

CONTRACT OF SALE

This Contract of Sale (this "Contract") is made as of _____ (the "Execution Date") by and between Hang Your Hat Properties LLC, whose address is 2136 Ford Parkway #8030, Saint Paul, MN 55116 ("Seller") and _____, an individual ("Buyer") whose address is _____.

Seller owns vacant land with assessor's parcel number _____ located in _____ County, __ and more particularly described in the attached Exhibit A (the "Property").

Seller agrees to sell the Property to Buyer and Buyer agrees to buy the Property from Seller for the price and on the terms and conditions set forth below:

Article 1

PURCHASE PRICE AND PAYMENT

1.1 Total Purchase Price. Buyer promises to pay Seller as the total purchase price for the Property the sum of \$ _____ (US) ("Purchase Price"), which is the true and actual consideration for the conveyance.

1.2 Payment of Total Purchase Price. The total purchase price will be paid as follows:

1.2.1 Down Payment. On or before the Closing Date, as defined in section 3.1, Buyer will pay the sum of \$ _____ (US) in immediately available funds as a down payment on the purchase price, to be applied to the purchase price at Closing.

1.2.2 Interest Rate and Scheduled Payment Dates.

(a) **Interest.** Interest on the remaining balance of \$ _____ will accrue at the rate of zero percent (0%) per annum (the "Contract Rate") from the first of the month following the month in which the Closing Date occurs. Interest will be "simple" and will accrue on a monthly basis.

(b) **Monthly Payments.** Buyer shall pay to Seller the unpaid balance of the purchase price in monthly installments of \$ _____ each, which sum shall include any accrued interest, with the first installment due on _____, and with subsequent installments due on the first day of each month thereafter (the "Monthly Payments"). If the Closing Date falls on a date other than the first day of a monthly installment period, Buyer will pay the interest accrued for the first partial monthly period together with the first regular installment. In addition to the Monthly Payments, Buyer will also be responsible for the monthly costs of the Collection Escrow Agent specified under Section 1.4, in the amount of Twenty Dollars (\$20) per month ("Collection Escrow Fees"). Buyer's responsibility for Collection Escrow Fees shall be added to and become a part of the principal.

Each Monthly Payment, together with the Collection Escrow Fees, will be applied first to interest to the due date of such payment, then to amounts past due to Seller under this Agreement other than principal or interest, and the balance to principal.

(c) **Prepayments.** Buyer may, at any time, prepay all or any portion of the unpaid principal without penalty. All prepayments will be applied first to accrued but unpaid interest to date, if any, then to amounts due to Seller under this Contract other than principal or interest, then to the last installment of principal scheduled under this Agreement. Any prepayment will not excuse Buyer from making the regular monthly payments when due under this Agreement until the remaining balance has been paid in full. This paragraph does not apply to any payments due under this Agreement that Seller may accelerate because of Buyer's default under any of the provisions of this Contract.

(d) **Maturity Date.** Buyer shall pay to Seller (i) all unpaid principal, (ii) all accrued but unpaid interest, and (iii) all other amounts due to Seller pursuant to this Contract on or before _____.

(e) **Default Rate of Interest.** In the event any amount due under this Contract (including all amounts due on acceleration or majority) is not paid when due, the entire unpaid principal balance of this Contract, together with all accrued interest and all other sums owing to Seller, will bear interest from the date of default at a rate ("Default Rate") ten percent (10%) per annum above what would otherwise be the rate of interest payable under this Contract. Such Default Rate will continue for as long as all amounts then due remain unpaid and any other default remains uncured. All interest accruing at the Default Rate will be deemed continuously due and payable and will be paid in full before the Default Rate will revert to the Contract Rate. Seller may levy and collect interest at the Default Rate in addition to all other remedies allowed under this Contract. Collection of interest at the Default Rate will not waive the breach caused by the late payment or other default.

1.3 Payments to Third Parties. If Buyer fails to pay when due any amounts required under this Contract to be paid to third parties by Buyer, Seller may, but will not be obligated to, pay any or all such amounts directly to such third parties or otherwise to cure any such failure. If Seller makes any such payments, the amounts so paid will be immediately due and payable by Buyer to Seller. Until paid, such amounts will be secured by this Contract and will be added to the principal balance due under this Contract and will bear interest at the Default Rate. Seller's election to make any payments pursuant to this section 1.3 will not constitute a waiver of Seller's right to declare Buyer to be in default of this Contract and to exercise any remedies described in Article 12 herein.

WARNING

Unless you (Buyer) provide us (Seller) with evidence of the insurance coverage as required by our contract or loan agreement, we may purchase insurance at your expense to protect our interest. This insurance may, but need not, also protect your interest. If the collateral becomes damaged, the coverage we purchase may not pay any claim you make or any claim made against you. You may later cancel this coverage by providing evidence that you have obtained property coverage elsewhere.

You are responsible for the cost of any insurance purchased by us. The cost of this insurance may be added to your contract or loan balance. If the cost is added to your contract or loan balance, the interest rate on the underlying contract or loan will apply to this added amount. The effective date of coverage may be the date your prior coverage lapsed or the date you failed to provide proof of coverage.

The coverage we purchase may be considerably more expensive than insurance you can obtain on your own and may not satisfy any need for property damage coverage or any mandatory liability insurance requirements imposed by applicable law.

1.4 Place of Payments. Buyer shall make all payments to ZimpleMoney (“Collection Escrow Agent”) at 403 Madison Ave. N, Suite 240, Bainbridge Island, WA 98110 or to another place, person, or entity that Seller may designate by providing written notice to Buyer. By appropriate instructions, the parties will direct the Collection Escrow Agent to accept the payments and apply them to Seller.

Article 2

TAXES AND LIENS

2.1 Obligation to Pay. As used herein, “Taxes and Assessments” means all *ad valorem* real and personal property taxes and all governmental and other assessments levied against the Property, as well as all assessments, charges, dues, fees and other sums payable to any homeowners’ association, condominium association, and any other similar organization or entity that may impose such sums upon Buyer or the Property. Taxes and Assessments for the current tax year will be prorated between Seller and Buyer as of the Closing Date. Buyer must pay when due all Taxes and Assessments that are levied against the Property after the Closing Date.

2.2 No Transfer or Liens. Subject to Section 15.1 of this Contract, Buyer may not sell or transfer any interest in the Property or permit any lien or encumbrance to attach to the Property without Seller’s prior written consent.

2.3 Tax Statements. Buyer will provide Seller with written evidence reasonably satisfactory to Seller that all Taxes and Assessments have been paid when due. Buyer will submit this evidence after each required payment of Taxes and Assessments.

2.4 Classification. The Property is / is not classified and specially assessed as _____. Buyer will be responsible for continuing that classification, and will pay when due any additional taxes, penalties, or interest resulting from any disqualification of the Property from such classification and special assessment.

2.5 Material Breach. Buyer and Seller agree that Buyer’s violation of any provision contained in this Article 2 is a material breach of this Contract and will entitle Seller to all of the remedies for default listed in Article 13 herein.

Article 3

CLOSING

3.1 Closing Date. This transaction will be closed no later than ten (10) business days following the Execution Date. As used in this Contract, the *Closing Date* means the date on which this Contract or a memorandum of this Contract or memorandum thereof is recorded.

3.2 Responsibility of Parties. Upon the Execution Date, Buyer must pay the amount of cash specified in section 1.2.1 above.

3.3 Prorates and Closing Costs. Except as otherwise provided in this Contract, all items to be prorated will be prorated as of the Closing Date. Seller is responsible for paying all prorated taxes and assessments. Upon the Execution Date, Buyer is responsible for paying (a) all escrow fees, (b) a document recording fee, payable to Seller in the amount of \$299.00, and (c) all other costs, fees, or charges that are not specifically provided for in this Section but that are otherwise incurred at or in relation to Closing. Buyer will be responsible for and must pay upon the Execution Date any transfer, excise, or sales tax assessed on the sale contemplated by this Contract.

3.4 Collection Escrow. In accordance with section 1.4 above, all payments to Seller must be made to Collection Escrow Agent, or to other such bank or escrow company selected by Seller. By appropriate instructions, the parties will direct Collection Escrow Agent to accept the payments and apply them to Seller. At closing, Seller must deliver to the Collection Escrow Agent the Deed (defined below), together with suitable instructions authorizing delivery after all payments have been made and all other obligations of Buyer under this Contract have been fulfilled. Pursuant to Section 1.4 and Section 3.3 above, the costs of setting up the escrow and periodic collection fees will be paid by Buyer. Buyer must pay all relevant charges when they come due.

Article 4

POSSESSION

4.1 Possession. Buyer will be entitled to possession of the Property from and after the Closing Date; however, from and after the Closing Date, Seller and Seller's agents may enter on the Property at reasonable times on reasonable prior notice to Buyer for the purpose of inspecting the Property.

Article 5

MAINTENANCE AND ALTERATIONS

5.1 Maintenance. Buyer will put and keep all buildings, other improvements, and landscape now existing or that will be placed on the Property in at least as good condition and repair as of the Closing Date, and will not permit any waste or removal of the improvements, nor make any substantial improvements or alterations without the prior written consent of Seller, which approval Seller may withhold in Seller's sole and absolute discretion. Buyer will farm and

maintain the Property, as applicable, in accordance with the principles of good husbandry, conserve its resources, and maintain it in a high state of cultivation. Buyer will make sufficient use of water supplied to the Property as may be necessary to maintain any existing water or irrigation rights.

5.2 Improvements. If Buyer desires to alter or further improve all or any portion of the Property, Buyer must first submit complete final plans, specifications, site plans, drawings, schedules, and cost estimates for the proposed alteration or improvement and obtain Seller's written consent before proceeding to do or permit any work or to order any services or materials with respect to that work. As a condition of granting its consent, among other conditions, Seller may require Buyer to provide a construction and completion bond or other security in an amount and of a nature satisfactory to Seller to cover the proposed costs of construction of the proposed alterations or improvements. All alterations and improvements constructed by or for Buyer must be completed lien-free by reputable Oregon licensed contractors without defects in conformance, with plans, specifications, and drawings approved beforehand in writing by Seller as provided above, and in conformance with standards in the industry and any applicable covenants, conditions, and restrictions encumbering the Property. No approval by Seller will be deemed a representation or warranty of Seller that the approved items or conduct are otherwise lawful, safe, or appropriate, or relieve Buyer from strict compliance with all other provisions of this Contract and all applicable laws.

5.3 Prohibited Activities. Buyer will not use or suffer the use of all or any of the Property for any "nuisance" as defined in ORS 105.555, or so as to constitute an *illegal drug manufacturing site* as that term is defined in ORS 453.858(2), or so as to be in violation of any Oregon or federal statute regulating the use, cultivation, sale, distribution, production, or other aspect of marijuana, as those statutes may now or hereafter be amended, supplemented, or superseded, or otherwise do or allow any act or omission on or about the Property that could subject the Property or Seller's or Buyer's interest in the Property to forfeiture or the risk of forfeiture.

5.4 Governmental Damage. If any damage or destruction of the Property or any portion of it is caused by any governmental or quasi- governmental authority, and to the extent that the same is not a compensable taking under the state or federal constitution, or directly caused by the act or omission of Seller, Buyer will promptly repair and restore the same at its expense.

5.5 Timber and Minerals. Buyer will not cut or remove any timber or forest products from the Property, nor extract, process, mine, or otherwise exploit any oil, gas, mineral, or other valuable deposit on or under the Property without Seller's written consent, which consent Seller may give in Seller's sole and absolute discretion.

5.6 Hazardous Substances. Buyer will comply fully with all laws pertaining to the protection of human health and the environment, including but not limited to employee and community right-to-know laws and all laws regarding the use, generation, storage, transportation, treatment, disposal, or other handling of Hazardous Substances. The term "Hazardous Substance" means any hazardous, toxic, radioactive, or infectious substance, material, or waste as defined, listed, or regulated under any law pertaining to the protection of human health or the environment, and includes without limitation petroleum oil and its fractions.

Buyer will promptly advise Seller in advance, and require Seller's consent in writing, of any Hazardous Substances regulated by such laws that are used, generated, manufactured, stored, transported, or otherwise handled on the Property. Buyer will exercise extreme care in handling any Hazardous Substances and will not cause or permit Hazardous Substances to be spilled, leaked, disposed of, or otherwise released on the Property.

5.7 Compliance with Laws. Purchaser will promptly comply and will cause all other persons to comply with all laws, ordinances, regulations, directions, rules, and other requirements of all governmental authorities applicable to the use or occupancy of the Property, and in this connection, Purchaser will promptly make all required repairs, alterations, and additions (subject to Seller's consent as provided in Section 5.1 and 5.2 herein).

Article 6

INSURANCE

6.1 Property Insurance. Buyer will procure and maintain a policy of Causes of Loss - Special Form property insurance on a 100 percent replacement-cost basis, covering all improvements on the Property, as applicable, in an amount sufficient to avoid application of any coinsurance clause and with loss payable to Seller (under a standard mortgagee's clause) and Buyer as their respective interests may appear. The policies must be primary with respect to all covered risks, and must be written in such form with such terms and by such insurance companies reasonably acceptable to Seller. Buyer will deliver to Seller a copy of such policy and certificates of coverage from each insurer containing a stipulation that coverage will not be canceled without a minimum of thirty (30) days' written notice to Seller. In the event of loss, Buyer will give immediate notice to Seller. Seller may make proof of loss to the insurer if Buyer fails to do so within 15 days of the casualty.

6.2 Liability Insurance. During the term of this Contract, Buyer will maintain general liability insurance with limits of not less than \$1,000,000. This general liability insurance must be endorsed to provide primary coverage and not requiring contribution by any insurance maintained by Seller. It is the intent of the parties to this Contract that insurance held by Seller, if any, with respect to any such insured risks will be excess over the insurance required to be obtained by Buyer by this Contract. The insurance required above must cover all risks arising directly or indirectly out of Buyer's activities on or any condition of the Property, whether or not related to an occurrence caused or contributed to by Seller's negligence, and will provide contractual liability insurance applying to the indemnity obligations under Article 7 herein. Such policy will name Seller as additional insured(s). Such policy must be written in such form, with such terms and by such insurance companies reasonably acceptable to Seller. Buyer will deliver to Seller a copy of such policy and certificates of coverage from each insurer containing a stipulation that coverage will not be canceled without a minimum of 30 days' written notice to Seller.

6.3 Buyer's Report on Insurance. Within ten (10) days after the Execution Date, and thereafter 60 days after the close of each calendar year, Buyer will furnish to Seller a report on each existing policy of insurance required under this Contract showing:

- (1) The name of the insurer;

- (2) The risks insured;
- (3) The amount of the policy;
- (4) The property insured, the then-current replacement cost of the property, and the manner of determining that cost; and
- (5) The expiration date of the policy.

Upon Seller's request, Buyer will have an independent appraiser satisfactory to Seller determine the replacement cost of the Property.

6.4 Application of Proceeds. All proceeds of any insurance on the Property must be paid to and held by Seller. Buyer will repair or replace any damaged or destroyed improvements in a manner satisfactory to Seller. On satisfactory proof of lien-free restoration of the Property to at least its condition and value immediately before the damage or destruction, Seller will pay or reimburse Buyer from the proceeds (net of Seller's cost of recovering and administering such proceeds and monitoring Buyer's restoration activities) for the reasonable cost of repair or restoration to the extent of such proceeds received by Seller. At Seller's election, Seller will retain and apply the proceeds against all amounts owed Seller under this Contract, and will pay the balance, if any, to Buyer. If the proceeds so retained and applied by Seller are not sufficient to pay all amounts owed to Seller under this Contract, Buyer will remain liable for the remaining amounts owed Seller under this Contract in accordance with the terms of this Contract. Any proceeds that have not been paid out within 30 days after their receipt and that Buyer has not committed to the repair or restoration of the Property must be used to prepay first accrued interest and then principal of Buyer's indebtedness.

Article 7

INDEMNIFICATION

7.1 Buyer's Indemnification of Seller. Buyer will forever indemnify, reimburse, and hold Seller harmless and, at Seller's election, defend Seller for, from, and against any and all claims, costs, expenses (including attorney fees), losses, damages, fines, charges, actions, or other liabilities of any description arising out of or in any way connected with (1) Buyer's possession or use of the Property, (2) Buyer's conduct with respect to the Property, (3) any condition of the Property or third-party claims related to the Property to the extent that the same arises from or after the Closing Date and is not caused or contributed to by Seller, or (4) Buyer's breach of any warranty or representation made by Buyer in this Contract. In the event of any litigation or proceeding brought against Seller and arising out of or in any way connected with any of the above events or claims, against which Buyer agrees to defend Seller, Buyer will, on notice from Seller, vigorously resist and defend such actions or proceedings in consultation with Seller through legal counsel reasonably satisfactory to Seller.

7.2 Indemnification Scope. Buyer's obligation to indemnify Seller shall run to Seller's family members, invitees, agents, employees, directors, officers, agents, and partners,

and will survive any termination or satisfaction of this Contract. Buyer's obligations with respect to Buyer's acts or omissions will include the acts or omissions of any of Buyer's directors, officers, partners, agents, employees, contractors, tenants, invitees, or permittees.

Article 8

BUYER REPRESENTATIONS, WARRANTIES, and COVENANTS

Buyer hereby represents, warrants, and covenants that it intends to, and shall at all times during the effectiveness of this Contract, use and occupy the Property for recreational, noncommercial purposes only. Accordingly, Buyer hereby represents and covenants that Buyer will not during any time of the effectiveness of this Contract a) use or occupy the Property for any residential or commercial purpose whatsoever, b) use or occupy the Property for any purpose that would qualify any amounts lent under this Contract as a "residential mortgage loan" as that term is defined in ORS 86A.200, or Regulation G, Regulation X, or Regulation Z of the SAFE act, or any similar or succeeding statute, law, ordinance, or rule, or c) allow any third party to do any of the foregoing. Buyer's misrepresentation or default under any representation, warranty, or covenant given under this Article is material to this Contract and shall be deemed a default under Article 13 herein.

Article 9

CONDITION OF PROPERTY— "AS IS"

Buyer accepts the land, buildings, improvements, any personal property sold under this Contract, and all other aspects of the Property in their present condition, AS IS, WHERE IS, including latent defects, without any representations or warranties from Seller or any agent or representative of Seller, expressed or implied, except for such warranties that may arise by law under the Deed and except as otherwise specifically set forth in this Contract.

Buyer agrees that Buyer has ascertained, from sources other than Seller or any agent or representative of Seller, the condition of the Property, the condition of the Property's title, its suitability for Buyer's purposes, and the applicable zoning, building, housing, and other regulatory ordinances and laws affecting the Property. Buyer accepts the Property with full awareness of these ordinances and laws as they may affect the present use or any intended future use of the Property. Except for such warranties that may arise by law under the Deed (defined below), Seller has made no representations or warranties with respect to the condition or suitability of the Property or any such laws or ordinances.

Buyer further acknowledges that Buyer has accepted and executed this Contract on the basis of Buyer's own examination and personal knowledge of the Property, and that Seller and Seller's agents have made no contract or promise to alter, repair, or improve the Property whatsoever.

Prior to the Closing Date, Seller shall bear the risk of loss, damage, or destruction to any of the Property. Buyer shall bear such risk from and after the Closing Date.

Article 10

TITLE INSURANCE (BUYER’S POLICY)

Buyer acknowledges that it has been advised to obtain title insurance upon the Property and further acknowledges and agrees that Seller will not, as a part of this transaction, furnish to Buyer any title insurance policy with respect to the Property. Buyer may, at Buyer’s sole expense, obtain such policy insuring Buyer against loss or damage sustained by Buyer by reason of the unmarketability of Seller’s title, or liens or encumbrances affecting the Property. Consistent with Article 9 herein, Seller makes no representations or warranties as to any of the foregoing matters or as to the condition of the Property’s title.

Article 11

CONDEMNATION

If all or any portion of the Property is condemned or otherwise taken for public use after the Closing Date, the proceeds of the condemnation award will be paid to Seller, and Seller will apply such proceeds in the following order: any costs or reimbursements due to Seller under the terms of this Contract and then to the unpaid balance of the Purchase Price. The remaining proceeds, if any, will be paid to Buyer.

Article 12

MEMORANDUM OF CONTRACT; FULFILLMENT DEED

12.1 Memorandum of Contract. On the Closing Date, the parties will cause a memorandum of this contract to be recorded in the real property records of _____ County, ___, in form and content substantially as set forth in the attached form on Exhibit B.

12.2 Fulfillment Deed. On payment of the total purchase price for the Property as provided in this Contract and Buyer’s performance of all other terms, conditions, and provisions of this Contract, Seller will promptly deliver to Buyer good and sufficient quitclaim deed (“Deed”) conveying the Property.

12.3 Form of Memorandum and Deed. Seller shall cause the Memorandum of Contract and Deed to be issued to: _____

Article 13

DEFAULT

13.1 Events of Default. Time is of the essence of this Contract. A default will occur under any of the following circumstances:

(1) Buyer’s failure to make any payment provide for under this Contract within 10 days after it is due.

(2) Buyer's failure to perform any other obligations or covenants contained in this Contract within 30 days after notice from Seller specifying the nature of the default or, if the default cannot be cured within 30 days of such notice, failure within such time to commence and pursue curative action with reasonable diligence, as long as Buyer effects a complete cure within 90 days from such notice. No notice of default and no opportunity to cure will be required if, during any 12-consecutive-month period, Seller has already sent one notice to Buyer concerning default in the performance of the same Contract provision.

(3) Buyer's death; Buyer's commencement of a voluntary case under the federal bankruptcy laws or under other federal or state law relating to insolvency or debtor's relief; the entry of a decree or order for relief against Buyer in an involuntary case under the federal bankruptcy laws or under any other applicable federal or state law relating to insolvency or debtor's relief; the appointment or the consent by Buyer to the appointment of a receiver, trustee, or custodian of Buyer or of any of Buyer's property; Buyer's assignment for the benefit of creditors or Buyer's failure generally to pay its debts as they become due. If one of the parties collectively referred to as Buyer or a party standing in the place of Buyer suffers an event of default under this subsection, that event of default will be considered the default of Buyer.

(4) Buyer's making or suffering a fraudulent transfer or conveyance under applicable federal or state law; Buyer's concealment of any of its property from creditors; Buyer's making or suffering a preference within the meaning of the federal bankruptcy law; or the imposition of a lien through legal proceedings or distraint on any of the property of Buyer. If one of the parties collectively referred to as Buyer or a person standing in the place of Buyer suffers an event of default under this subsection, that event of default will be considered the default of Buyer.

(5) Buyer's failure to perform any term, condition, or provision of or any default attributable to Buyer under any existing encumbrance.

13.2 Remedies on Default. In the event of a default, Seller may take any one or more of the following courses of action:

(1) Seller may declare the entire balance of the purchase price and interest immediately due and payable.

(2) Seller may foreclose this Contract by suit in equity.

(3) Seller may specifically enforce the terms of this Contract by suit in equity.

(4) With respect to any part of the Property that constitutes personal property in which Seller has a security interest, Seller may exercise the rights and remedies of a secured party as provided by the *Uniform Commercial Code*.

(5) If Buyer fails to make any payment within fifteen (15) days after it is due, Seller may elect to impose a late charge not to exceed \$ _____ (US), in addition to and not in lieu of any and all other rights and remedies available to Seller. Seller's demand or acceptance of such a late charge will not cure or waive Buyer's default.

(6) After complying with the notice requirements and affording Buyer the right to cure the default contained in ORS 93.905 to 93.945, as the same may be amended or superseded from time to time, as long as the same is applicable, Seller may declare this Contract forfeited and retain the amount of the payments previously made under this Contract. On recordation of the affidavit required by Oregon law, this Contract will be extinguished and canceled, and Buyer will have no further right, title, or interest in and to the Property or to any return or compensation for payments previously made under this Contract, as though this Contract and such payments had never been made. In that event, Buyer agrees to surrender the Property to Seller. If Buyer fails to do so, Seller may elect to treat Buyer as a tenant holding over unlawfully after the expiration of a lease, and Buyer may be ousted and removed as such, without affecting Seller's right to pursue other rights and remedies contained in this Contract or permitted by law.

(7) Seller will be entitled to the appointment of a receiver as a matter of right whether or not the apparent value of the Property exceeds the amount of the balance due under this Contract, and any receiver appointed may serve without bond. Employment by Seller will not disqualify a person from serving as a receiver. On taking possession of all or any part of the Property, the receiver may:

(a) Use, operate, manage, control, and conduct business on the Property and make expenditures for all maintenance and improvements;

(b) Collect all rents, revenues, income, issues, and profits (the "Income") from the Property and apply those sums to the expenses of use, operation, and management;

(c) At Seller's option, complete any construction in progress on the Property and, in that connection, pay all bills, borrow funds, employ contractors, and make any changes in plans and specifications as Seller deems appropriate.

If the revenues produced by the Property are insufficient to pay expenses, the receiver may borrow, from Seller or otherwise, such sums as the receiver deems necessary for the purposes stated in this paragraph, and repayment of those sums will be secured by this Contract. Amounts borrowed from or advanced by Seller will bear interest at the same rate as the balance of the Purchase Price under this Contract from the date of expenditure until repaid and must be paid by Buyer on demand.

(8) Buyer hereby assigns to Seller all the Income from the Property, whether now or hereafter due. Before default, Buyer may operate and manage the Property and collect the Income from the Property. In the event of default and at any time thereafter, Seller may revoke Buyer's right to collect the Income from the Property and may, either itself or through a receiver, collect the same.

To facilitate collection, Seller may notify any tenant or other user to make payments of rents or use fees directly to Seller. If the Income is collected by Seller, then Buyer irrevocably designates Seller as Buyer's attorney-in-fact with full power of substitution and coupled with an interest to endorse instruments received in payment thereof in the name of Buyer and to negotiate the same and collect the proceeds. Payments by tenants or other users to Seller in response to Seller's demand will satisfy the obligation for which the payments are made, whether

or not any proper grounds for the demand existed. Seller will apply the Income first to the Seller's expenses of renting or collection and the balance (if any) to the payment of sums due from Buyer to Seller under this Contract.

13.3 Remedies Not Exclusive. The remedies provided above are nonexclusive and in addition to any other remedies provided by law.

Article 14

ANNUAL REPORTS

Upon Seller's request, and within sixty (60) days after the close of each calendar year, Buyer will furnish to Seller a statement of net operating income received from the Property, if any, during the previous calendar year prepared in accordance with generally accepted accounting principles consistently applied in such detail as Seller requires, certified by Buyer's certified public accountant. "Net operating income" means all cash receipts from the Property minus all cash expenditures made in connection with the operation of the Property.

Article 15

MISCELLANEOUS

15.1 Successor Interests. This Contract is binding on and inures to the benefit of the parties, their successors, and assigns, but no interest of Buyer may be assigned, subcontracted, or otherwise transferred, voluntarily or involuntarily, without Seller's prior written consent, which consent Seller may withhold in Seller's sole discretion, except each individual constituting Buyer may, without such consent, transfer Buyer's interest in the Property to such Buyer's spouse, or into a trust for estate planning purposes, or by testate or intestate succession. Seller's consent to one transfer will not constitute consent to other transfers or waiver of this section. As a condition of such consent, Seller may elect to increase the interest rate under this Contract by not more than three percent (3%) per annum from the date of the transfer. Any increase in the interest rate under this Contract will entitle the Seller to increase monthly payments to the amount necessary to retire the obligation within the stipulated time provided for in this Contract. Any attempted assignment in violation of this provision will be void and of no effect with respect to Seller. Buyer and any other person at any time obligated for the performance of the terms of this Contract hereby waive notice of and consent to any and all extensions and modifications of this Contract or the release of any person or persons from liability under the Contract granted by Seller. Any such extensions or modifications or releases will not in any way release, discharge, or otherwise affect the liability of any person at any time obligated under this Contract or any guarantor of such person's obligations.

Seller may assign, hypothecate, or otherwise transfer this Contract at Seller's sole and absolute discretion.

15.2 Prior Agreements. This document is the entire, final, and complete agreement of the parties pertaining to the sale and purchase of the Property, and supersedes and replaces all prior or existing written and oral agreements (including any earnest-money agreement) between

the parties or their representatives relating to the Property. This Contract may not be amended or modified except in a written instrument executed by the parties.

15.3 Notice. Any notice under this agreement will be in writing and will be effective when actually delivered by email or upon the actual confirmed receipt or refusal of receipt thereof if sent by U.S. Mail, registered or certified, postage prepaid, and addressed to the parties at the addresses stated hereunder:

Seller:

Hang Your Hat Properties LLC
2136 Ford Parkway #8030
Saint Paul, MN 55116
[Email: joe@hyhproperties.com](mailto:joe@hyhproperties.com)

Buyer:

_____, --- _____

15.4 Governing Law. This Contract will be governed by and construed in accordance with the laws of the State of Oregon.

15.5 Jurisdiction; Service. The parties each consent to the jurisdiction of the state or federal courts of Minnesota. Each party agrees that service of process may be made upon it wherever it can be located or by certified mail directed to its address for notices under this Agreement.

15.6 Counterparts. This Agreement may be executed in any number of counterparts, all of which when taken together will constitute one agreement binding on all parties.

15.7 Further Assurances. Each party agrees, at the request of the other party, whether before or after the Closing Date, promptly to execute and deliver all such further documents, and promptly to take and forbear from all such action, as may be reasonably necessary or appropriate in order more effectively to confirm or carry out the provisions of this Agreement.

15.8 Waiver of Jury Trial. BUYER HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO TRIAL BY JURY IN ANY LEGAL ACTION BROUGHT ON OR WITH RESPECT TO THIS AGREEMENT, INCLUDING TO ENFORCE OR DEFEND ANY RIGHTS HEREUNDER, AND AGREES THAT ANY SUCH ACTION SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY, AT SELLER’S OPTION.

15.9 Third Party Beneficiary. Nothing in this Contract express or implied is intended to and shall not be construed to confer upon or create in any person (other than the parties hereto) any rights or remedies under or by reason of this Contract, including without limitation, any right to enforce this Contract.

15.10 Counsel. Seller has retained _____ in connection with this transaction and shall be solely responsible for any fees and costs due to Seller's counsel. Buyer acknowledges that Buyer has been advised to retain independent counsel in connection with this transaction. Accordingly, Buyer has retained _____ (if left blank, Buyer acknowledges that Buyer is unrepresented and has not retained a lawyer or other agent) in connection with this transaction and shall be solely responsible for any fees and costs due to Buyer's counsel.

15.11 No Brokers. Buyer has not employed any broker or finder in connection with the transactions contemplated by this Contract and has taken no action, which employment or action would give rise to a valid claim against Seller for a brokerage commission, finder's fee, or other like payment.

15.12 Attorney Fees. If either party to this Contract seeks legal counsel because of a default in the payment or performance of any of its terms, the defaulting party must pay, immediately on demand, the other party's reasonable attorney fees, collection costs, costs of either a litigation or a foreclosure report (whichever is appropriate), even though no suit or action is filed thereon, and any other fees or expenses incurred by the nondefaulting party.

If any arbitration, mediation, or other proceeding is brought in lieu of litigation, or if litigation or suit or action is instituted to enforce or interpret any of the terms of this Agreement, or if suit or action is instituted in a bankruptcy court for a United States District Court to enforce or interpret any of the terms of this Agreement, to seek relief from an automatic stay, to obtain adequate protection, or to otherwise assert Seller's interest in a bankruptcy proceeding, the party not prevailing must pay the prevailing party's costs and disbursements, the fees and expenses of expert witnesses in determining reasonable attorney fees under ORCP 68, the actual cost of a litigation or foreclosure report, and any sums that the court may determine to be reasonable for the prevailing party's attorney fees connected with the trial and any appeal and by petition for review thereof. In addition, the party not prevailing shall pay to the prevailing party all attorney fees, costs, and other expenses incurred in the collection or enforcement of any judgment or award entered or made in relation to any arbitration, mediation, litigation, suit, action, or other proceeding described in this Section 15.12.

For purposes of this Agreement, the term *attorney fees* includes all charges of the prevailing party's lawyers and their staff (including without limitation legal assistants, paralegals, word processing, and other support personnel) and any postpetition fees in a bankruptcy court. For purposes of this Agreement, the term *fees and expenses* includes but is not limited to long-distance telephone charges; expenses of facsimile transmission; expenses for postage (including costs of registered or certified mail and return receipts), express mail, or parcel delivery; mileage and all deposition charges, including but not limited to court reporters' charges, appearance fees, and all costs of transcription; costs incurred in searching records; and the cost of title reports or surveyor's reports.

15.13 Exhibits. All Exhibits, as listed below and attached to this Agreement, shall become part of this Agreement and are hereby incorporated by reference herein:

- Exhibit A** Legal Description of Property
- Exhibit B** Memorandum of Contract

15.14 Survival of Covenants. Any covenant the full performance of which is not required before Closing or final payment of the purchase price and delivery of the deed will survive Closing and the final payment of the purchase price and the delivery of the deed and be fully enforceable thereafter in accordance with their terms.

15.15 Waiver. The failure of Seller at any time to require performance of any provision of this Contract will not limit the Seller's right to enforce the provision, nor will any waiver of any breach of any provision constitute a waiver of any succeeding breach of that provision or a waiver of that provision itself.

15.16 Time Essence. Buyer and Seller agree that time is of the essence of this Contract.

15.17 Arbitration Required. Any dispute or claim that arises out of or that relates to this agreement or to the interpretation or breach thereof, or to the existence, validity, or scope of this agreement or the arbitration agreement shall be resolved by binding arbitration in accordance with the then effective arbitration rules of the Better Business Bureau in Minnesota, and judgment upon the award rendered pursuant to such arbitration may be entered in any court having jurisdiction thereof. Filing a claim for arbitration shall be treated the same as filing in court for purposes of meeting any applicable statutes of limitation or statute of ultimate repose, and for purposes of filing a lis pendens. The provisions of this Section 15.17 shall survive Closing or earlier termination of this transaction.

15.18 Joint and Several Liability. If Buyer is comprised of two or more individuals or entities, Buyer covenants and agrees that Borrower's obligations and liabilities arising under this Contract shall be joint and several.

15.19 No Offer. By providing an unexecuted copy of this Contract to any person, neither party will be deemed to have made an offer to sell or purchase or otherwise indicated its willingness to enter into any transaction with respect to the Property, and this Contract will not be binding upon any party unless and until it has been fully executed and delivered by Seller and Buyer.

Article 16

STATUTORY DISCLAIMER

The following disclaimer is made pursuant to ORS 93.040(2):

THE PROPERTY DESCRIBED IN THIS INSTRUMENT MAY NOT BE WITHIN A FIRE PROTECTION DISTRICT PROTECTING STRUCTURES. THE PROPERTY IS SUBJECT TO LAND USE LAWS AND REGULATIONS THAT, IN FARM OR FOREST ZONES, MAY NOT AUTHORIZE CONSTRUCTION OR SITING OF A RESIDENCE AND THAT LIMIT LAWSUITS AGAINST FARMING OR FOREST PRACTICES, AS DEFINED IN ORS 30.930, IN ALL ZONES. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON TRANSFERRING FEE TITLE SHOULD INQUIRE ABOUT THE PERSON'S RIGHTS, IF ANY, UNDER ORS 195.300, ORS 195.301 AND ORS 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007, SECTIONS 2

TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009 AND SECTIONS 2 TO 7, CHAPTER 8, OREGON LAWS 2010. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY THAT THE UNIT OF LAND BEING TRANSFERRED IS A LAWFULLY ESTABLISHED LOT OR PARCEL, AS DEFINED IN ORS 92.010 OR ORS 215.010, TO VERIFY THE APPROVED USES OF THE LOT OR PARCEL, TO VERIFY THE EXISTENCE OF FIRE PROTECTION FOR STRUCTURES AND TO INQUIRE ABOUT THE RIGHTS OF NEIGHBORING PROPERTY OWNERS, IF ANY, UNDER ORS 195.300, ORS 195.301 AND ORS 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007, SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009 AND SECTIONS 2 TO 7, CHAPTER 8, OREGON LAWS 2010.

The following disclaimer is made pursuant to ORS 93.040(1):

BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON TRANSFERRING FEE TITLE SHOULD INQUIRE ABOUT THE PERSON’S RIGHTS, IF ANY, UNDER ORS 195.300, ORS 195.301 AND ORS 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007, SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009, AND SECTIONS 2 TO 7, CHAPTER 8, OREGON LAWS 2010. THIS INSTRUMENT DOES NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY THAT THE UNIT OF LAND BEING TRANSFERRED IS A LAWFULLY ESTABLISHED LOT OR PARCEL, AS DEFINED IN ORS 92.010 OR ORS 215.010, TO VERIFY THE APPROVED USES OF THE LOT OR PARCEL, TO DETERMINE ANY LIMITS ON LAWSUITS AGAINST FARMING OR FOREST PRACTICES, AS DEFINED IN ORS 30.930, AND TO INQUIRE ABOUT THE RIGHTS OF NEIGHBORING PROPERTY OWNERS, IF ANY, UNDER ORS 195.300, ORS 195.301 AND ORS 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007, SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009, AND SECTIONS 2 TO 7, CHAPTER 8, OREGON LAWS 2010.

IN WITNESS WHEREOF, the parties have caused this Contract to be executed in duplicate as of the day and year first above written.

Seller:
Hang Your Hat Properties LLC
A Minnesota company

Buyer:

An individual

By: Joseph Schmitt
Its: Manager

Date: _____

Date: _____

ACKNOWLEDGMENTS

STATE OF MINNESOTA)
) ss.
County of _____)

This record was acknowledged before me on _____, 20__ by **Joseph Schmitt** on behalf of Hang Your Hat Properties LLC.

/s/ _____
Notary Public for _____
My commission expires: _____

STATE OF _____)
) ss.
County of _____)

This record was acknowledged before me on _____, 20__ by _____.

/s/ _____
Notary Public for _____
My commission expires: _____

EXHIBIT A
(Legal Description of Property)

EXHIBIT B

(Memorandum of Contract of Sale)

AFTER RECORDING RETURN TO:

Joseph Schmitt
2136 Ford Parkway #8030
Saint Paul, MN 55116

UNTIL A CHANGE IS REQUESTED, ALL TAX STATEMENTS SHOULD BE SENT TO THE FOLLOWING ADDRESS:

_____, _____

Acct. ID: _____
Assessor No.: _____

MEMORANDUM OF CONTRACT OF SALE

This Memorandum of Contract of Sale (this “Memorandum”) is made as of _____, between Hang Your Hat Properties LLC, a Minnesota company (collectively, “Seller”) whose address is 2136 Ford Parkway #8030, Saint Paul, MN 55116, and _____, (“Buyer”) whose address is _____, _____, _____.

Pursuant to a Contract of Sale dated _____ (“Contract”), Seller sold to Buyer Seller’s interest in that certain property in _____ County, __, more particularly described in the attached Exhibit A. The terms upon which Seller has sold the Property to Buyer are set forth in the Contract, to which reference is made for all purposes. The true and actual consideration for this conveyance is \$ _____ US). Buyer will pay such amount, with interest, according to the terms of the Contract, under which the final payment of principal and interest is due on _____.

BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON TRANSFERRING FEE TITLE SHOULD INQUIRE ABOUT THE PERSON’S RIGHTS, IF ANY, UNDER ORS 195.300, ORS 195.301 AND ORS 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007, SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009, AND SECTIONS 2 TO 7, CHAPTER 8, OREGON LAWS 2010. THIS INSTRUMENT DOES NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY THAT THE

UNIT OF LAND BEING TRANSFERRED IS A LAWFULLY ESTABLISHED LOT OR PARCEL, AS DEFINED IN ORS 92.010 OR ORS 215.010, TO VERIFY THE APPROVED USES OF THE LOT OR PARCEL, TO DETERMINE ANY LIMITS ON LAWSUITS AGAINST FARMING OR FOREST PRACTICES, AS DEFINED IN ORS 30.930, AND TO INQUIRE ABOUT THE RIGHTS OF NEIGHBORING PROPERTY OWNERS, IF ANY, UNDER ORS 195.300, ORS 195.301 AND ORS 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007, SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009, AND SECTIONS 2 TO 7, CHAPTER 8, OREGON LAWS 2010.

This Memorandum must be recorded in the official records of _____ County, __ in order to give notice of the existence of the Contract. This Memorandum will not be deemed or construed to define, limit, or modify the Contract, or any provision thereof, in any manner.

IN WITNESS WHEREOF, the parties have caused this Memorandum to be executed as of the day and year first above written.

Seller:

Hang Your Hat Properties LLC
A Minnesota Company

By: Joseph Schmitt
Its: Manager

Date: _____

Buyer:

_____,
an individual

/s/ _____

Date: _____

ACKNOWLEDGMENTS

STATE OF MINNESOTA)
) ss.
County of _____)

This record was acknowledged before me on _____, 20__ by **Joseph Schmitt** on behalf of Hang Your Hat Properties LLC.

/s/ _____
Notary Public for _____
My commission expires: _____

STATE OF _____)
) ss.
County of _____)

This record was acknowledged before me on _____, 20__ by _____.

/s/ _____
Notary Public for _____
My commission expires: _____

EXHIBIT A

Legal Description of Property
