relief to cause Seller to perform its obligations under this Agreement.

(c) Upon the release of the Deposit, and any interest accrued thereon, to either Purchaser or Seller, as the case may be, this Agreement shall be deemed null and void and no party hereto shall have any obligations to, or rights against, the other hereunder, except as expressly provided herein.

(d) The provisions of this Article shall survive the Closing or termination of this Agreement.

ARTICLE XI ESCROW

Section 11.01 Escrow Terms. Escrow Agent shall hold and disburse the Deposit in accordance with the following provisions:

(a) Escrow Agent shall have the right, but not the obligation, to invest the Deposit in savings accounts, treasury bills, certificates of deposit, and/or in other money market instruments approved by Seller, or in funds investing in any of the foregoing, and shall not be liable for any losses suffered in connection with any such investment.

(b) If the Closing occurs, then Escrow Agent shall deliver the Deposit to Seller.

(c) If for any reason the Closing does not occur and either party makes a written demand upon Escrow Agent for payment of the Deposit, Escrow Agent shall give written notice to the other party of such demand. If Escrow Agent does not receive a written objection from the other party to the proposed payment within {number} ({number}) days after the giving of such notice, Escrow Agent is hereby authorized to make such payment. If Escrow Agent does receive such written objection within such {number} ({number}) day period or if for any other reason Escrow Agent in good faith shall elect not to make such payment, Escrow Agent shall continue to hold such amount until otherwise directed by written instructions from the parties to this Agreement or a final judgment in court. However, Escrow Agent shall have the right at any time to deposit the escrowed proceeds and interest thereon, if any, with the clerk of a court having competent jurisdiction in the county in which the Property is located. Escrow Agent shall give written notice of such deposit to Seller and Purchaser. Upon such deposit, Escrow Agent shall be relieved and discharged of all further obligations and responsibilities hereunder.

Section 11.02 Escrow Agent's Duties and Responsibilities.

(a) Escrow Agent has signed this Agreement for the sole purpose of agreeing to act as Escrow Agent in accordance with this Article. Escrow Agent shall have no duties or responsibilities except those set forth in this Agreement and Seller and Purchaser agree and acknowledge that Escrow Agent shall act hereunder as a depository only.

(b) Escrow Agent shall be protected in relying upon the accuracy, acting in reliance upon the contents, and assuming the genuineness of any notice, demand, certificate, signature, instrument, or other document that is given to Escrow Agent without verifying the truth or accuracy of any such notice, demand, certificate, signature, instrument, or other document.

(c) The parties acknowledge that Escrow Agent is acting solely as a stakeholder at their request and for their convenience, that the duties of Escrow Agent hereunder are purely ministerial in nature and shall be expressly limited to the safekeeping and disposition of the Deposit in accordance with the provisions of this Agreement. Escrow Agent shall not be liable for any action taken or omitted by Escrow Agent in good faith and believed by Escrow Agent to be authorized or within its rights or powers conferred upon it by this Agreement, except for any damage caused by Escrow Agent's own gross negligence or willful default or misconduct. Escrow Agent shall not have any liability or obligation for loss of all or any portion of the Deposit by reason of the insolvency or failure of the institution or depository with whom the

escrow account is maintained. Upon the disbursement of the Deposit in accordance with this Agreement, Escrow Agent shall be relieved and released from any liability under this Agreement, except in connection with Escrow Agent's gross negligence or willful default or misconduct.

(d) In the event that a dispute shall arise in connection with this Agreement, or as to the rights of the parties in and to, or the disposition of, the Deposit, Escrow Agent shall have the right to: (i) hold and retain all or any part of the Deposit until such dispute is settled or finally determined by litigation, arbitration, or otherwise; (ii) deposit the Deposit in an appropriate court of law, following which Escrow Agent shall thereby and thereafter be relieved and released from any liability or obligation under this Agreement; (iii) institute an action in interpleader or other similar action permitted by stakeholders in Texas; or (iv) interplead any of the parties in any action or proceeding which may be brought to determine the rights of the parties to all or any part of the Deposit.

(e) Escrow Agent shall not charge a fee for its services as the escrow agent in the transaction contemplated by this Agreement.

(f) All costs and expenses incurred by Escrow Agent in performing its duties as Escrow Agent including, without limitation, reasonable attorneys' fees (whether paid to retained attorneys or amounts representing the fair value of legal services rendered to or for itself) shall be borne 50% by Seller and 50% by Purchaser, except however, if any litigation arises under this Agreement with respect to the Deposit, all costs and expenses of the litigation shall be borne by whichever of Seller or Purchaser is the losing party.

(g) Escrow Agent has acknowledged agreement to these provisions by signing in the place indicated on the signature page of this Agreement.

Section 11.03 Indemnification of Escrow Agent. Seller and Purchaser hereby agree to, jointly and severally, indemnify, defend, and hold harmless Escrow Agent from and against any liabilities, damages, losses, costs, or expenses incurred by, or claims or charges made against Escrow Agent (including reasonable attorneys' fees and disbursements) by reason of Escrow Agent acting or failing to act in connection with any of the matters contemplated by this Agreement or in carrying out the terms of this Agreement, except for those matters arising as a result of Escrow Agent's gross negligence or willful misconduct.

Section 11.04 Survival. This Article shall survive the Closing or the termination of this Agreement.

ARTICLE XII CONFIDENTIALITY

Section 12.01 Confidential Information. Purchaser to the extent allowable by law, covenants and agrees not to communicate: (a) the terms or any aspect of this Agreement and the transactions contemplated hereby; and (b) the content of any and all information in respect of the Property which is supplied by Seller to Purchaser (collectively, the "**Confidential Information**") to any person or entity, without the express written consent of Seller; provided, however, that Purchaser may, without consent,

disclose the Confidential Information: (i) to its respective advisors, consultants, attorneys, accountants, partners, investors, and lenders (the "**Transaction Parties**") without the express written consent of Seller, so long as any such Transaction Parties to whom disclosure is made shall also agree to keep all such information confidential in accordance with the terms hereof; and (ii) if disclosure is required by law or by regulatory or judicial process or pursuant to any regulations promulgated by the New York Stock Exchange or other public exchange for the sale and purchase of securities, provided that in such event Purchaser shall notify the Seller in writing of such required disclosure, shall exercise all commercially reasonable efforts to preserve the confidentiality of the Confidential Information, including, without limitation, reasonably cooperating with the other party to obtain an appropriate order or other reliable assurance that confidential treatment will be accorded such Confidential Information by such tribunal and shall disclose only that portion of the Confidential Information which it is legally required to disclose. The foregoing confidentiality obligations shall not apply to the extent that any such Confidential Information is a matter of public record or is provided in other sources readily available to the real estate industry other than as a result of disclosure by Purchaser or its Transaction Parties. Purchaser hereby indemnifies Seller against, and holds Seller harmless from, any and all claims, losses, damages, liabilities, and expenses (including, without limitation, reasonable attorneys' fees and disbursements) arising in connection with Purchaser's obligations under this Section 12.01 and/or the disclosure of any Confidential Information by Purchaser and/or by Purchaser's Transaction Parties in violation of this Section 12.01. The provisions of this Section 12.01 shall survive the Closing or the earlier termination of this Agreement.

Section 12.02 Return or Destruction of Confidential Information. As of the Closing Date or in the event of a termination of this Agreement, if applicable, such confidentiality shall be maintained by Purchaser and all Confidential Information in accordance with the written request of Seller shall be either promptly: (a) returned to Seller; or (b) destroyed by Purchaser, with any such destruction confirmed by Purchaser and its Transaction Parties in writing.

Section 12.03 Survival. The provisions of this Article shall survive the Closing Date or termination of this Agreement.

ARTICLE XIII BROKERS

Section 13.01 Brokers. Purchaser and Seller each represent and warrant to each other that they dealt with no broker in connection with, nor has any broker had any part in bringing about, this transaction. Seller and Purchaser to the extent allowable by law, shall each indemnify, defend, and hold harmless the other from and against any claim of any broker or other person for any brokerage commissions, finder's fees, or other compensation in connection with this transaction if such claim is based in whole or in part by, through, or on account of, any acts of the indemnifying party or its agents, employees, or representatives and from all losses, liabilities, costs, and expenses in connection with such claim, including without limitation, reasonable attorneys' fees, court costs, and interest.

Section 13.02 Survival. The provisions of this ARTICLE XIII shall survive the Closing, or the termination of this Agreement prior to the Closing.

ARTICLE XIV MISCELLANEOUS

Section 14.01 Governing Law. This Agreement shall be governed by, interpreted under, and construed and enforced in accordance with the laws of the State of Texas.

Section 14.02 Merger; No Representations. This Agreement constitutes the sole and entire agreement of the parties to this Agreement with respect to the subject matter contained herein and supersedes all prior and contemporaneous understandings and agreements, both written and oral, with respect to such subject matter. This Agreement is entered into after full investigation, with no party relying upon any statement or representation, not set forth in this Agreement, made by any other party.

Section 14.03 No Survival. Except as otherwise provided in this Agreement, no representations, warranties, covenants, or other obligations of Seller set forth in this Agreement shall survive the Closing and no action based thereon shall be commenced after the Closing.

Section 14.04 Limitation of Liability.

(a) No member of Seller, nor any Seller Related Party, shall have any personal liability, directly or indirectly, under or in connection with this Agreement or any agreement made or entered into under or pursuant to the provisions of this Agreement or any amendment or amendments to any of the foregoing made at any time or times, heretofore and hereafter, and Purchaser and its successors and assigns and, without limitation all other persons and entities, shall look solely to Seller's assets for the payment of any claim or for any performance and Purchaser, on behalf of itself and its successors and assigns, hereby waives any and all such personal liability.

(b) No representative or agent of Purchaser, nor any Purchaser Related Party shall have any personal liability, directly or indirectly, under or in connection with this Agreement or any agreement made or entered into under or pursuant to the provisions of this Agreement, or any amendment or amendments to any of the foregoing made at any time or times, heretofore and hereafter, and Seller and its successors and assigns and, without limitations, all other persons and entities, shall look solely to Purchaser's assets for the payment of any claim or for any performance, and Seller, on behalf of itself and its successors and assigns, hereby waives any and all such personal liability.

Section 14.05 Business Days. Whenever any action must be taken (including the giving of notices) under this Agreement during a certain time period (or by a particular date) that ends or occurs on a non-business day, then such period (or date) shall be extended until the next succeeding business day. As used herein, the term "business day" shall be deemed to mean any day other than a Saturday, a Sunday, or a legal holiday on which national banks are not open for business in the State of Texas.

Section 14.06 Modifications and Amendments. This Agreement cannot under any circumstance be modified or amended orally and no agreement shall be effective to waive, change, modify, terminate, or discharge this Agreement, in whole or in part, unless such agreement is in writing and is signed by both Seller and Purchaser.

Section 14.07 No Recording. Neither this Agreement, nor any memorandum of this Agreement, shall be recorded. The recording of this Agreement, or any memorandum of this Agreement, by Purchaser shall constitute a material default and shall entitle Seller to retain the Deposit and any interest earned thereon.

Section 14.08 Successors and Assigns; Assignment. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs or successors and permitted assigns. Purchaser may not assign or otherwise transfer this Agreement, or any of its rights or obligations hereunder, without the prior written consent of Seller, which consent may be withheld in Seller's sole discretion. Any purported assignment without Seller's consent shall be void and of no force or effect. Any change in control of Purchaser or of any of the direct or indirect ownership interests in Purchaser, at any level or tier of ownership, whether in one transaction or a series of transactions, shall constitute an assignment for purposes of this Section 14.08.

Section 14.09 Severability. If any term or provision of this Agreement is invalid, illegal, or unenforceable in any jurisdiction, such invalidity, illegality, or unenforceability shall not affect, invalidate, or render unenforceable any other term or provision of this Agreement. Upon such determination that any term or other provision is invalid, illegal, or unenforceable, the parties hereto shall negotiate in good faith to modify this Agreement so as to affect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated by this Agreement be consummated as originally contemplated to the greatest extent possible.

Section 14.10 Further Assurances. Each of the parties hereto shall execute and deliver such additional documents, instruments, conveyances, and assurances and take such further actions as may be reasonably required to carry out the provisions of this Agreement and give effect to the transactions contemplated hereby, provided such documents are customarily delivered in real estate transactions in Texas and do not impose any material obligations upon any party hereunder except as set forth in this Agreement.

Section 14.11 Counterparts. This Agreement may be executed by the parties in separate counterparts, each of which when so executed and delivered shall be an original for all purposes, but all such counterparts shall together constitute but one and the same instrument.

Section 14.12 Time Is of the Essence. The parties hereto acknowledge and agree that, except as otherwise expressly provided in this Agreement, TIME IS OF THE ESSENCE for the performance of all actions (including, without limitation, the giving of Notice, the delivery of documents, and the funding of money) required or permitted to be taken under this Agreement. Whenever action must be taken (including, without limitation, the giving of Notice, the delivery of documents, or the funding of money) under this Agreement, prior to the expiration of, by no later than, or on a particular date, unless otherwise expressly provided in this Agreement, such action must be completed by {TIME} Central Time on such date, provided that such action must be completed by {TIME} Central Time with respect to the payment of the balance of the Purchase Price and other payments by Purchaser on the Closing Date. However, notwithstanding anything to the contrary herein, whenever action must be taken (including, without limitation, the giving of Notice, the delivery of documents, or the funding of money) under this Agreement prior to the expiration of, by no later than, or on a particular date that is not a business day, then such date shall be extended until the immediately following business day.

Section 14.13 Headings. The captions or paragraph titles contained in this Agreement are for convenience and reference only and shall not be deemed a part of the text of this Agreement.

Section 14.14 No Waivers. No waiver by any party of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the party providing the waiver. No waiver by either party of any failure or refusal to comply with any obligations under this Agreement shall be deemed a waiver of any other or subsequent failure or refusal to so comply.

Section 14.15 No Offer. This Agreement shall not be deemed an offer or binding upon Seller or Purchaser until this Agreement is fully executed and delivered by Seller and Purchaser.

Section 14.16 Waiver of Jury Trial. SELLER AND PURCHASER HEREBY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM (WHETHER ARISING IN TORT OR CONTRACT) BROUGHT BY SUCH PARTY AGAINST THE OTHER ON ANY MATTER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS AGREEMENT.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

PURCHASER:

The City of Sanger, a Texas Home Rule Municipality

By: _____

Name: _____

Title: _____

SELLER:

KW Elm Investment LLC, a Texas limited liability company

By: Mel Knight

Name: MEL KNIGHT

Title: Member / owner

ESCROW AGENT:

{ESCROW AGENT NAME}

By: _____

Name: _____

Title: _____

EXHIBIT A

LEGAL DESCRIPTION

Lots 1 – 4 Block 8 Original Town of Sanger, Sanger, Texas