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**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF TEXAS
FORT WORTH DIVISION**

IN RE: §
§ CASE NO. 17-41785-MXM-11
5 STAR RECYCLING, LLC §
§
DEBTOR §
§
§

**DEBTORS' MOTION TO SELL 6.925 ACRE TRACT OF REAL ESTATE FREE
AND CLEAR OF ALL LIENS, CLAIMS AND INTERESTS PURSUANT TO
SECTION 363(f) OF THE BANKRUPTCY CODE**

TO THE HONORABLE MARK X. MULLIN, UNITED STATES BANKRUPTCY
JUDGE:

COME NOWS, 5 Star Recycling, LLC, the "Debtor") and file this their *Motion to Sell 6.925
Acre Tract of Real Estate Free and Clear of All Liens, Claims and Interests Pursuant to Section
363(f) of the Bankruptcy Code* ("Motion").

I. JURISDICTION

1. The Court has jurisdiction over this bankruptcy case pursuant to 28 U.S.C., section
1334. This Motion constitutes a "core" proceeding pursuant to 28 U.S.C., section 157(b)(2)(A),
(N) and (O).

II. CONTRACT OF SALE

2. Debtor's estate includes a 6.925 acre tract of land and improvements ("Property") located in Stephenville, Erath County, Texas and having a street address of 3229 N. U.S. Hwy. 377, Stephenville, Texas 76401. The Debtor desires to sell this property for the purpose of providing reducing its debt and fulfilling its goal of selling its assets, paying off its debts and allowing it to emerge from bankruptcy. To this end, 5 Star Recycling, LLC, as seller, has entered into a Commercial Contract for Sale of Real Property ("Contract") with Stephenville Iron and Metal, LLC. A true and accurate copy of the Contract, including the Addendum thereto, is attached as **Exhibit "A"** to this Motion.

3. The material terms of the Contract include the following:¹

a. The Sale Price² payable at closing is \$540,000.00. The Sale Price is not subject to adjustment based on the number of square feet of land included in the Property as reflected in the survey ultimately accepted by the Buyer;

b. Seller will provide a title policy of insurance at its expense. Debtor will also deliver to Buyer Debtor's most recent survey of the Property. However, Buyer has the right to obtain, at Buyer's expense, a new or updated survey if the existing survey is unacceptable to Buyer;

c. There is no real estate commission to be paid in connection with this sale;

d. Taxes for the year of closing will be pro-rated;

e. Sale shall close within 30 days of Bankruptcy Court approval;

4. The Contract reflects the result of significant arm's length negotiations with Buyer; however, Debtor would disclose to the Court and parties in interest that the Buyer is owned by

¹ The above summary of the material terms of this Contract is qualified in its entirety by the terms of the actual Contract, a copy of which is attached to this Motion. Creditors and parties-in-interest are encouraged to carefully review the terms of the Contract.

² Capitalized terms in the Contract are given the same meanings in this Motion.

Scott Davis who is related by marriage to Nicolle Boyd the manager of 5 Star Recycling, LLC.

III. BASIS FOR RELIEF

5. Pursuant to this Motion, Debtors seek to sell the Property pursuant to the Contract. A major premise of the Bankruptcy Code is maximizing the value of the bankruptcy estate. *See, e.g., Commodity Futures Trading Com. v. Weintraub*, 471 U.S. 343, 353 (1985) (maximizing the value of the estate is an “important goal” of the Bankruptcy Code). The sale will maximize the value of the Property, and, thus, the requested relief by the Debtors is consistent with the “furtherance of the provisions of the Bankruptcy Code.” *See In re Southmark Corp.*, 113 B.R. 280, 281 (Bankr. N.D. Tex. 1990) (stating that the court may “issue any order necessary or appropriate to carry out the provisions of the [Bankruptcy] Code”).

6. Section 363(b) of the Bankruptcy Code provides that a chapter 11 debtor, after notice and hearing, may sell property of the estate outside of the ordinary course of business. Although Section 363 of the Bankruptcy Code does not set a standard for determining when it is appropriate for a court to authorize the sale or disposition of a debtor’s assets pursuant to section 363(b), the Fifth Circuit Court of Appeals, in construing this provision, has required that it be based upon the sound business judgment of the debtor. *See generally Institutional Creditors of Continental Air Lines, Inc. v. Continental Air Lines, Inc. (In re Continental Air Lines, Inc.)*, 780 F.2d 1223 (5th Cir. 1986); *In re Braniff Airways, Inc.*, 700 F.2d 935 (5th Cir. 1983).

7. Adequate business reasons exist to justify the sale. *See In re Continental Air Lines, Inc.*, 780 F.2d at 1226-27 (stating that the decision to authorize a sale of a debtor’s assets outside of the ordinary course of business is a determination based upon the debtor’s business justification). Courts have made it clear that a debtor’s showing of a sound business justification need not be unduly exhaustive, but rather, a debtor is simply “required to justify the proposed disposition with sound business reasons.” *In re Baldwin United Corp.*, 43 B.R. 888, 906 (Bankr. S.D. Ohio 1984); *see also In re Continental Air Lines, Inc.*, 780 F.2d at 1226.

8. Approval of the Contract is appropriate in this case because the Debtor can

demonstrate that there is “some articulated business justification for using, selling, or leasing the property....” *In re Continental Air Lines, Inc.*, 780 F.2d at 1226. The Contract is the result of good-faith, arm’s length negotiations and the Debtor believes that the Sale Price constitutes fair market value for the Property. The rights of any other creditor with liens secured by the Property will be adequately protected by the attachment of their liens to the proceeds of the sale. Accordingly, approving the sale pursuant to the Contract is justified by sound business reasons and is in the best interests of the Debtors’ estate.

IV. THE DEBTORS HAVE PROVIDED ADEQUATE NOTICE OF THE PROPOSED SALE

9. Pursuant to Bankruptcy Rule 2002(a)(2), the Bankruptcy Court may, for cause shown, shorten or direct another method of giving notice regarding the twenty-one-day period for the proposed use, sale or lease of property of the estate other than in the ordinary course of business. *See* FED. R. BANKR. P. 2002(a)(2). Subject to Bankruptcy Rule 6004, the notice of a proposed use, sale, or lease of property required under Bankruptcy Rule 2002(a)(2) must include the time and place of any public sale, the terms and conditions of any private sale, and the time fixed for filing objections. *See* FED. R. BANKR. P. 2002(c)(1). Moreover, the notice of a proposed use, sale, or lease of property is sufficient if it generally describes the property. *See* FED. R. BANKR. P. 2002(c)(1).

10. To ensure that adequate notice of the sale is provided, the Debtors has served this Motion, including all exhibits hereto, by first class mail and/or ECF electronic notification upon (a) counsel for the United States Trustee; (b) all parties who have filed a Notice of Appearance herein; and (c) all entities holding secured claims against the Property, including ad valorem taxing authorities.

11. The Debtors submit that such notice as set forth herein satisfies the notice requirements of Bankruptcy Rules 2002 and 6004 and section 363(f) of the Bankruptcy Code, and constitutes good and sufficient notice and that no other or further notice is required.

V. SALE OF PROPERTY FREE AND CLEAR OF LIENS IS APPROPRIATE

12. The Debtors request that the Property be sold free and clear of all liens, with all valid liens to attach to the proceeds of the sale (after payment of the broker's fee and other costs of sale as provided in the Contract) with the same priority, force, and effect with which they attached to the Property. Section 363(f) of the Bankruptcy Code provides, in part, that a debtor in possession may sell property of the estate outside of the ordinary course of business free and clear of any other entity's interest in such property, if such entity consents or if such entity could be compelled, in a legal or equitable proceeding, to accept a money satisfaction of such interest. *See* 11 U.S.C. § 363(f)(2), (5).

13. Based upon the foregoing, Debtors seek the sale of the Property free and clear of liens and believe such a sale is appropriate under section 363(f) of the Bankruptcy Code.

VI. MOTION TO APPROVE SALE FREE AND CLEAR OF LIENS, CLAIMS AND ENCUMBRANCES

14. Debtor moves the Court to approve the sale of the Property in accordance with the terms of the Contract. Further, Debtor move the Court to authorize Debtors in all respects to close, consummate and perform the Contract without further order of the Court as provided in the Contract.

15. In addition, Debtors seek to sell the Property free and clear of all liens, claims and interests other than as follows:

- a. Property taxes for 2014 and subsequent tax years; and
- b. a deed of trust lien in favor of F & M Bank, Stephenville.

This relief is requested out of an abundance of caution as the Debtors believe that no other liens or creditors' claims encumber the Property other than the above-referenced liens. Property taxes for 2015 and prior years have been paid.

16. To the extent that any other liens may exist against the Property, the rights of any such creditors will attach to Debtors share of the proceeds, although subject to any defenses by the

Debtors to any such claims.

17. Debtors also request that the Debtors' share of the Net Proceeds of any arising from the sale be paid into escrow pending an appropriate order of the Court regarding the use thereof.

PRAYER FOR RELIEF

Accordingly, the Debtor, 5 Star Recycling, LLC, prays that the Court grant the above Motion, including the following relief:

- a. Approve the Contract and authorize the Debtors to, in all respects, perform and consummate the Contract in accordance with its terms;
- b. Provide to enter an appropriate order regarding how the Debtors' share of Net Proceeds, if any, shall be held until further order of the Court authorizing their disposition; and
- c. All such other and further relief to which the Debtors may be entitled.

Dated: July 13th, 2017.

Respectfully submitted,

/s/ Russell W. King
Russell W. King
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P.O. Box 772
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Telephone: (254) 968-8777
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COUNSEL FOR DEBTOR

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document was served upon the parties listed on the attached service list via United States Mail, first class postage prepaid, or via ECF electronic Notice, if available, on July 13th, 2017.

/s/ Russell W. King
Russell W. King

Real Estate Sales Contract

This contract to buy and sell real property is between Seller and Buyer as identified below and is effective on the date ("Effective Date") of the last of the signatures by Seller and Buyer as parties to this contract and by Title Company to acknowledge receipt of the Earnest Money. Buyer must deliver the Earnest Money to Title Company and obtain Title Company's signature before the Earnest Money Deadline provided in paragraph A.1. for this contract to be effective. If the Earnest Money is paid by check and payment on presentation is refused, Buyer is in default.

Seller: 5 Star Recycling, LLC, a Texas Limited Liability Company

Address: P.O. Box 186
Stephenville, Texas 76401

Phone: N/A

Fax: N/A

E-mail: N/A

Type of entity: Limited Liability Company

Seller's Attorney: Russell W. King

Address: 19211 S. U.S. Hwy. 377, DUBLIN, TX 76446

Phone: (254) 968-8777

Fax: (254) 445-2751

E-mail: rking2010@gmail.com

Seller's Broker: N/A

Address: N/A

Phone: N/A

Fax: N/A

E-mail: N/A

Buyer: Stephenville Iron and Metal, LLC

Address: P.O. Box 1250
Stephenville, TX 76401

Phone: 806-584-8087

Fax:

E-mail: scott.davis@gvvc.com

Type of entity: Limited Liability Company

Buyer's Attorney: None

Address: N/A

Phone: N/A

Fax: N/A

E-mail:

Buyer's Broker: None

Address: N/A

Phone: N/A

Fax: N/A

E-mail: N/A

Property: The land commonly known as 3229 N. U.S. Hwy. 377
Stephenville, Texas 76401 and more fully described in Exhibit A ("Land"), together with
improvements to the Land ("Improvements").

Title Company: King Abstract Company

Escrow Agent: Lowell Wilson

Address: 159 S. Graham Street, Stephenville, TX 76401

Phone: 254-965-5095

Fax:

E-mail:

Purchase Price:

Third-party-financed portion: \$540,000.00

Total purchase price: \$540,000.00

Earnest Money: \$0.00

Surveyor: N/A

Survey Category: N/A

County for Performance: Erath

A. Deadlines and Other Dates

All deadlines in this contract expire at 5:00 P.M. local time where the Property is located. If a deadline falls on a Saturday, Sunday, or holiday, the deadline will be extended to the next day that is not a Saturday, Sunday, or holiday. A holiday is a day, other than a Saturday or Sunday, on which state or local governmental agencies and financial institutions are not generally open for business. Time is of the essence.

- A.1. Earnest Money Deadline: N/A
- A.2. Delivery of Title Commitment: 15 days after the Effective Date
- A.3. Delivery of Survey: 15 days after the Effective Date
- A.4. Delivery of legible copies of instruments referenced in the Title Commitment and Survey: 15 days after the Effective Date
- A.5. Delivery of Title Objections: 10 days after delivery of the Title Commitment, Survey, and legible copies of the instruments referenced in them
- A.6. Delivery of Seller's records as specified in Exhibit C: 10 days after the Effective Date
- A.7. End of Inspection Period: 10 days after the Effective Date, subject to paragraph G.6
- A.8. Closing Date: 30 days after bankruptcy court approval
- A.9. Closing Time: 2:00 p.m.

B. Closing Documents

B.1. At Closing, Seller will deliver the following items:

Special Warranty Deed

B.2. At Closing, Buyer will deliver the following items:

Balance of Purchase Price

The documents listed in this section B are collectively known as the "Closing Documents." Unless otherwise agreed by the parties before Closing, the Closing Documents for which forms exist in the current edition of the *Texas Real Estate Forms Manual* (State Bar of Texas) will be prepared using those forms.

C. Exhibits

The following are attached to and are a part of this contract:

Exhibit A--Description of the Land

Exhibit B--Representations; Environmental Matters

Exhibit C--Seller's Records

D. Purchase and Sale of Property

D.1. Purchase and Sale Agreement. Seller agrees to sell and convey the Property to Buyer, and Buyer agrees to buy and pay Seller for the Property. The promises by Buyer and Seller stated in this contract are the consideration for the formation of this contract.

D.2. Adjusted Purchase Price. The Purchase Price will be adjusted on the basis of the Survey to be equal to the product of \$-0- multiplied by the number of gross square feet of surface area of the Land disclosed by the Survey, subject to the following provisions:

D.2.a. If the adjusted Purchase Price based on the Survey exceeds an amount ("Maximum Adjusted Purchase Price") that is equal to -0- percent of the estimated Purchase Price set forth above, Buyer will be entitled to terminate this contract and recover the Earnest Money by giving Seller Buyer's calculation of the adjusted Purchase Price and notice of termination within ten days after the Survey was delivered to both parties; provided, however, that Buyer's notice of termination will be rescinded and the Purchase Price will be equal to the Maximum Adjusted Purchase Price if Seller gives Buyer notice within ten days after receiving Buyer's notice of termination that Seller has waived the right to receive any portion of the adjusted Purchase Price in excess of the Maximum Adjusted Purchase Price.

D.2.b. If the adjusted Purchase Price based on the Survey is less than an amount

("Minimum Adjusted Purchase Price") that is equal to -0- percent of the estimated Purchase Price set forth above, Seller will be entitled to terminate this contract by giving Buyer Seller's calculation of the adjusted Purchase Price and notice of termination within ten days after the Survey was delivered to both parties; provided, however, that Seller's notice of termination will be rescinded if Buyer gives Seller notice within ten days after receiving Seller's notice of termination that Buyer has waived the right to purchase the Property for an adjusted Purchase Price that is less than the Minimum Adjusted Purchase Price.

E. Interest on Earnest Money

Buyer may direct Title Company to invest the Earnest Money in an interest-bearing account in a federally insured financial institution by giving notice to Title Company and satisfying Title Company's requirements for investing the Earnest Money in an interest-bearing account. Any interest earned on the Earnest Money will become part of the Earnest Money.

F. Title and Survey

F.1. Review of Title. The following statutory notice is provided to Buyer on behalf of the real estate licensees, if any, involved in this transaction: Buyer is advised that it should either have the abstract covering the Property examined by an attorney of Buyer's own selection or be furnished with or obtain a policy of title insurance.

F.2. Title Commitment; Title Policy. "Title Commitment" means a Commitment for Issuance of an Owner Policy of Title Insurance by Title Company, as agent for Underwriter, or directly by Underwriter, stating the condition of title to the Land. The "effective date" stated in the Title Commitment must be after the Effective Date of this contract. "Title Policy" means an Owner Policy of Title Insurance issued by Title Company, as agent for Underwriter, or directly by Underwriter, in conformity with the last Title Commitment delivered to and approved by Buyer.

F.3. Survey. "Survey" means an on-the-ground, staked plat of survey and metes-and-bounds description of the Land, prepared by Surveyor or another surveyor satisfactory to Title Company, dated after the Effective Date, and certified to Seller to comply with the current standards and specifications as published by the Texas Society of Professional Surveyors for the Survey Category.

F.4. Delivery of Title Commitment, Survey, and Legible Copies. Seller must deliver the Title Commitment to Buyer and Buyer's attorney by the deadline stated in paragraph A.2.; the Survey by the deadline stated in paragraph A.3.; and legible copies of the instruments referenced in the Title Commitment and Survey by the deadline stated in paragraph A.4.

F.5. Title Objections. Buyer has until the deadline stated in paragraph A.5. ("Title Objection Deadline") to review the Survey, Title Commitment, and legible copies of the title instruments referenced in them and notify Seller of Buyer's objections to any of them ("Title Objections"). Buyer will be deemed to have approved all matters reflected by the Survey and Title Commitment to which Buyer has made no Title Objection by the Title Objection Deadline.

The matters that Buyer either approves or is deemed to have approved are "Permitted Exceptions." If Buyer notifies Seller of any Title Objections, Seller has five days from receipt of Buyer's notice to notify Buyer whether Seller agrees to cure the Title Objections before closing ("Cure Notice"). If Seller does not timely give its Cure Notice or timely gives its Cure Notice but does not agree to cure all the Title Objections before closing, Buyer may, within five days after the deadline for the giving of Seller's Cure Notice, notify Seller that either this contract is terminated or Buyer will proceed to close, subject to Seller's obligations to remove all liquidated liens, remove all exceptions that arise by, through, or under Seller after the Effective Date, and cure only the Title Objections that Seller has agreed to cure in the Cure Notice. At or before closing, Seller must remove all liquidated liens, remove all exceptions that arise by, through, or under Seller after the Effective Date of this contract, and cure the Title Objections that Seller has agreed to cure.

G. Inspection Period

G.1. Review of Seller's Records. Seller will deliver to Buyer copies of Seller's records specified in Exhibit C, or otherwise make those records available for Buyer's review, by the deadline stated in paragraph A.6.

G.2. Entry onto the Property. Buyer may enter the Property before Closing to inspect it at Buyer's cost, subject to the following:

G.2.a. Buyer must deliver evidence to Seller that Buyer has liability insurance for its proposed inspection activities, with coverages and in amounts that are substantially the same as those maintained by Seller or with such lesser coverages and in such lesser amounts as are reasonably satisfactory to Seller.

G.2.b. Buyer may not interfere in any material manner with existing operations or occupants of the Property.

G.2.c. Buyer must notify Seller in advance of Buyer's plans to conduct tests so that Seller may be present during the tests.

G.2.d. If the Property is physically altered because of Buyer's inspections, Buyer must return the Property to its pre-inspection condition promptly after the alteration occurs.

G.2.e. Buyer must deliver to Seller copies of all inspection reports that Buyer receives from third-party consultants or contractors within three days after their preparation or receipt.

G.2.f. Buyer must abide by any other reasonable entry rules imposed by Seller.

G.3. Environmental Assessment. Buyer has the right to conduct environmental assessments of the Property. Seller will provide, or will designate a person with knowledge of the use and condition of the Property to provide, information requested by Buyer or Buyer's agent or representative regarding the use and condition of the Property during the period of Seller's ownership of the Property. Seller will cooperate with Buyer in obtaining and providing

to Buyer or its agent or representative information regarding the use and condition of the Property before Seller's period of ownership to the extent that the information is within Seller's possession or control.

G.4. Buyer's Right to Terminate. Buyer may terminate this contract for any reason by notifying Seller of the termination before the end of the Inspection Period. If Buyer does not notify Seller of Buyer's termination of the contract before the end of the Inspection Period, Buyer waives the right to terminate this contract pursuant to this provision.

G.5. Buyer's Indemnity and Release of Seller

G.5.a. Indemnity. Buyer will indemnify, defend, and hold Seller harmless from any loss, attorney's fees, expenses, or claims arising out of Buyer's investigation of the Property, except those arising out of the acts or omissions of Seller and those for repair or remediation of existing conditions discovered by Buyer's inspection. The obligations of Buyer under this provision will survive termination of this contract and Closing, any other provision of this contract to the contrary notwithstanding.

G.5.b. Release. Buyer releases Seller and those persons acting on Seller's behalf from all claims and causes of action (including claims for attorney's fees and court and other costs) resulting from Buyer's investigation of the Property.

G.6. Partial Release. If, as of the Effective Date, the Property is subject to any liens that secure indebtedness in excess of the estimated net proceeds of the Purchase Price after the satisfaction of brokers' commissions and other transaction costs for which Seller is responsible, then Seller promptly must obtain a written agreement or agreements (collectively, the "Partial Release Agreement") binding and enforceable against the holders of such liens ("Holders"). The Partial Release Agreement must release all of such liens with respect to the Property on the payment to the Holders of an amount that does not exceed the net proceeds of the Purchase Price after the satisfaction of brokers' commissions and other transaction costs for which Seller is responsible. Notwithstanding any other provision of this contract, if Seller is required to provide a Partial Release Agreement, the Inspection Period will not commence until and unless the executed Partial Release Agreement, in a form reasonably satisfactory to Buyer, is delivered to Buyer.

H. Representations

The parties' representations stated in Exhibit B are true and correct as of the Effective Date and must be true and correct on the Closing Date. Seller will promptly notify Buyer if Seller becomes aware that any of the representations are not true and correct. Unless Seller notifies Buyer to the contrary on or before the Closing Date, or Buyer has actual knowledge to the contrary as of the Closing Date, Buyer is entitled to presume that the representations of Seller in Exhibit B are true and correct as of the Closing Date.

I. Condition of the Property until Closing; Cooperation; No Recording of Contract

I.1. Maintenance and Operation. Until Closing, Seller will (a) maintain the Property as it existed on the Effective Date, except for reasonable wear and tear and casualty damage; (b) use the Property in the same manner as it was used on the Effective Date; (c) comply with all contracts of Seller pertaining to the Property in effect on the Effective Date and all laws and all governmental regulations affecting the Property; and (d) not encumber, transfer or dispose of any of the Property, except to sell inventory, replace equipment, and use supplies in the normal course of operating the Property. Until the end of the Inspection Period, Seller will not enter into, amend, or terminate any contract that affects the Property other than in the ordinary course of operating the Property and will promptly give notice to Buyer of each new, amended, or terminated contract, including a copy of the contract, in sufficient time so that Buyer may consider the new information before the end of the Inspection Period. If Seller's notice is given within three days before the end of the Inspection Period, the Inspection Period will be extended for three days. After the end of the Inspection Period, Seller may not enter into, amend, or terminate any contract that affects the Property without first obtaining Buyer's written consent, which Buyer will have no obligation to grant and, if granted, may be conditioned in any manner Buyer in its sole discretion deems appropriate.

I.2. Casualty Damage. Seller will notify Buyer promptly after discovery of any casualty damage to the Property. Seller will have no obligation to repair or replace the Property if it is damaged by casualty before Closing. Buyer may terminate this contract if the casualty damage that occurs before Closing would materially affect Buyer's intended use of the Property, by giving notice to Seller within fifteen days after receipt of Seller's notice of the casualty (or before Closing if Seller's notice of the casualty is received less than fifteen days before Closing). If Buyer does not terminate this contract, Seller will (a) convey the Property to Buyer in its damaged condition, (b) assign to Buyer all of Seller's rights under any property insurance policies covering the Property, and (c) credit to Buyer the amount of the deductibles and coinsurance provisions under any insurance policies covering the Property, but not in excess of the cost to repair the casualty damage and less any amounts previously paid or incurred by Seller to repair the Property. If Seller has not insured the Property and Buyer does not elect to terminate this contract in accordance with this section, the Purchase Price will be reduced by the cost to repair the casualty damage less any amounts previously paid or incurred by Seller to repair the Property.

I.3. Condemnation. Seller will notify Buyer promptly after Seller receives notice that any part of the Property has been or is threatened to be condemned or otherwise taken by a governmental or quasi-governmental authority. Buyer may terminate this contract if the condemnation would materially affect Buyer's intended use of the Property by giving notice to Seller within fifteen days after receipt of Seller's notice to Buyer (or before Closing if Seller's notice is received less than fifteen days before Closing). The condemnation will be deemed to materially affect Buyer's intended use if more than .5 acres is subject to condemnation.. If Buyer does not terminate this contract, (a) Buyer and Seller will each have the right to appear and defend their respective interests in the Property in the condemnation proceedings, (b) any award in condemnation will be assigned to Buyer, (c) if the taking occurs before Closing, the description of the Property will be revised to delete the portion taken, and (d) no change in the Purchase Price will be made.

I.4. Claims; Hearings. Seller will notify Buyer promptly after Seller receives notice of any claim or administrative hearing that is threatened, filed, or initiated before Closing that involves or directly affects the Property.

I.5. Cooperation. Seller will cooperate with Buyer (a) before and after Closing, to transfer the applications, permits, and licenses held by Seller and used in the operation of the Property and to obtain any consents necessary for Buyer to operate the Property after Closing and (b) before Closing, with any reasonable evaluation, inspection, audit, or study of the Property prepared by, for, or at the request of Buyer.

I.6. No Recording. Buyer may not file this contract or any memorandum or notice of this contract in the real property records of any county. If, however, Buyer records this contract or a memorandum or notice, Seller may terminate this contract and record a notice of termination.

J. Termination

J.1. Disposition of Earnest Money after Termination

J.1.a. To Buyer. If Buyer terminates this contract in accordance with any of Buyer's rights to terminate, then unless Seller delivers notice of Seller's objection to Title Company's release of the Earnest Money to Buyer within five days after Buyer delivers Buyer's termination notice to Seller and Title Company, Title Company is authorized, without any further authorization from Seller, to deliver the Earnest Money to Buyer, less \$100, which will be paid to Seller as consideration for the right granted by Seller to Buyer to terminate this contract.

J.1.b. To Seller. If Seller terminates this contract in accordance with any of Seller's rights to terminate, then unless Buyer delivers notice of Buyer's objection to Title Company's release of the Earnest Money to Seller within five days after Seller delivers Seller's termination notice to Buyer and Title Company, Title Company is authorized, without any further authorization from Buyer, to pay and deliver the Earnest Money to Seller.

J.2. Duties after Termination. If this contract is terminated, Buyer will promptly return to Seller all of Seller's records in Buyer's possession or control. After return of the documents and copies, neither party will have further duties or obligations to the other under this contract, except for those obligations that cannot be or were not performed before termination of this contract or that expressly survive termination of this contract.

K. Closing

K.1. Conditions of Closing. Neither party will be obligated to close the sale and purchase of the Property unless the other party has satisfied the following conditions, any of which may be waived by the first party in its discretion:

K.1.a. Representations and Warranties. The representations and warranties of the other party must be true and correct at Closing.

K.1.b. Performance of Covenants and Agreements. The other party must have performed all covenants and agreements required to be performed at or before Closing by that party.

K.1.c. Bankruptcy Court Approval. Sale of the property must be approved by the bankruptcy court.

K.2. Closing. This transaction will close ("Closing") at Title Company's offices at the Closing Date and Closing Time. At Closing, the following will occur:

K.2.a. Closing Documents; Title Company Documents. The parties will execute and deliver the Closing Documents and any documents required by Title Company.

K.2.b. Payment of Purchase Price. Buyer will deliver the Purchase Price and other amounts that Buyer is obligated to pay under this contract to Title Company in funds acceptable to Title Company. The Earnest Money will be applied to the Purchase Price.

K.2.c. Disbursement of Funds; Recording; Copies. Title Company will be instructed to disburse the Purchase Price and other funds in accordance with this contract, record the deed and the other Closing Documents directed to be recorded, and distribute documents and copies in accordance with the parties' written instructions.

K.2.d. Delivery of Originals. Seller will deliver to Buyer the originals of Seller's Records.

K.2.e. Possession. Seller will deliver possession of the Property to Buyer, subject to the Permitted Exceptions existing at Closing and any liens and security interests created at Closing to secure financing for the Purchase Price.

K.3. Transaction Costs

K.3.a. Seller's Costs. Seller will pay the basic charge for the Title Policy; one-half of the escrow fee charged by Title Company; the costs to prepare the deed; the costs to obtain, deliver, and record releases of any liens required to be released in connection with the sale; the costs to record documents to cure Title Objections agreed or required to be cured by Seller and to resolve matters shown in Schedule C of the Title Commitment; the costs to obtain the certificates or reports of ad valorem taxes; the costs to deliver copies of the instruments described in paragraph A.4. and Seller's records; any other costs expressly required to be paid by Seller in this contract; and Seller's attorney's fees and expenses.

K.3.b. Buyer's Costs. Buyer will pay one-half of the escrow fee charged by Title Company; the costs to obtain, deliver, and record all documents other than those to be obtained or recorded at Seller's expense; the costs of work required by Buyer to have the Survey reflect matters other than those required under this contract except changes required for curative purposes; the costs to obtain financing of the Purchase Price, including the incremental premium

costs of loan title policies and endorsements and deletions required by Buyer's lender; any other costs expressly required to be paid by Buyer in this contract; and Buyer's attorney's fees and expenses.

K.3.c. Ad Valorem Taxes. Except for subsequent assessments for prior years due to changes in use or ownership discussed below, ad valorem taxes on the Property for all periods before the period in which Closing occurs must be paid by Seller at or before Closing. Ad valorem taxes for the Property for the calendar year of Closing will be prorated between Buyer and Seller as of the Closing Date. Seller's portion of the prorated taxes will be paid to Buyer at Closing as a credit to the Purchase Price. Buyer assumes the obligation to pay, and shall pay in full, such taxes for the year of Closing before delinquency. If the assessment for the calendar year of Closing is not known at the Closing Date, the proration will be based on tax rates for the previous tax year applied to the most current assessed value, and Buyer and Seller will adjust the prorations in cash within thirty days after the actual assessment and taxes are known. Seller will promptly notify Buyer of all notices of proposed or final tax valuations and assessments that Seller receives after the Effective Date and after Closing. All taxes (including any penalties, interest, and attorney's fees) due as of Closing will be paid at Closing. If the Property has been the subject of special valuation and reduced tax assessments pursuant to the provisions of chapter 23, subchapter D, of the Texas Tax Code or under any other provision of law with respect to any period before Closing, and if additional taxes, penalties, or interest are assessed pursuant to Code section 23.55 or under the other provision of law, the following will apply:

- i. If Seller changes the use of the Property before Closing, resulting in the assessment of additional taxes for periods before Closing, Seller will pay the additional taxes.
- ii. If this sale or Buyer's use of the Property results in the assessment of additional taxes for periods before Closing, Buyer will pay the additional taxes.

K.3.d. Income and Expenses. Except as provided in paragraph K.3.c. above, income and expenses pertaining to operation of the Property will be prorated as of the Closing Date on an accrual basis and paid at Closing as a credit or debit adjustment to the Purchase Price. Invoices that are received after Closing for operating expenses incurred on or before the Closing Date and not adjusted at Closing will be prorated between the parties as of the Closing Date, and Seller will pay its share within ten days after receipt of Buyer's notice of the deficiency.

K.3.e. Postclosing Adjustments. If errors in the prorations made at Closing are identified within ninety days after Closing, Seller and Buyer will make postclosing adjustments to correct the errors within fifteen days after receipt of notice of the errors.

K.3.f. Brokers' Commissions. Buyer and Seller each indemnify and agree to defend and hold the other party harmless from any loss, attorney's fees, and court and other costs arising out of a claim by any person or entity claiming by, through, or under the indemnitor for a broker's or finder's fee or commission because of this transaction or this contract, whether the claimant is disclosed to the indemnitee or not. At Closing, each party will provide the other party with a

release of broker's or appraiser's liens from all brokers or appraisers for which each party was responsible.

K.4. Issuance of Title Policy. Seller will cause Title Company to issue the Title Policy to Buyer as soon as practicable after Closing.

L. Default and Remedies

L.1. Seller's Default; Remedies before Closing. If Seller fails to perform any of its obligations under this contract or if any of Seller's representations is not true and correct as of the Effective Date or on the Closing Date ("Seller's Default"), Buyer may elect either of the following as its sole and exclusive remedy before Closing:

L.1.a. Termination. Buyer may terminate this contract by giving notice to Seller on or before the Closing Date and Closing Time and have the Earnest Money, less \$100 as described above, returned to Buyer. Unless Seller's Default relates to the untruth or incorrectness of Seller's representations for reasons not reasonably within Seller's control, if Seller's Default occurs after Buyer has incurred costs to investigate the Property after the Effective Date and Buyer terminates this contract in accordance with the previous sentence, Seller will also pay to Buyer as liquidated damages Buyer's actual out-of-pocket expenses incurred to investigate the Property after the Effective Date ("Buyer's Expenses") within ten days after Seller's receipt of an invoice from Buyer stating the amount of Buyer's Expenses accompanied by reasonable evidence of Buyer's Expenses.

L.1.b. Specific Performance. Unless Seller's Default relates to the untruth or incorrectness of Seller's representations for reasons not reasonably within Seller's control, Buyer may enforce specific performance of Seller's obligations under this contract, but any such action must be initiated, if at all, within ninety days after the breach or alleged breach of this contract. If such action is not initiated within that period and this contract has not previously been terminated, Buyer will be deemed to have elected to terminate this contract as of the expiration of that period. If title to the Property is awarded to Buyer, the conveyance will be subject to the matters stated in the Title Commitment.

L.1.c. Actual Damages. If Seller conveys or encumbers any portion of the Property before Closing so that Buyer's ability to enforce specific performance of Seller's obligations under this contract is precluded or impaired, Buyer will be entitled to seek recovery from Seller for the actual damages sustained by Buyer by reason of Seller's Default, including attorney's fees and expenses and court costs.

L.2. Seller's Default; Remedies after Closing. If Seller's representations are not true and correct at Closing due to circumstances reasonably within Seller's control and Buyer does not become aware of the untruth or incorrectness of such representations until after Closing, Buyer will have all the rights and remedies available at law or in equity. If Seller fails to perform any of its obligations under this contract that survive Closing, Buyer will have all rights and remedies available at law or in equity unless otherwise provided by the Closing Documents.

L.3. Buyer's Default; Remedies before Closing. If Buyer fails to perform any of its obligations under this contract ("Buyer's Default"), Seller may terminate this contract by giving notice to Buyer on or before Closing and have the Earnest Money paid to Seller. If Buyer's Default occurs after Seller has incurred costs to perform its obligations under this contract and Seller terminates this contract in accordance with the previous sentence, Buyer will also reimburse Seller for Seller's actual out of pocket expenses incurred after the Effective Date to perform its obligations under this contract ("Seller's Expenses") within ten days after Buyer's receipt of an invoice from Seller stating the amount of Seller's Expenses accompanied by reasonable evidence of Seller's Expenses. The foregoing constitutes Seller's sole and exclusive remedies for a default by Buyer before Closing.

L.4. Buyer's Default; Remedies after Closing. If Buyer fails to perform any of its obligations under this contract that survive Closing, Seller will have all rights and remedies available at law or in equity unless otherwise provided by the Closing Documents.

L.5. Attorney's Fees. If either party retains an attorney to enforce this contract, the party prevailing in litigation is entitled to recover reasonable attorney's fees and court and other costs.

M. Miscellaneous Provisions

M.1. Notices. Any notice required by or permitted under this contract must be in writing. Any notice required by this contract will be deemed to be delivered (whether actually received or not) when deposited with the United States Postal Service, postage prepaid, certified mail, return receipt requested, and addressed to the intended recipient at the address shown in this contract. Notice may also be given by regular mail, personal delivery, courier delivery, facsimile transmission, or other commercially reasonable means and will be effective when actually received, provided that (a) any notice received on a Saturday, Sunday, or holiday will be deemed to have been received on the next day that is not a Saturday, Sunday, or holiday and (b) any notice received after 5:00 P.M. local time at the place of delivery on a day that is not a Saturday, Sunday, or holiday will be deemed to have been received on the next day that is not a Saturday, Sunday, or holiday. Any address for notice may be changed by not less than ten days' prior written notice delivered as provided herein. Copies of each notice must be given by one of these methods to the attorney of the party to whom notice is given.

M.2. Entire Agreement. This contract, its exhibits, and any Closing Documents delivered at Closing are the entire agreement of the parties concerning the sale of the Property by Seller to Buyer. There are no representations, warranties, agreements, or promises pertaining to the Property or the sale of the Property by Seller to Buyer, and Buyer is not relying on any statements or representations of Seller or any agent of Seller, that are not in those documents.

M.3. Amendment. This contract may be amended only by an instrument in writing signed by the parties.

M.4. Prohibition of Assignment. Buyer may not assign this contract or any of Buyer's rights under it without Seller's prior written consent, which Seller has no obligation to grant and

which, if granted, may be conditioned in any manner Seller deems appropriate, and any attempted assignment without Seller's consent is void. The consent by Seller to any assignment by Buyer will not release Buyer of its obligations under this contract, and Buyer and the assignee will be jointly and severally liable for the performance of those obligations after any such assignment.

M.5. Survival. The provisions of this contract that expressly survive termination or Closing and other obligations of this contract that cannot be performed before termination of this contract or before Closing survive termination of this contract or Closing, and the legal doctrine of merger does not apply to these matters. If there is any conflict between the Closing Documents and this contract, the Closing Documents will control. The representations made by the parties as of Closing survive Closing.

M.6. CHOICE OF LAW; VENUE. THIS CONTRACT IS TO BE CONSTRUED UNDER THE LAWS OF THE STATE OF TEXAS, WITHOUT REGARD TO CHOICE-OF-LAW RULES OF ANY JURISDICTION. VENUE IS IN THE COUNTY FOR PERFORMANCE.

M.7. Waiver of Default. Default is not waived if the nondefaulting party fails to declare a default immediately or delays taking any action with respect to the default.

M.8. No Third-Party Beneficiaries. There are no third-party beneficiaries of this contract.

M.9. Severability. If a provision in this contract is unenforceable for any reason, to the extent the unenforceability does not destroy the basis of the bargain among the parties, the unenforceability does not affect any other provision of this contract, and this contract is to be construed as if the unenforceable provision is not a part of the contract.

M.10. Ambiguities Not to Be Construed against Party Who Drafted Contract. The rule of construction that ambiguities in a document are construed against the party who drafted it does not apply in interpreting this contract.

M.11. No Special Relationship. The parties' relationship is an ordinary commercial relationship, and the parties do not intend to create the relationship of principal and agent, partners, joint venturers, or any other special relationship.

M.12. Counterparts. If this contract is executed in multiple counterparts, all counterparts taken together constitute this contract. Copies of signatures to this contract are effective as original signatures.

M.13. Confidentiality. This contract, this transaction, and all information learned in the course of this transaction shall be kept confidential, except to the extent disclosure is required by law or court order or to enable third parties to advise or assist Buyer to investigate the Property or either party to close this transaction. Remedies for violations of this provision are limited to

injunctions and no damages or rescission may be sought or recovered as a result of any such violations.

M.14. Binding Effect. This contract binds, benefits and may be enforced by the parties and their respective heirs, successors, and permitted assigns.

5 Star Recycling, LLC, a Texas Limited Liability Company,



Nicolle Boyd, Manager

Date: June 13, 2017

Stephenville Iron and metal, LLC



Scott Davis

Date: June 13, 2017

Title Company acknowledges receipt of Earnest Money in the amount of \$ -0- and a copy of this contract executed by both Buyer and Seller.

King Abstract

By: _____
Name: _____
Title: _____
Date: _____

PREPARED IN THE OFFICE OF:

King Law Office, P.C.
19211 S. U.S. Hwy. 377
DUBLIN, TX 76446
Tel: (254) 968-8777
Fax: (254) 445-2751

Exhibit A

All of Grantor's right, title, and interest in and to 6.925 acres out of Block 21 of the William Sims Survey, A-683, Erath County, Texas and being the same land as described in Volume 972, Page 121, Deed Records, Erath County, Texas.

BEGINNING at 3/8" iron pin founded at a fence corner and being the northwest corner of the tract as described in Volume 972, Page 121, from which the northwest corner of a 121.5 acre tract described in Volume 201, Page 103 also being the northwest corner of Block 21 called to be N 31° 07' 54" W 600.0' and S 59° 54' 33" W 935.37';

THENCE N 59° 54' 33" E 300.0' to a 3/8" iron pin found for the northeast corner of the tract described in Volume 972, Page 121 and being in the west line of a tract described in Volume 929, Page 46;

THENCE S 31° 07' 54" E 895.32' to a 3/4" pipe found in the north line of U.S. Highway 377 (Loop) for the southeast corner of the tract described in Volume 972, Page 121 of the southwest corner of the tract described in Volume 929, Page 46;

THENCE with a curve in Highway 377 having a radius of 1849.86' a length of 361.67' and a chord that bears S 25° 02' 16" W 361.09' to a fence corner for the southwest corner of the tract described in Volume 972, Page 121'

THENCE N 31° 07' 54" W 1101.80" to the place of beginning and containing 6.925 acres of land.

Exhibit B

Representations; Environmental Matters

A. Seller's Representations to Buyer

Seller represents to Buyer that the following are true and correct as of the Effective Date and will be true and correct on the Closing Date.

A.1. Authority of 5 Star Recycling, LLC. Seller is N/A duly organized, validly existing, and in good standing under the laws of the state of Texas with authority to perform its obligations under this contract. This contract is binding on Seller. This contract is, and all documents required by this contract to be executed and delivered to Buyer at Closing will be, duly authorized, executed, and delivered by Seller.

A.2. Litigation. Seller has not received written notice and has no actual knowledge of any litigation pending or threatened against Seller that might adversely affect the Property or Seller's ability to perform its obligations under this contract.

A.3. Violation of Laws. Seller has not received written notice and has no actual knowledge of violation of any law, ordinance, regulation, or requirements affecting the Property or Seller's use of the Property.

A.4. Licenses, Permits, and Approvals. Seller has not received written notice and has no actual knowledge that any license, permit, or approval necessary to use the Property in the manner in which it is currently being used has expired or will not be renewed on expiration or that any material condition will be imposed to use or renew the same.

A.5. Condemnation; Zoning; Land Use; Hazardous Materials. Seller has not received written notice and has no actual knowledge of any condemnation, zoning, or land-use proceedings affecting the Property or any written inquiries or notices by any governmental authority or third party with respect to condemnation or the presence of hazardous materials affecting the Property.

A.6. No Other Obligation to Sell the Property or Restriction against Sale. Seller has not obligated itself to sell all or any portion of the Property to any person other than Buyer. Seller's performance of this contract will not cause a breach of any other agreement or obligation to which Seller is a party or by which Seller or the Property is bound.

A.7. No Liens. On the Closing Date, the Property will be free and clear of all mechanic's and materialman's liens and other liens and encumbrances of any nature not arising by, through, or under Buyer except the Permitted Exceptions or liens to which Buyer has given its consent in writing, and no work or materials will have been furnished to the Property by Seller that might give rise to mechanic's, materialman's, or other liens against the Property other than work or materials to which Buyer has given its consent in writing.

A.8. Seller's Documents. The copies of Seller's documents provided by Seller to Buyer for Buyer's inspections will be true, correct, and complete copies of the originals, or the copies of such documents in Seller's possession or control. The Seller's documents provided by Seller to Buyer for Buyer's inspections that were prepared by or under Seller's supervision and control will be true, correct, and complete in all material respects. Unless Seller notifies Buyer at the time of delivery of any documents provided by Seller to Buyer that were not prepared by or under Seller's supervision and control, Seller has no actual knowledge of any material respect in which such Seller's documents are not true, correct, and complete.

A.9. No Other Representation. Except as stated above Seller makes no representation with respect to the Property.

A.10. No Warranty. Except as set forth in this contract and in the Closing Documents, Seller has made no warranty in connection with this transaction.

B. "As Is, Where Is"

THIS CONTRACT IS AN ARM'S-LENGTH AGREEMENT BETWEEN THE PARTIES. THE PURCHASE PRICE WAS BARGAINED ON THE BASIS OF AN "AS IS, WHERE IS" TRANSACTION AND REFLECTS THE AGREEMENT OF THE PARTIES THAT THERE ARE NO REPRESENTATIONS, DISCLOSURES, OR EXPRESS OR IMPLIED WARRANTIES, EXCEPT THOSE IN THIS CONTRACT AND THE CLOSING DOCUMENTS.

BUYER IS NOT RELYING ON ANY REPRESENTATIONS, DISCLOSURES, OR EXPRESS OR IMPLIED WARRANTIES OTHER THAN THOSE EXPRESSLY CONTAINED IN THIS CONTRACT AND THE CLOSING DOCUMENTS. BUYER IS NOT RELYING ON ANY INFORMATION REGARDING THE PROPERTY PROVIDED BY ANY PERSON, OTHER THAN BUYER'S OWN INSPECTION AND THE REPRESENTATIONS AND WARRANTIES CONTAINED IN THIS CONTRACT AND THE CLOSING DOCUMENTS.

The provisions of this section B regarding the Property will be included in the deed with appropriate modification of terms as the context requires.

C. Environmental Matters

AFTER CLOSING, BUYER RELEASES SELLER FROM LIABILITY FOR ENVIRONMENTAL PROBLEMS AFFECTING THE PROPERTY, INCLUDING LIABILITY (1) UNDER THE COMPREHENSIVE ENVIRONMENTAL RESPONSE, COMPENSATION, AND LIABILITY ACT (CERCLA), THE RESOURCE CONSERVATION AND RECOVERY ACT (RCRA), THE TEXAS SOLID WASTE DISPOSAL ACT, OR THE TEXAS WATER CODE; OR (2) ARISING AS THE RESULT OF THEORIES OF PRODUCTS LIABILITY AND STRICT LIABILITY, OR UNDER NEW LAWS OR CHANGES TO EXISTING LAWS ENACTED AFTER THE EFFECTIVE DATE THAT WOULD OTHERWISE IMPOSE ON SELLERS IN THIS TYPE OF TRANSACTION NEW LIABILITIES FOR

ENVIRONMENTAL PROBLEMS AFFECTING THE PROPERTY. THIS RELEASE APPLIES EVEN WHEN THE ENVIRONMENTAL PROBLEMS AFFECTING THE PROPERTY RESULT FROM SELLER'S OWN NEGLIGENCE OR THE NEGLIGENCE OF SELLER'S REPRESENTATIVE.

The provisions of this section C regarding the Property will be included in the deed with appropriate modification of terms as the context requires.

D. Buyer's Representations to Seller

Buyer represents to Seller that the following are true and correct as of the Effective Date and will be true and correct on the Closing Date.

D.1. Authority of Stephenville Iron and Metal, LLC. Buyer is an individual with authority to perform its obligations under this contract. This contract is binding on Buyer. This contract is, and all documents required by this contract to be executed and delivered to Seller at Closing will be, duly authorized, executed, and delivered by Buyer.

Exhibit C

Seller's Records

To the extent that Seller has possession or control of the following items pertaining to the Property, Seller will deliver or make the items or copies of them available to Buyer by the deadline stated in paragraph A.6.:

Leases

Lease Agreement with Erath Iron and Metal, Inc.