VACANT LAND/LOT PURCHASE CONTRACT

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If subdivided land or unsubdivided land is being sold by a subdivider, i.e., a person who owns 6 or more lots, a public report will generally be required and an Addendum regarding subdivided or unsubdivided land must be executed by the Seller and Buyer.

1. PROPERTY

1a. 1. BUYER: The City of San Luis (BUYER'S NAME(S))

2. SELLER: Faithful Management Systems AZ, LLC (SELLER'S NAME(S)) or ☐ as identified in Section 9c.

3. Buyer agrees to buy and Seller agrees to sell the real property with all improvements, fixtures, and appurtenances thereon
4. or incidental thereto, if any, plus the personal property described herein (collectively the "Property").

1b. 6. Property Address: 155 acres (Co. 19 & 1E) Zoning: HI

6. Assessor's #(s): 212-22-002

7. City: Yuma County: Yuma AZ, Zip Code:

8. Legal Description: Legal to be supplied in escrow or ☐ see attached legal description.

1c. 9. $ 2,480,000.00 Full Purchase Price, paid as outlined below

10. $ 75,000.00 Earnest money due after council approval of same

11. $ 2,405,000.00 By means of a new conventional loan with National Bank.

12. $ This offer is contingent on the City Council of San Luis approving

13. said purchase.

1d. 14. **Incidental Improvements:** Buyer is purchasing the Property as vacant land. Any improvements, fixtures and appurtenances
15. thereon or incidental thereto, are being transferred in their existing condition ("AS-IS") and Seller makes no warranty to Buyer,
16. expressed or implied, as to their condition except as provided for in section 5a.

1e. 17. **Fixtures and Personal Property:** Seller agrees that all existing fixtures on the Property, and any existing personal property
18. specified herein, shall be included in this sale, including the following:

19.

20.

21. Personal property included herein shall be transferred with no monetary value, and free and clear of all liens
22. or encumbrances.
23. Fixtures and leased items NOT included:

1f. 24. **Close of Escrow:** Close of Escrow ("COE") shall occur when the deed is recorded at the appropriate county recorder's
25. office. Buyer and Seller shall comply with all terms and conditions of this Contract, execute and deliver to Escrow
26. Company all closing documents, and perform all other acts necessary in sufficient time to allow COE to occur on
27. August (MONTH) 31st (DAY), 2015 (YEAR) ("COE Date"). If Escrow Company or recorder's office is closed on

28. COE Date, COE shall occur on the next day that both are open for business.

29. Buyer shall deliver to Escrow Company a cashier's check, wired funds or other immediately available funds to pay any down
30. payment, additional deposits or Buyer's closing costs, and instruct the lender, if applicable, to deliver immediately available funds
31. to Escrow Company, in a sufficient amount and in sufficient time to allow COE to occur on COE Date.

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		<Initials	Initials>		
SELLER	SELLER			BUYER	BUYER

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Carolyn McKelvey-Malouff Bingham-Faithf

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1g. **Possession:** Seller shall deliver access to keys and/or means to operate all locks, mailbox, and all common area facilities, subject to the rights of tenants under existing leases, to Buyer at COE or ☐ _____ . Broker(s) recommend that the parties seek appropriate counsel from insurance, legal, tax, and accounting professionals regarding the risks of pre-possession or post-possession of the Property.

1h. **Addenda Incorporated:** ☐ Additional Clause ☐ Buyer Contingency ☐ Domestic Water Well ☐ H.O.A.
☐ Loan Assumption ☐ Market Conditions Advisory ☐ On-site Wastewater Treatment Facility ☐ Seller Financing ☐ Short Sale
☐ Vacant Land/Lot Purchase Contract Addendum Regarding Subdivided or Unsubdivided Land
☐ Other: _____

1i. **IF THIS IS AN ALL CASH SALE: Buyer shall provide Seller, within five (5) days or _____ days after Contract acceptance, either a Letter of Credit or a Source of Funds Letter from a financial institution documenting the availability of funds to close escrow as agreed. Section 2 shall not apply, GO TO SECTION 3.**

2. FINANCING

2a. **Type of Financing:** ☒ Conventional ☐ FHA ☐ VA ☐ USDA ☐ Assumption ☐ Seller Carryback
☐ _____
(If financing is to be other than new financing, see attached addendum.)

2b. **Financing: This sale ☒ is ☐ is not contingent upon Buyer obtaining a satisfactory financing commitment within Due Diligence Period pursuant to Section 6a. (If sale is not contingent on a financing commitment, go to Section 2k.)**

2c. **Financing Commitment Contingency Period:** If the sale is contingent upon Buyer obtaining a satisfactory financing commitment, Buyer shall have the Due Diligence Period to obtain a financing commitment, including appraised value, satisfactory to Buyer in Buyer's sole discretion, for a loan to purchase the Property or Buyer may cancel this Contract and receive a refund of the Earnest Money. **PRIOR TO THE EXPIRATION OF THE DUE DILIGENCE PERIOD, BUYER SHALL DELIVER TO SELLER AND ESCROW COMPANY NOTICE THAT BUYER HAS NOT RECEIVED SUCH SATISFACTORY FINANCING COMMITMENT OR BUYER SHALL BE DEEMED TO HAVE WAIVED THE FINANCING COMMITMENT CONTINGENCY AND ANY RIGHT TO CANCEL DUE TO FINANCING.**

2d. **Pre-Qualification:** A completed AAR Pre-Qualification Form ☐ is ☒ is not attached hereto and incorporated herein by reference.

2e. **Loan Status Update:** Buyer shall deliver to Seller the Loan Status Update (LSU) with at a minimum lines 1-40 completed describing the current status of the Buyer's proposed loan within five (5) days after Contract acceptance and instruct lender to provide an updated LSU to Broker(s) and Seller upon request.

2f. **Loan Processing During Escrow:** Buyer agrees to diligently work to obtain the loan and will promptly provide the lender with all additional documentation required. **Buyer shall sign all loan documents no later than three (3) days prior to the COE Date.**

2g. **Loan Costs:** Buyer shall pay all costs of obtaining the loan, except as provided herein.

2h. **VA Loan Costs:** In the event of a VA loan, Seller agrees to pay the escrow fee and up to $ _____ of loan costs not permitted to be paid by the Buyer, in addition to the other costs Seller has agreed to pay herein, including Seller's Concessions.

2i. **Changes:** Buyer shall immediately notify Seller of any changes in the loan program, financing terms, or lender described in the Pre-Qualification Form if attached hereto or LSU provided within five (5) days after Contract acceptance and shall only make any such changes without the prior written consent of Seller if such changes do not adversely affect Buyer's ability to obtain loan approval without Prior to Document (PTD) conditions, increase Seller's closing costs, or delay COE.

2j. **Appraisal Fee(s):** Appraisal Fee(s), when required by Lender, shall be paid by ☒ Buyer ☐ Seller
☐ Other _____
Appraisal Fee(s) ☐ are ☒ are not included in Seller Concessions, if applicable.

2k. **Partial Release, if applicable:** Buyer and Seller agree that any partial releases will be addressed under Additional Terms and Conditions or attached Addendum. Broker(s) recommend the parties seek appropriate counsel regarding the risks of partial release.

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2i. **Subordination:** If applicable, Seller carryback financing ☐ is ☒ is not to be subordinated to a construction loan. If Seller agrees to subordination, such subordination shall only be allowed if the Seller Carryback financing is not in default and if the Seller approves the terms and conditions of the construction loan to be recorded as a senior loan. Approval will not be unreasonably withheld. **IF SELLER SUBORDINATES THE SELLER CARRYBACK FINANCING TO A SENIOR LOAN, THE SELLER ACKNOWLEDGES THAT IN ORDER TO PROTECT THE SELLER CARRYBACK FINANCING, THE SELLER MAY HAVE TO MAKE PAYMENTS ON THE SENIOR LOAN IF THE SENIOR LOAN IS IN DEFAULT.** Broker(s) recommend the parties seek appropriate counsel regarding the risks of subordination.

3. TITLE AND ESCROW

3a. **Escrow:** This Contract shall be used as escrow instructions. The Escrow Company employed by the parties to carry out the terms of this Contract shall be:

Citizens Title c/o Lisa Slade
"ESCROW/TITLE COMPANY" PHONE

FAX EMAIL

ADDRESS

3b. **Title and Vesting:** Buyer will take title as determined before COE. Taking title may have significant legal, estate planning and tax consequences. Buyer is advised to obtain legal and tax advice.

3c. **Title Commitment and Title Insurance:** Escrow Company is hereby instructed to obtain and deliver to Buyer and Seller directly, addressed pursuant to 8s and 9c or as otherwise provided, a Commitment for Title Insurance together with complete and legible copies of all documents that will remain as exceptions to Buyer's policy of Title Insurance ("Title Commitment"), including but not limited to Conditions, Covenants and Restrictions ("CC&Rs"); deed restrictions; and easements within fifteen (15) days after Contract acceptance. Buyer shall have prior to the expiration of the Due Diligence Period to provide written notice of any items disapproved. Buyer shall be provided, at Seller's expense, a Standard Owner's Title Insurance Policy showing the title vested in Buyer. Buyer may acquire extended coverage(s) at Buyer's own additional expense.

Seller shall convey title by warranty deed, subject to existing taxes, assessments, covenants, restrictions, rights of way, easements and all other matters of record or ☐ _____ deed.

3d. **Additional Instructions:** (i) Escrow Company shall promptly furnish notice of pending sale that contains the name and address of the Buyer to any homeowner's association in which the Property is located. (ii) If the Escrow Company is also acting as the title agency but is not the title insurer issuing the title insurance policy, Escrow Company shall deliver to the Buyer and Seller, upon deposit of funds, a closing protection letter from the title insurer indemnifying the Buyer and Seller for any losses due to fraudulent acts or breach of escrow instructions by the Escrow Company. (iii) All documents necessary to close this transaction shall be executed promptly by Seller and Buyer in the standard form used by Escrow Company. Escrow Company shall modify such documents to the extent necessary to be consistent with this Contract. (iv) Escrow Company fees, unless otherwise stated herein, shall be allocated equally between Seller and Buyer. (v) Escrow Company shall send to all parties and Broker(s) copies of all notices and communications directed to Seller, Buyer and Broker(s). (vi) Escrow Company shall provide Broker(s) access to escrowed materials and information regarding the escrow. (vii) If an Affidavit of Disclosure is provided, Escrow Company shall record the Affidavit at COE.

3e. **Prorations, Expenses and Adjustments:**

Taxes: Real property taxes payable by the Seller shall be prorated through COE, based upon the latest tax bill available. The parties agree that any discrepancy between the latest tax bill available and the actual tax bill when received shall be handled as a Post Closing Matter and Buyer or Seller may be responsible for additional tax payments to each other.

Rents, Interest and Expenses: Rents; interest on existing notes, if transferred; utilities; and operating expenses shall be prorated through COE. The Parties agree to adjust any rents received after COE as a Post Closing Matter.

Deposits: All deposits held by Seller pursuant to rent/lease agreement(s) shall be credited against the cash required of Buyer at COE or ☐ paid to Buyer by Seller at COE.

3f. **Post Closing Matters:** The parties shall promptly adjust any item to be prorated that is not determined or determinable at COE as a Post Closing Matter by appropriate cash payment to the other party outside of the escrow when the amount due is determined. Seller and Buyer agree that Escrow Company and Broker(s) are relieved of any responsibility for said adjustments.

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3g. **Release of Earnest Money:** In the event of a dispute between Buyer and Seller regarding any Earnest Money deposited with Escrow Company, Buyer and Seller authorize Escrow Company to release Earnest Money pursuant to the terms and conditions of this Contract in its sole and absolute discretion. Buyer and Seller agree to hold harmless and indemnify Escrow Company against any claim, action or lawsuit of any kind, and from any loss, judgment, or expense, including costs and attorney fees, arising from or relating in any way to the release of Earnest Money.

3h. **Assessment Liens:** The amount of any assessment, other than homeowner's association assessments, that is a lien as of the COE shall be: [x] paid in full by Seller [ ] prorated and assumed by Buyer [ ] paid in full by Buyer. Any assessment that becomes a lien after COE is the Buyer's responsibility.

3i. **IRS and FIRPTA Reporting:** Seller agrees to comply with IRS reporting requirements. If applicable, Seller agrees to complete, sign, and deliver to Escrow Company a certificate indicating whether Seller is a foreign person or a non-resident alien pursuant to the Foreign Investment in Real Property Tax Act (FIRPTA). Buyer and Seller acknowledge that if the Seller is a foreign person, the Buyer (or Escrow Company, as directed by Buyer) must withhold a tax equal to 10% of the purchase price, unless an exemption applies.

3j. **Agricultural Foreign Investment Disclosure Act:** If applicable, Buyer and Seller shall comply with the Agricultural Foreign Investment Disclosure Act and make the required disclosures to the U.S. Department of Agriculture.

3k. **TAX DEFERRED EXCHANGE:** If Seller or Buyer intends to enter into a tax-deferred exchange pursuant to I.R.C. §1031 or otherwise, all additional costs in connection with any such tax-deferred exchange shall be borne by the party requesting the exchange. The non-requesting party agrees to cooperate in the tax-deferred exchange provided that the non-requesting party incurs no additional costs and COE is not delayed. The parties are advised to consult a professional tax advisor regarding the advisability of any such exchange. The non-requesting party and Broker(s) shall be indemnified and held harmless from any liability that may arise from participation in the tax deferred exchange.

4. DISCLOSURES

4a. **Vacant Land/Lot Seller Property Disclosure Statement ("VLSPDS"):** Seller shall deliver a completed AAR VLSPDS form to the Buyer within five (5) days after Contract acceptance.

4b. **Additional Seller Disclosures and Information:** Seller shall provide to Buyer the following disclosures and information pertinent to the Property within five (5) days after the Contract acceptance: (i) any information known to Seller that may adversely affect the Buyer's use of the Property, (ii) any known pending special assessments, association fees, claims, or litigation, (iii) articles of incorporation; by-laws; other governing documents; and any other documents required by law, (iv) financial statements, current rent rolls, lists of current deposits, personal property lists, leases, rental agreements, service contracts, (v) soils, Phase I, or other environmental reports in Seller's possession, (vi) the most recent survey, if available, and (vii) any and all other agreements, documents, studies, or reports relating to the Property in Seller's possession or control provided, however, that Seller shall not be required to deliver any report or study if the written contract that Seller entered into with the consultant who prepared such report or study specifically forbids the dissemination of the report to others.

4c. **Road Maintenance Agreement:** Seller shall provide to Buyer, within five (5) days after the Contract acceptance, a copy of any known road maintenance agreement affecting the Property.

4d. **Seller's Obligations Regarding Wells:** If a well is located on the Property, or if the Property is to be served by a shared well, the AAR Domestic Water Well Addendum is attached hereto and incorporated by reference. At COE, if applicable, Seller shall assign, transfer and convey to the Buyer all of the water rights, or claims to water rights, if any, held by Seller that are associated with the Property.

4e. **No Seller or Tenant Bankruptcy, Probate or Insolvency Proceedings:** Seller represents that Seller has no notice or knowledge that any tenant on the Property is the subject of a bankruptcy, probate or insolvency proceeding. Further, Seller is not the subject of a bankruptcy, insolvency or probate proceeding.

4f. **Seller's Notice of Violations:** Seller represents that Seller has no knowledge of any notice of violations of City, County, State, or Federal building, zoning, fire, or health laws, codes, statutes, ordinances, regulations, or rules filed or issued regarding the Property.

4g. **Environmental Disclosure:** Seller has not knowingly caused or permitted the generation, storage, treatment, release or disposal of any hazardous waste or regulated substances at the Property except as otherwise disclosed.

4h. **Affidavit of Disclosure:** If the Property is located in an unincorporated area of the county, and five or fewer parcels of property other than subdivided land are being transferred, the Seller shall deliver a completed Affidavit of Disclosure in the form required by law to the Buyer within five (5) days after Contract Acceptance. Buyer shall provide notice of any Affidavit of Disclosure items disapproved within five (5) days after receipt of the Affidavit of Disclosure. >>

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4i. **H.O.A. / Condominium / Planned Community:** The Property ☐ is ☒ is not located within a homeowners' association/ condominium/planned community. If yes, the HOA addendum is attached hereto and incorporated by reference.

4j. **Changes During Escrow:** Seller shall immediately notify Buyer of any changes in the Property or disclosures made herein, in the SPDS, or otherwise. Such notice shall be considered an update of the SPDS. Unless Seller is already obligated by Section 5a, or otherwise by this Contract or any amendments hereto, to correct or repair the changed item disclosed, Buyer shall be allowed prior to the expiration of the Due Diligence Period or five (5) days after delivery of such notice, whichever is later, to provide notice of disapproval to Seller.

5. WARRANTIES

5a. **Seller Warranties:** Seller warrants and shall maintain and repair the Property so that at the earlier of possession or COE the Property and any personal property included in the sale, will be in substantially the same condition as on the date of Contract acceptance; and all personal property not included in the sale and all debris will be removed from the Property.

5b. **Warranties that Survive Closing:** Seller warrants that Seller has disclosed to Buyer and Broker(s) all material latent defects and any information concerning the Property known to Seller, excluding opinions of value, which materially and adversely affect the consideration to be paid by Buyer. Prior to the COE, Seller warrants that payment in full will have been made for all labor, professional services, materials, machinery, fixtures, or tools furnished within the 150 days immediately preceding the COE in connection with the construction, alteration, or repair of any structure on or improvement to the Property. Seller warrants that the information regarding connection to a sewer system or on-site wastewater treatment facility (conventional septic tank or alternative system) is correct to the best of Seller's knowledge.

5c. **Buyer Warranties:** Buyer warrants that Buyer has disclosed to Seller any information that may materially and adversely affect the Buyer's ability to close escrow or complete the obligations of this Contract. At the earlier of possession of the Property or COE, Buyer warrants to Seller that Buyer has conducted all desired independent inspections and investigations and accepts the Property. **Buyer warrants that Buyer is not relying on any verbal representations concerning the Property except disclosed as follows:** _____

_____

6. DUE DILIGENCE

6a. **Due Diligence Period:** Buyer's due diligence and inspection period shall be thirty (30) days or 40 days after the Contract acceptance ("Due Diligence Period"). During Due Diligence Period Buyer shall perform all inspections and investigations to satisfy Buyer with respect to the physical condition of the Property, financing, appraised value, the condition of title to the Property and as to the feasibility and suitability of the Property for Buyer's intended purpose. During the Due Diligence Period, Buyer, at Buyer's expense, shall: (i) conduct all desired physical, environmental, and other types of inspections and investigations to determine the value and condition of the Property; (ii) make inquiries and consult government agencies, lenders, insurance agents, architects, and other appropriate persons and entities concerning the feasibility and suitability of the Property and the surrounding area for the Buyer's intended purpose; (iii) investigate applicable building, zoning, fire, health, and safety codes including applicable swimming pool barrier regulations to determine any potential hazards, violations or defects in the Property; and (iv) verify any material multiple listing service ("MLS") information. If the presence of sex offenders in the vicinity or the occurrence of a disease, natural death, suicide, homicide or other crime on or in the vicinity is a material matter to the Buyer, it must be investigated by the Buyer during the Due Diligence Period. Buyer shall keep the Property free and clear of liens, shall indemnify and hold Seller harmless from all liability, claims, demands, damages, and costs, and shall repair all damages arising from the inspections. Buyer shall provide Seller and Broker(s) upon receipt, at no cost, copies of all inspection reports concerning the Property obtained by Buyer. If Buyer cancels this Contract, Buyer shall return all documents provided by the Seller and provide Seller with copies of all reports or studies generated by Buyer, provided, however, that Buyer shall not be required to deliver any such report or study if the written contract that Buyer entered into with the consultant who prepared such report or study specifically forbids the dissemination of the report or study to others. Buyer is advised to consult the Arizona Department of Real Estate *Buyer Advisory* provided by AAR to assist in Buyer's due diligence inspections and investigations.

6b. **Square Footage/Acreage: BUYER IS AWARE THAT ANY REFERENCE TO THE SQUARE FOOTAGE/ACREAGE OF THE PROPERTY, BOTH THE REAL PROPERTY (LAND) AND IMPROVEMENTS THEREON IS APPROXIMATE. IF SQUARE FOOTAGE/ACREAGE IS A MATERIAL MATTER TO THE BUYER; IT MUST BE INVESTIGATED DURING THE DUE DILIGENCE PERIOD.**

6c. **Flood Hazard:** Flood hazard designations or the cost of flood hazard insurance shall be determined by Buyer during the Due Diligence Period. If the Property is situated in an area identified as having any special flood hazards by any governmental entity, the lender may require the purchase of flood hazard insurance. Special flood hazards may also affect the ability to encumber or improve the Property. >>

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6d. **Insurance: IF INSURANCE IS A MATERIAL MATTER TO THE BUYER, BUYER SHALL APPLY FOR AND OBTAIN WRITTEN CONFIRMATION OF THE AVAILABILITY AND COST OF INSURANCE FOR THE PROPERTY FROM BUYER'S INSURANCE COMPANY DURING THE DUE DILIGENCE PERIOD.** Buyer understands that any fire, casualty, or other insurance desired by Buyer or required by Lender should be in place at COE.

6e. **Sewer or On-site Wastewater Treatment System:** The Property ☐ **does** ☒ **does not** contain an on-site wastewater treatment system. If the Property is served by a conventional septic tank or alternative system, the AAR On-site Wastewater Treatment Facility Addendum is incorporated herein by reference.

IF A SEWER CONNECTION, OR THE AVAILABILITY OF A SEWER CONNECTION, IS A MATERIAL MATTER TO THE BUYER, IT MUST BE INVESTIGATED DURING THE DUE DILIGENCE PERIOD.

(BUYER'S INITIALS REQUIRED) _____ _____
BUYER BUYER

6f. **Site/Soil Evaluation For Installation of On-site Wastewater Treatment Facility:** If the suitability of the Property for installation of an on-site wastewater treatment facility (conventional septic tank or alternative system) and associated costs are material to the Buyer, Buyer shall complete a site/soil evaluation and investigate all on-site wastewater treatment facility installation costs within the Due Diligence Period. **NOTE: Buyer is advised that the site/soil evaluation is not binding on the State-delegated County agency in any future permitting decision as to the suitability of the design or type of facility for the Property.**

6g. **LAND DIVISIONS: LAND PROPOSED TO BE DIVIDED FOR PURPOSES OF SALE OR LEASE IS SUBJECT TO STATE, COUNTY AND MUNICIPAL LAWS, ORDINANCES AND REGULATIONS. IF STATE, COUNTY AND MUNICIPAL REQUIREMENTS RELATING TO THE DIVISION OR SPLITTING OF THE PROPERTY ARE A MATERIAL MATTER TO THE BUYER, THEY MUST BE VERIFIED BY BUYER DURING THE DUE DILIGENCE PERIOD. BROKER(S) HAVE MADE NO REPRESENTATIONS, EXPRESS OR IMPLIED, REGARDING THE ABILITY TO DIVIDE OR SPLIT THE PROPERTY.**

(BUYER'S INITIALS REQUIRED) _____ _____
BUYER BUYER

6h. **ROADS: IF ROADWAYS, COST AND RESPONSIBILITY FOR ROAD MAINTENANCE, IMPROVEMENTS OR ACCESS IS A MATERIAL MATTER TO BUYER, IT MUST BE INVESTIGATED BY BUYER DURING DUE DILIGENCE PERIOD.**

6i. **Survey:** A survey ☒ **shall** ☐ **shall not** be performed. If to be performed, the survey shall be performed by a licensed surveyor within the Due Diligence Period or _____ days after Contract acceptance.

Cost of the survey shall be paid by ☐ Seller ☒ Buyer ☐ Other: _____.

The survey shall be performed in accordance with the Arizona State Board of Technical Registration's "Arizona Land Boundary Survey Minimum Standards".

6j. Survey instructions are:

☐ A boundary survey and survey plat showing the corners either verified or monumentation.

☐ A survey certified by a licensed surveyor, acceptable to Buyer and the Title Company, in sufficient detail for an American Land Title Association ("ALTA") Owner's Policy of Title Insurance with boundary, encroachment or survey exceptions and showing all improvements, utility lines and easements on the Property or within five (5) feet thereof.

☐ Other survey terms: _____

(BUYER'S INITIALS REQUIRED) _____ _____
BUYER BUYER

6k. **WELL WATER/WATER RIGHTS: IF WELL WATER/WATER RIGHTS IS/ARE A MATERIAL MATTER TO THE BUYER, IT MUST BE VERIFIED BY BUYER DURING THE DUE DILIGENCE PERIOD.**

6l. **BUYER ACKNOWLEDGMENT: BUYER RECOGNIZES, ACKNOWLEDGES AND AGREES THAT BROKER(S) ARE NOT QUALIFIED, NOR LICENSED, TO CONDUCT DUE DILIGENCE WITH RESPECT TO THE PROPERTY OR THE SURROUNDING AREA. BUYER IS INSTRUCTED TO CONSULT WITH QUALIFIED LICENSED PROFESSIONALS TO ASSIST IN BUYER'S DUE DILIGENCE EFFORTS. BECAUSE CONDUCTING DUE DILIGENCE WITH RESPECT TO THE PROPERTY AND SURROUNDING AREA IS BEYOND THE SCOPE OF THE BROKERS EXPERTISE AND LICENSING, BUYER EXPRESSLY RELEASES AND HOLDS HARMLESS BROKER(S) FROM LIABILITY FOR ANY DEFECTS OR CONDITIONS THAT COULD HAVE BEEN DISCOVERED BY INSPECTION OR INVESTIGATION.**

(BUYER'S INITIALS REQUIRED) _____ _____
BUYER BUYER

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<Initials _____ _____ SELLER SELLER Initials> _____ _____ BUYER BUYER

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6m. **Due Diligence Period Notice:** Prior to expiration of the Due Diligence Period, Buyer shall deliver to Seller a signed notice of any items disapproved. AAR's Vacant Land/Lot Buyer's Due Diligence Notice and Seller's Response form is available for this purpose. Buyer shall conduct all desired inspections and investigations prior to delivering such notice to Seller and all Due Diligence Period items disapproved shall be provided in a single notice.

6n. **Buyer Disapproval:** If Buyer, in Buyer's sole discretion, disapproves of any aspect of the Property, financing, title, or other matter, Buyer shall deliver to Seller notice of the items disapproved and state in the notice that Buyer elects to either:

(1) immediately cancel this Contract and all Earnest Money shall be released to Buyer, or

(2) provide the Seller an opportunity to correct the items disapproved, in which case:

(a) Seller shall respond in writing within five (5) days or _____ days after delivery to Seller of Buyer's notice of items disapproved. Seller's failure to respond to Buyer in writing within the specified time period shall conclusively be deemed Seller's refusal to correct any of the items disapproved.

(b) **If Seller agrees in writing to correct item(s) disapproved, Seller shall correct the items, complete any repairs in a workmanlike manner and deliver any paid receipts evidencing the corrections and repairs to Buyer three (3) days or _____ days prior to COE Date.**

(c) If Seller is unwilling or unable to correct any of the items disapproved, Buyer may cancel this Contract within five (5) days after delivery of Seller's response or after expiration of the time for Seller's response, whichever occurs first, and all Earnest Money shall be released to Buyer. If Buyer does not cancel this Contract within the five (5) days as provided, Buyer shall close escrow without correction of those items that Seller has not agreed in writing to correct.

VERBAL DISCUSSIONS WILL NOT EXTEND THESE TIME PERIODS. Only a written agreement signed by both parties will extend response times or cancellation rights.

BUYER'S FAILURE TO GIVE NOTICE OF DISAPPROVAL OF ITEMS OR CANCELLATION OF THIS CONTRACT WITHIN THE SPECIFIED TIME PERIOD SHALL CONCLUSIVELY BE DEEMED BUYER'S ELECTION TO PROCEED WITH THE TRANSACTION WITHOUT CORRECTION OF ANY DISAPPROVED ITEMS.

6o. **Inspection(s):** Seller grants Buyer and Buyer's inspector(s) reasonable access to conduct inspection(s) of the Property for the purpose of satisfying Buyer that any corrections agreed to by the Seller have been completed and that the Property is in substantially the same condition as on the date of Contract acceptance. If Buyer does not conduct such inspection(s), Buyer releases Seller and Broker(s) from liability for any defects that could have been discovered.

7. REMEDIES

7a. **Cure Period:** A party shall have an opportunity to cure a potential breach of this Contract. If a party fails to comply with any provision of this Contract, the other party shall deliver a notice to the non-complying party specifying the non-compliance. If the non-compliance is not cured within three (3) days after delivery of such notice ("Cure Period"), the failure to comply shall become a breach of Contract.

7b. **Breach:** In the event of a breach of Contract, the non-breaching party may cancel this Contract and/or proceed against the breaching party in any claim or remedy that the non-breaching party may have in law or equity, subject to the Alternative Dispute Resolution obligations set forth herein. In the case of the Seller, because it would be difficult to fix actual damages in the event of Buyer's breach, the Earnest Money may be deemed a reasonable estimate of damages and Seller may, at Seller's option, accept the Earnest Money as Seller's sole right to damages. An unfulfilled contingency is not a breach of Contract. The parties expressly agree that the failure of any party to comply with the terms and conditions of Section 1f to allow COE to occur on the COE Date, if not cured after a cure notice is delivered pursuant to Section 7a, will constitute a material breach of this Contract, rendering the Contract subject to cancellation.

7c. **Alternative Dispute Resolution ("ADR"):** Buyer and Seller agree to mediate any dispute or claim arising out of or relating to this Contract in accordance with the REALTORS® Dispute Resolution System, or as otherwise agreed. All mediation costs shall be paid equally by the parties. In the event that mediation does not resolve all disputes or claims, the unresolved disputes or claims shall be submitted for binding arbitration. In such event, the parties shall agree upon an arbitrator and cooperate in the scheduling of an arbitration hearing. If the parties are unable to agree on an arbitrator, the dispute shall be submitted to the American Arbitration Association ("AAA") in accordance with the AAA Arbitration Rules for the Real Estate Industry. The decision of the arbitrator shall be final and nonappealable. Judgment on the award rendered by the arbitrator may be entered in any court of competent jurisdiction. Notwithstanding the foregoing, either party may opt out of binding arbitration within thirty (30) days after the conclusion of the mediation conference by notice to the other and in such event either party shall have the right to resort to court action.

7d. **Exclusions from ADR:** The following matters are excluded from the requirement for ADR hereunder: (i) any action brought in the Small Claims Division of an Arizona Justice Court (up to $3,500) so long as the matter is not thereafter transferred or removed from the small claims division; (ii) judicial or nonjudicial foreclosure or other action or proceeding to enforce a deed of trust, mortgage, or agreement for sale; (iii) an unlawful entry or detainer action; (iv) the filing or enforcement of a mechanic's lien; or (v) any matter that is within the jurisdiction of a probate court. Further, the filing of a judicial action to enable the recording of a notice of pending action ("lis pendens"),

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or order of attachment, receivership, injunction, or other provisional remedies shall not constitute a waiver of the obligation to submit the claim to ADR, nor shall such action constitute a breach of the duty to mediate or arbitrate.

7e. **Attorneys Fees and Costs:** The prevailing party in any dispute or claim between Buyer and Seller arising out of or relating to this Contract shall be awarded their reasonable attorney fees and costs. Costs shall include, without limitation, attorney fees, expert witness fees, fees paid to investigators, and arbitration costs.

8. ADDITIONAL TERMS AND CONDITIONS

8a. All existing improvements to stay with the property. This offer includes 155 acres at $16,000 per acre.

Buyer's loan is approved by National Bank, however, closing escrow is contingent on buyer receiving these funds.

Buyer to cooperate in a 1031 tax deferred exchange for the benefit of the seller with no cost to the buyer.

The buyer can provide a letter with the threat of condemnation. This will save the seller substantial capital gain tax savings.

8b. **Risk of Loss:** If there is any loss or damage to the Property between the date of Contract acceptance and COE or possession, whichever is earlier, by reason of fire, vandalism, flood, earthquake, or act of God, the risk of loss shall be on the Seller, provided, however, that if the cost of repairing such loss or damage would exceed ten percent (10%) of the purchase price, either Seller or Buyer may elect to cancel the Contract.

8c. **Permission:** Buyer and Seller grant Broker(s) permission to advise the public of this Contract.

8d. **Arizona Law:** This Contract shall be governed by Arizona law and jurisdiction is exclusively conferred on the State of Arizona.

8e. **Time is of the Essence:** The parties acknowledge that time is of the essence in the performance of the obligations described herein.

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8f. **Compensation:** Seller and Buyer acknowledge that Broker(s) shall be compensated for services rendered as previously agreed by separate written agreement(s), which shall be delivered by Broker(s) to Escrow Company for payment at COE, if not previously paid. If Seller is obligated to pay Broker(s), this Contract shall constitute an irrevocable assignment of Seller's proceeds at COE. If Buyer is obligated to pay Broker(s), payment shall be collected from Buyer as a condition of COE. COMMISSIONS PAYABLE FOR THE SALE, LEASING, OR MANAGEMENT OF PROPERTY ARE NOT SET BY ANY BOARD OR ASSOCIATION OF REALTORS®, OR MULTIPLE LISTING SERVICE, OR IN ANY MANNER OTHER THAN BETWEEN THE BROKER AND CLIENT.

8g. **Copies and Counterparts:** A fully executed facsimile or electronic copy of the Contract shall be treated as an original Contract. This Contract and any other documents required by this Contract may be executed by facsimile or other electronic means and in any number of counterparts, which shall become effective upon delivery as provided for herein. All counterparts shall be deemed to constitute one instrument, and each counterpart shall be deemed an original.

8h. **Days:** All references to days in this Contract shall be construed as calendar days and a day shall begin at 12:00 a.m. and end at 11:59 p.m.

8i. **Calculating Time Periods:** In computing any time period prescribed or allowed by this Contract, the day of the act or event from which the time period begins to run is not included and the last day of the time period is included. Contract acceptance occurs on the date that the signed Contract (and any incorporated counter offer) is delivered to and received by the appropriate Broker. Acts that must be performed three days prior to the COE Date must be performed three full days prior (i.e., if COE Date is Friday the act must be performed by 11:59 p.m. on Monday).

8j. **Entire Agreement:** This Contract, and any addenda and attachments, shall constitute the entire agreement between Seller and Buyer, shall supersede any other written or oral agreements between Seller and Buyer and can be modified only by a writing signed by Seller and Buyer. The failure to initial any page of this Contract shall not affect the validity or terms of this Contract.

8k. **Subsequent Offers:** Buyer acknowledges that Seller has the right to accept subsequent offers until COE. Seller understands that any subsequent offer accepted by the Seller must be a backup offer contingent on the cancellation of this Contract.

8l. **Cancellation:** A party who wishes to exercise the right of cancellation as allowed herein may cancel this Contract by delivering notice stating the reason for cancellation to the other party or to the Escrow Company. Cancellation shall become effective immediately upon delivery of the cancellation notice.

8m. **Notice:** Unless otherwise provided, delivery of all notices and documentation required or permitted hereunder shall be in writing and deemed delivered and received when: (i) hand-delivered; (ii) sent via facsimile transmission; (iii) sent via electronic mail, if email addresses are provided herein; or (iv) sent by recognized overnight courier service, and addressed to Buyer as indicated in Section 8q, to Seller as indicated in Section 9a and to the Escrow Company indicated in Section 3a.

8n. **Earnest Money:** Earnest Money is in the form of: ☐ Personal Check ☒ Other _____
If applicable, Earnest Money has been received by Broker named in Section 8q and upon acceptance of this offer will be deposited with: ☐ Escrow Company ☐ Broker's Trust Account. Buyer acknowledges that failure to pay the required closing funds by the scheduled Close of Escrow, if not cured after a cure notice is delivered pursuant to Section 7a, shall be construed as a material breach of this contract and all earnest money shall be subject to forfeiture.

8o. **RELEASE OF BROKER(S): SELLER AND BUYER HEREBY EXPRESSLY RELEASE, HOLD HARMLESS AND INDEMNIFY BROKER(S) IN THIS TRANSACTION FROM ANY AND ALL LIABILITY AND RESPONSIBILITY REGARDING FINANCING, THE CONDITION, SQUARE FOOTAGE/ACREAGE, LOT LINES, BOUNDARIES, VALUE, RENT ROLLS, ENVIRONMENTAL PROBLEMS, SANITATION SYSTEMS, ABILITY TO DIVIDE OR SPLIT THE PROPERTY, BUILDING CODES, GOVERNMENTAL REGULATIONS, INSURANCE, PRICE AND TERMS OF SALE, RETURN ON INVESTMENT, OR ANY OTHER MATTER RELATING TO THE VALUE OR CONDITION OF THE PROPERTY.**

(BUYER'S AND SELLER'S INITIALS REQUIRED) _____ SELLER _____ SELLER BUYER _____ BUYER

8p. **Terms of Acceptance:** This offer will become a binding Contract when acceptance is signed by Seller and a signed copy delivered in person, by mail, facsimile or electronically, and received by Broker named in Section 8q by July 4, 2015 at 4:00 ☐ a.m. / ☒ p.m., Mountain Standard Time. Buyer may withdraw this offer at any time prior to receipt of Seller's signed acceptance. If no signed acceptance is received by this date and time, this offer shall be deemed withdrawn and the Buyer's Earnest Money shall be returned.

THIS CONTRACT CONTAINS TEN PAGES EXCLUSIVE OF ANY ADDENDA AND ATTACHMENTS. ENSURE THAT YOU HAVE RECEIVED AND READ ALL TEN PAGES OF THIS OFFER AS WELL AS ANY ADDENDA AND ATTACHMENTS.

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8q. 406. **Broker on behalf of Buyer:**

407. Carolyn McKelvey Malouff (PRINT SALESPERSON'S NAME) _____ (AGENT CODE) Realty Executives 14 (PRINT FIRM NAME) _____ (FIRM CODE)

408. 593 S. 4th Avenue (FIRM ADDRESS) Yuma _____ Az. (STATE) 85364 (ZIP CODE)

409. (928) 782-0405 (PREFERRED TELEPHONE) (928) 782-5398 (FAX) carolyn@yumacasa.com (EMAIL)

8r. 410. **Agency Confirmation: The Broker named in Section 8q above is the agent of (check one):**

411. ☐ **the Buyer;** ☐ **the Seller; or** ☐ **both the Buyer and Seller**

8s. 412. **The undersigned agree to purchase the Premises on the terms and conditions herein stated and acknowledge receipt**

413. **of a copy hereof including the Buyer Attachment.**

414. ^BUYER'S SIGNATURE [signature] (MO/DA/YR) 6/29/15 ^BUYER'S SIGNATURE _____ (MO/DA/YR)

The City of San Luis

415. ADDRESS _____ ADDRESS _____

416. CITY, STATE, ZIP CODE _____ CITY, STATE, ZIP CODE _____

9. SELLER ACCEPTANCE

9a. 417. **Broker on behalf of Seller:**

418. Leonard Sanchez (PRINT SALESPERSON'S NAME) _____ (AGENT CODE) _____ (PRINT FIRM NAME) _____ (FIRM CODE)

419. FIRM ADDRESS _____ STATE _____ ZIP CODE _____

420. PREFERRED TELEPHONE _____ FAX _____ EMAIL _____

9b. 421. **Agency Confirmation: The Broker named in Section 9a above is the agent of (check one):**

422. ☐ **the Seller; or** ☐ **both the Buyer and Seller**

9c. 423. **The undersigned agree to sell the Premises on the terms and conditions herein stated, acknowledge receipt of a**

424. **copy hereof and grant permission to Broker named in Section 9a to deliver a copy to Buyer.**

425. ☐ Counter Offer is attached, and is incorporated herein by reference. Seller should sign both this offer and the Counter Offer.

426. If there is a conflict between this offer and the Counter Offer, the provisions of the Counter Offer shall be controlling.

427. ^SELLER'S SIGNATURE _____ (MO/DA/YR) ^SELLER'S SIGNATURE _____ (MO/DA/YR)

428. Faithful Management Systems AZ (SELLER'S NAME PRINTED) LLC (SELLER'S NAME PRINTED)

429. ADDRESS _____ ADDRESS _____

430. CITY, STATE, ZIP CODE _____ CITY, STATE, ZIP CODE _____

431. ☐ **OFFER REJECTED BY SELLER:** _____ (MONTH) _____ (DAY) , _____ (YEAR) _____ (SELLER'S INITIALS)

For Broker Use Only:

Brokerage File/Log No. _____ Manager's Initials _____ Broker's Initials _____ Date _____ (MO/DA/YR)

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