

Jeffrey L. Hartman, Esq. #1607  
**HARTMAN & HARTMAN**  
510 West Plumb Lane, Suite B  
Reno, Nevada 89509  
Telephone: (775) 324-2800  
Fax: (775) 324-1818  
[notices@bankruptcyreno.com](mailto:notices@bankruptcyreno.com)

Attorney for Debtor-in-Possession

**UNITED STATES BANKRUPTCY COURT**

**DISTRICT OF NEVADA**

IN RE:

CASE NO. 17-50309-GWZ  
CHAPTER 11

NETWORK SERVICES SOLUTIONS,  
LLC,

**MOTION FOR ORDER AUTHORIZING:**

Debtor-in-Possession.

**(1) SALE OF REAL AND PERSONAL  
PROPERTY FREE AND CLEAR OF  
LIENS AND ENCUMBRANCES,  
APPROVAL OF SHORT TERM LEASE,  
AND**

**(2) APPROVING PAYMENT OF  
COMMISSION TO DICKSON  
COMMERCIAL GROUP**

**Hearing Date: August 22, 2017  
Hearing Time: 2:00 p.m.**

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Network Services Solutions, LLC ("NSS"), requests an order approving the sale of its improved real property located at 3700 Barron Way, Reno, Nevada and certain personal property, free and clear of liens and encumbrances ("Motion"). The Motion also requests authority to lease the property to the proposed purchaser during the Feasibility Period, as defined below. Finally, the Motion requests authority to pay a real estate commission of 4.5% to Dickson Commercial Group ("DCG"). The sale price is \$2,462,500. The proposed purchaser is Developers Group International, Ltd. ("DGI"). This motion is made in accordance with 11 U.S.C. § 363(b) and (f), F.R.Bankr.P. 2002, 6004 and 9014, and LR 6004, and is supported by the separately filed Declaration of Scott Madison.

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**BACKGROUND**

1. NSS filed its voluntary chapter 11 petition on March 20, 2017 and continues to act as debtor-in-possession.

2. NSS owns its office building located at 3700 Barron Way in Reno (the "Property"). The Property consists of 1.05 acres and the improvement is a two story building 12,815 square feet in size. The Property is encumbered by a deed of trust in favor of Western Alliance Bank ("WAB"), which secures repayment of a promissory note with an unpaid balance of approximately \$1,900,000. NSS is current on its monthly obligations of debt service to WAB.

3. There are several tenants currently leasing a portion of the Property from NSS. Only one of those leases extends beyond December 31, 2017. NSS is cognizant of lessee rights under § 365(h).

4. Subject to approval by the Court, NSS and DGI have entered into an Agreement of Purchase and Sale and Joint Escrow Instructions ("Sale Agreement"). The proposed Sale Agreement is attached hereto as **Exhibit A. LR6004(b)(1)**.<sup>1</sup> DGI intends to occupy a portion of the Property during the 60 day Feasibility Period. DGI will lease the second floor of the Property for \$7,757.10 per month during the Feasibility Period until Close of Escrow.

**Exhibit A, ¶ 23.**

**Sale Terms - Compliance with LR6004(b)**

5. Western Alliance Bank ("WAB") is the only party which holds a security interest in the Property. **LR 6004(b)(2)**. Hereinafter, reference to Property includes both real and personal property.

6. The proposed form of sale order is attached hereto as **Exhibit B. LR 6004(b)(3)**.

7. DGI is not an insider as that term is defined in § 101 of the Code.

**LR 6004(b)(6)(A).**

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<sup>1</sup> The list of personal property to be included in the sale is attached to **Exhibit A**, as is a copy of the short term lease for the premises during the Feasibility Period.

8. DGI has not discussed or entered into any agreements with NSS management or key employees regarding compensation or future employment. **LR 6004(b)(6)(B).**

9. There are no releases of claims against any entity contemplated in the Sale Agreement. **LR 6004(b)(6)(c).**

10. The Sale Agreement provides that prior to the Effective Date, NSS is considering offers from other parties for the sale of the Property; thereafter, an auction is not contemplated. **LR 6004(b)(6)(D).**

11. Escrow is to be opened the later of September 1, 2017 or within five (5) days of the execution of the Sale Agreement, whichever is later. Earnest money in the amount of \$250,000 will be deposited with First Centennial Title. **Exhibit A, ¶ 1.** From the date escrow is opened, DGI will have a sixty (60) day Feasibility Period to conduct its due diligence during which it may cancel the transaction for any reason. **Exhibit A, ¶ 3.** DGI must provide written notice of its decision to proceed with the purchase of the Property not later than 5:00 p.m. on the last day of the Feasibility Period. **Exhibit A, ¶ 3.** Within fifteen (15) days after escrow has been opened, NSS is required to deliver a standard owner's coverage commitment of title insurance insuring fee simple title. **Exhibit A, ¶ 4.** Within ten (10) days after delivery of the commitment of title insurance, DGI shall notify NSS what exceptions to title will not be accepted by DGI. **Exhibit A, ¶ 4. LR 6004(b)(6)(E).**

12. After the expiration of the 60 day Feasibility Period, if DGI has not terminated the escrow, the \$250,000 will become non-refundable. **Exhibit A, ¶ 3. LR 6004(b)(6)(F).** Purchaser may extend the close of Escrow one time for thirty days upon a three (3) day notice and the deposit of an additional non-refundable \$25,000 into escrow. **Exhibit A, ¶ 7.**

13. There are no interim management agreements contemplated in the Sale Agreement. **LR 6004(b)(6)(G).**

14. At close of escrow, it is contemplated that the obligation owing to WAB will be paid. In the event there is a dispute as to the beneficiary demand of WAB, the undisputed amount will be released and the disputed amount will be held by First Centennial Title pending an order of the Court. **LR 6004(b)(6)(H).**

15. The contemplated sale does not qualify for a transfer tax exemption.

**LR 6004(b)(6)(I).**

16. This is not a sale of substantially all of the NSS assets. NSS will continue to have full access to its books and records. **LR 6004(b)(6)(J).**

17. The transaction contemplated in this motion does not attempt to limit NSS from pursuing any avoidance actions under Chapter 5. **LR 6004(b)(6)(K).**

18. As an asset sale, the transaction contemplated in this Motion does not address successor liability. **LR 6004(b)(6)(L).**

19. The transaction contemplated in this Motion does contemplate that existing tenants of NSS will, subject to negotiation and consent, have their leases terminated not later than December 31, 2017. **LR 6004(b)(6)(M).**

20. The transaction contemplated in this Motion does not contemplate any credit bidding as the sale price is in excess of existing secured indebtedness. **LR 6004(b)(6)(N).**

21. The transaction contemplated in this motion does contemplate an expedited closing. **LR 6004(b)(6)(O).**

#### **Sale Commission**

22. Under the terms of the Listing Agreement, the proposed commission for any sale is 4.5% where there is no Cooperating Agent. Here, there is no Cooperating Agent; accordingly, NSS is requesting that the Court approve a commission to DCG in the amount of 4.5%. It is noted that the sale price of \$2,462,500 is 1.5% below the listing price of \$2,500,000. DCG is waiving any commission in connection with the short term lease contemplated under the Sale Agreement.

#### **LEGAL DISCUSSION**

##### **Sale Under Section 363**

Section 363(b)(1) provides, in part: The trustee, after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate . . . . .<sup>2</sup>

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<sup>2</sup> 11 U.S.C. § 1107(a).

1 [U]se, sale or lease of estate property must be based upon a debtor's sound business  
 2 judgment. The business judgment rule is a presumption that in making a business decision  
 3 the directors of a corporation acted on an informed basis, in good faith and in the honest  
 4 belief that the action was in the best interests of the company. In connection with decisions  
 5 related to the use of leases to maximize the value of the estate, courts show deference to a  
 6 debtor's sound business decisions. *In re Station Casinos, Inc.*, 2010 Bankr. LEXIS 5672,  
 7 \*15-16 (Bankr. D. Nev. July 14, 2010)(internal citations omitted).

8 Here, NSS, through its manager and sole member Scott Madison, has determined to  
 9 enter into the transaction with DGI so that the net equity from the Property can be utilized  
 10 for working capital and for litigation fees and costs in connection with matters pertaining to,  
 11 but not limited to, the Federal Communication Commission and the Universal Service  
 12 Administrative Company. Madison believes that the consideration for the Sale Agreement  
 13 is fair and reasonable.

14 The contemplated sale is to be free and clear of liens and encumbrances. Section  
 15 363(f) provides:

16 The trustee may sell property under subsection (b) or (c) of this section free and clear  
 17 of any interest in such property of an entity other than the estate, only if—

- 18 (1) applicable nonbankruptcy law permits sale of such property free and  
 clear of such interest;
- 19 (2) such entity consents;
- 20 (3) such interest is a lien and the price at which such property is to be sold is  
 21 greater than the aggregate value of all liens on such property;
- 22 (4) such interest is in bona fide dispute; or
- 23 (5) such entity could be compelled, in a legal or equitable proceeding, to  
 accept a money satisfaction of such interest.

24 Here, the only secured creditor whose security interest will be impacted by the sale is WAB.  
 25 The sale price is greater than the WAB lien and the beneficiary demand will be paid from  
 26 escrow; however, in the event that there is a dispute as to the demand calculation, the  
 27 undisputed amount will be paid from escrow and the disputed amount will be held in escrow  
 28 pending further order of the Court.

**Lease Under Section 363**

Section 363(b)(1) also provides, generally, that after notice and a hearing, the debtor may lease property of the estate.<sup>3</sup> NSS requests approval of that portion of the Sale Agreement which contemplates DGI leasing the second floor of the Property during the Feasibility Period through Close of Escrow for a monthly payment of \$7,757.10. NSS contemplates that, if the Court approves this Motion, escrow will close approximately 90 days thereafter.

**Sale Commission**

Finally, NSS requests the Court approve a sale commission of 4.5% to DCG to be paid by the title company at close of escrow.

**CONCLUSION**

Based upon the foregoing, NSS requests the Court grant the Motion approving the short term lease, the sale of the Property to DGI for \$2,462,500 cash, payment of a commission of 4.5% to DCG, and authority to execute any and all such documents as may be required to close escrow. Finally, NSS requests a finding that DGI is a good faith purchaser for value entitled to the safe harbor provisions of 11 U.S.C. § 363(m).

Dated: July 25, 2017.

**HARTMAN & HARTMAN**

/S/ Jeffrey L. Hartman  
Jeffrey L. Hartman, Esq.  
Attorney for Debtor

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<sup>3</sup> Id.

# **EXHIBIT A**



## REAL ESTATE PURCHASE AND SALE AGREEMENT AND ESCROW INSTRUCTIONS

This Agreement shall be made effective on September 1, 2017 or effective when this Purchase and Sale Agreement ("PSA") has been duly executed by both parties, and the Earnest Money Deposit has been deposited by Purchaser into Escrow, whichever occurs later (the "Effective Date"). Developers Group International, Ltd or Assignee ("Purchaser") hereby agrees to purchase and Network Services Solutions, LLC ("Seller") hereby agrees to sell all of Seller's right, title and interest in and to the real property commonly known as 3700 Barron Way, Reno, Nevada, 89511. The property includes a 12,815 square foot building together with all of Seller's right, title and interest in and to any and all easements, mineral rights, air rights, and water rights appurtenant thereto, and personal property and improvements located thereon, also known as APN 164-391-02 (collectively "Property"); its legal description attached hereto as Exhibit "A."

In consideration of the foregoing and performance of the mutual covenants contained herein, the parties agree as follows:

1. Earnest Money: By September 1, 2017 or within five (5) days of the execution date of this Agreement, whichever is later, as an earnest money deposit for the purchase described in this Agreement, Purchaser shall deliver to First Centennial Title Company, Maryann Infantino ("Title Company") a check in the amount of Two Hundred Fifty Thousand Dollars (\$250,000) ("Earnest Money"), to be held by Title Company in trust in accordance with this Agreement.

2. Purchase Price. The total purchase price for the Property, including the Personal Property Inventory more particularly described in Exhibit "B," is Two Million Four Hundred Sixty-Two Thousand Five Hundred Dollars (U.S. \$2,462,500.00). Purchaser shall pay the purchase price at the closing described in Paragraph 7 of this Agreement (the "Closing").

3. Feasibility Period. For a period of Sixty (60) days after the Effective Date (as hereinafter defined) of the Purchase Agreement ("Feasibility Period"), Purchaser shall be entitled to inspect the Property, to conduct such tests, surveys, analyses and feasibility studies of the Property as Purchaser deems necessary, and to meet with governmental entities regarding the Property. Without limiting the generality of the foregoing, Purchaser (and persons or entities authorized by Purchaser) shall, subject to prior notice to Seller, have the right and authority to go upon the Property, from time to time on one or more occasions, for inspection and investigations including, without limitation (1) determining the adequacy, cost and availability of utilities, access, zoning and other restrictions on the use of the Property; (2) performing environmental, soils and subsoil tests, engineering and drainage studies; (3) inspection of the physical improvements on the Property; and (4) any other due diligence deemed necessary by the Purchaser. Seller agrees to reasonably cooperate with Purchaser in connection with the tests, investigation and inspection of the Property. If Purchaser determines, in Purchaser's sole and absolute discretion or judgment that the Property is not suitable, Purchaser shall notify Seller and Escrow Agent in writing on or before expiration of the Feasibility Period and upon such notice the Purchase Agreement shall terminate, Escrow Agent shall return the Deposit to Purchaser and neither Purchaser nor Seller shall have any further obligations hereunder. Should Purchaser fail to give such notice on or before the expiration of the Feasibility Period, or if Purchaser notifies



Seller that the Property is suitable for the purposes contemplated hereby, Purchaser's right to object shall be waived and of no further force or effect.

Seller has presented Purchaser with the prior "Environmental Questionnaire" it was provided during the acquisition of the Property. Purchaser hereby confirms that the 5/28/14 "Environmental Questionnaire" is satisfactory for his needs in order to effectuate closing. Seller hereby also confirms that during Seller's ownership of the Property, Seller has not learned of any issues with the Property which would be reported as an issue in an Environment Report. Regardless of the foregoing, Purchaser reserves its right to order a Phase One Environment Report on the Property. Should Purchaser opt to order such a report, Purchaser shall be responsible for procuring the same. The close of escrow on the Property will not be delayed by the availability of obtaining an environmental report prior to closing. Should Purchaser obtain an environmental report in which there are material issues noted on the Property, Purchaser and Seller shall agree to work together in good faith, regardless of whether Purchaser has already closed escrow on the Property, to work out a proper fix to said issues.

4. Title Insurance. At Seller's cost, within fifteen (15) days of the Effective Date Seller shall provide Purchaser a current standard owner's coverage commitment for title insurance with respect to the Land and Improvements issued by First Centennial Title Insurance Company ("Title Company") in the amount of the Purchase Price committing Title Company to insure fee simple title to the Land and Improvements in Purchaser, subject to the conditions, stipulations and requirements contained therein ("Commitment"), together with legible copies of the instruments underlying any requirements or exceptions referred to in the Commitment ("Exceptions") and an insured closing letter issued by Title Company. Any additional premiums for an extended coverage ALTA Owner's Title Policy and any endorsements shall be paid by the Purchaser.

Purchaser shall notify Seller in writing, on or before the date that is ten (10) days following Purchaser's receipt of the Commitment (the "Title Review Period", which may in no event exceed the Feasibility Period), what exceptions to title, if any, will not be accepted by Purchaser. If Purchaser shall fail to give Seller notice of any objections to title within such period, Purchaser shall be deemed to have approved the condition of title as reflected by the Commitment.

#### 5. Purchaser's Contingencies.

(a) Purchaser's obligation to close the Transaction shall be contingent upon the following:

(i) Purchasers' satisfaction, in its sole and absolute discretion, with the nature and physical condition of the Property, including but not limited to results of inspections of the improvements, survey results, results of any environmental study, results of a study of the applicable zoning regulations, laws and ordinances affecting the Property, and results of a study concerning feasibility of using the Property for Purchaser's intended use;

(ii) Purchasers' satisfaction, in its sole and absolute discretion, with the terms and conditions of any and all permits, warranties, and contracts for the Property, copies of which Seller shall deliver to Purchaser within five (5) days after the Effective Date;

(iii) Purchaser's acceptance of any defects or encumbrances in Seller's title pursuant to Paragraph 3; and

(iv) Purchaser's acceptance of the Personal Property Inventory attached hereto as Exhibit "B," which shall be presented by Seller to Purchaser prior to the execution of the of the PSA.

The contingencies described above in this paragraph 5(a) shall be conclusively deemed to have been met or waived unless Purchaser delivers written notice to Seller, on or before the expiration of the Feasibility Period, that such contingencies have not been met.

(b) In the event any contingencies set forth in Paragraph 5(a) are not met or waived by Purchaser by written notice of acceptance, this Agreement and all rights and obligations of Seller and Purchaser under this Agreement shall terminate and be of no further force or effect, and the Earnest Money shall immediately be returned to Purchaser.

## 6. Covenants, Representations and Warranties.

### 6.1 Covenants of Seller.

(a) From and after the Effective Date, unless this Agreement is terminated in accordance with its terms, Seller shall not without the prior written consent of Purchaser (i) enter into any agreement, contract, commitment, lease or other transaction that affects the Property in any way, or (ii) sell, dispose of or encumber any portion of the Property. In addition, during said period Seller shall maintain the Property until Closing in the same manner as it has maintained the Property through the Effective Date.

6.2 Representations and Warranties of Seller. Seller hereby represents and warrants to Purchaser as follows:

(a) Foreign Person. The Seller is not a foreign person within the meaning of Section 1445 (f) 3 of the Internal Revenue Code of 1986, as amended.

(b) No Liens. Seller has not placed or allowed or suffered to be placed liens or encumbrances on or against the Property, except for those liens and encumbrances indicated on the Preliminary Commitment. Seller has good and marketable title to the property.

(c) No Assessments. Seller has not received any written notice regarding assessments for improvements by any governmental agency and no assessments are due except as may be set forth on the Preliminary Commitment.

(d) No Hazardous Materials. Except as set forth in the environmental reports provided to Purchaser, and except as to commercially *de minimus* amounts, Seller has



not, and to the best of Seller's knowledge without any further investigation, no other party has, used, generated, released, discharged, stored or disposed of any hazardous materials on, under, in or about the Property or transported any hazardous materials to or from the Property.

(e) Authority. Seller agrees that Purchaser has no obligation to inquire into the powers of any of the persons acting or purporting to act on behalf of Seller, or of the officers, directors, servants or agents of Seller purporting to act on behalf of Seller, in connection with this Agreement or the Transaction. Seller covenants and warrants that (i) Seller is duly authorized and empowered to enter into and perform this Agreement and to incur all of Seller's obligations set forth herein, (ii) this Agreement was duly made by Seller and signed by and on behalf of Seller by persons duly authorized to do so on behalf of Seller, and (iii) all instruments and documents given with respect to the Transaction by Seller were or will be duly authorized and were or will be duly executed on behalf of Seller.

6.3 Representations and Warranties of Purchaser. Purchaser hereby represents and warrants to Seller as follows:

(a) Authority. Purchaser agrees that Seller has no obligation to inquire into the powers of any of the persons acting or purporting to act on behalf of Purchaser, or of the officers, directors, servants or agents of Purchaser purporting to act on behalf of Purchaser, in connection with this Agreement or the Transaction. Purchaser covenants and warrants that (i) Purchaser is duly authorized and empowered to enter into and perform this Agreement and to incur all of Purchaser's obligations set forth herein, (ii) this Agreement was duly made by Purchaser and signed by and on behalf of Purchaser by persons duly authorized to do so on behalf of Purchaser, and (iii) all instruments and documents given with respect to the Transaction by Purchaser were or will be duly authorized and were or will be duly executed on behalf of Purchaser.

7. Closing. The Closing of the sale of the Property by Seller to Purchaser (the "Closing") shall occur no later than thirty (30) days following the satisfaction of the Feasibility Period or any extension allowed for herein. The Closing shall occur in the offices of Escrow Agent.

(a) Extension. Purchaser reserves the right to extend the Close of Escrow for one (1) ~ thirty (30) day period; provided, Purchaser gives to Seller prior to the scheduled Close of Escrow date, a three (3) day notice and an additional NON-REFUNDABLE Deposit of Twenty-Five Thousand (\$25,000.00) Dollars, which shall be applicable to the Purchase Price.

8. Prorations. Taxes for the current year, assessments relating to the Property, rents, deposits, utility costs associated with the Property and other income and expense items related to the Property shall be prorated by Title Company as of Closing.

9. Closing Costs. The cost and expense of the title policy attributable to a standard coverage shall be paid by Seller. Purchaser shall pay for the cost and expense of the title policy attributable to ALTA extended coverage and any endorsements requested by Purchaser. If the

Close of Escrow has not occurred by the Closing Date by reason of a default hereunder, the defaulting party shall bear all Escrow cancellation charges. Seller shall pay any outstanding liens and or taxes along with the cost of all transfer taxes. Purchaser and Seller shall thereafter split (50/50) all other escrow and closing costs. Purchaser and Seller shall be solely responsible for their individual cost of legal and advisory counsel.

10. Possession. Purchaser shall be entitled to possession of the Property upon Closing.

11. Notices. All notices required or permitted to be given under this Agreement shall be in writing and shall be personally delivered or sent by certified or registered mail, return receipt requested, or by commercial overnight courier service, addressed as set forth below:

If to Purchaser: JS Parker  
Developers International Group, Ltd  
8175 S. Virginia St., Suite 850-217  
Reno, Nevada 89511

If to Seller: Chris Shanks  
Dickson Commercial Group  
333 Holcomb Avenue, Third Floor  
Reno, Nevada 89501

If to Seller : Scott Madison  
(after to Closing) Network Services Solutions  
c/o Michael A. Burke, Esq.  
Robison, Belaustegui, Sharp & Low  
71 Washington St.  
Reno, NV 89503

Either party may, by notice to the other given in accordance with this Paragraph 11, designate such other address (s) or recipient (s) for the giving of notices as such party deems necessary. All notices shall be deemed given when actually delivered to the applicable address as set forth herein.

12. Section 1031 or 1033 Exchange. Purchaser and Seller acknowledge that either party may wish to structure this transaction as a tax deferred exchange of like-kind property within the meaning of Section 1031 or Section 1033 of the Internal Revenue Code. Each party agrees to reasonably cooperate with the other party to effect such an exchange; provided, however, that (i) the cooperating party shall not be required to acquire or take title to any exchange property, (ii) the cooperating party shall not be required to incur any expense (excluding attorneys' fees) or liability whatsoever in connection with the exchange, including, without limitation, any obligation for the payment of any escrow, title, brokerage or other costs incurred with respect to the exchange, (iii) no substitution of the effectuating party shall release said party from any of its obligations, warranties or representations set forth in this Contract or from liability for any prior or subsequent default under this Contract by the effectuating party, its successors or assigns,



which obligations shall continue as the obligations of a principal and not of a surety or guarantor, (iv) the effectuating party shall give the cooperating party at least five (5) business days prior notice of the proposed changes required to effect such exchange and the identity of any party to be substituted in the escrow, (vi) the effectuating party shall be responsible for preparing all additional agreements, documents and escrow instructions (collectively, the "Exchange Documents") required by the exchange, at its sole cost and expense, and (vii) the effectuating party shall be responsible for making all determinations as to the legal sufficiency, tax considerations and other considerations relating to the proposed exchange, the Exchange Documents and the transactions contemplated thereby, and the cooperating party shall in no event be responsible for, or in any way be deemed to warrant or represent any tax or other consequences of the exchange transaction arising by reason of the cooperating party's performance of the acts required hereby.

13. Risk of Loss. Risk of loss of or damage to the Property shall be borne by Seller until Closing. Purchaser shall bear all risk of loss after Closing. In the event of material loss or damage in excess of fifty thousand dollars (\$50,000.00) to the Property prior to Closing, Purchaser may terminate this Agreement by giving Seller written notice of such termination on or before Closing, in which event Purchaser's obligations hereunder shall be null and void and of no further force or effect and the Earnest Money shall immediately be returned to Purchaser. In the event Purchaser elects not to terminate this Agreement following such loss or damage, Purchaser shall purchase the Property in the condition existing on the date of Closing, and Seller shall assign and deliver to Purchaser the proceeds of any policies of property or liability insurance paid as a result of such loss or damage.

14. Condemnation. In the event that a material portion of the Property is or becomes the subject of a condemnation proceeding, Purchaser shall have the right, at Purchaser's option, to terminate this Agreement by giving written notice thereof to Seller on or before Closing, in which event Purchaser's obligations hereunder shall be null and void and of no further force or effect and the Earnest Money shall immediately be returned to Purchaser. If Purchaser does not so terminate this Agreement, the purchase price for the Property shall be reduced by the total of any awards or other proceeds received by Seller at or before Closing with respect to any taking, and at Closing Seller shall assign to Purchaser all right of Seller in and to any awards or other proceeds payable after Closing by reason of any taking.

15. Default. Time is of the essence of this Agreement. If Seller or Purchaser shall bring any action to enforce this Agreement or any term or provision thereof, the prevailing party shall be entitled to receive from the other party reimbursement for all reasonable attorneys' fees expended in connection with such arbitration or action as well as for all costs and expenses incurred in connection with such suit or action. If the Transaction fails to close by the applicable Closing Date set forth in Paragraph 7: (i) if the defaulting party is Purchaser, Seller shall retain the Earnest Money as liquidated damages and Seller's sole and exclusive remedy for Purchaser's breach; and (ii) if the defaulting party is Seller, Purchaser shall recover the Earnest Money and may bring suit against Seller to specifically enforce this Agreement.

Seller: \_\_\_\_\_

Purchaser: \_\_\_\_\_

16. Brokers. Conditioned upon and subject to the closing of this transaction, Seller agrees to pay, through Escrow, a real estate broker's commission per separate agreement. Said real estate commission shall be paid to Dickson Commercial Group (Seller's Agent). Purchaser agrees to indemnify and hold harmless Seller from all loss, damage, cost, expense and liability relating to any claim for a commission by any person or entity with respect to this transaction, claiming by, through or under Purchaser. Seller represents and warrants to Purchaser, and Purchaser represents and warrants to Seller, that other than as stated above, no broker or finder has been engaged by it, respectively, in connection with any of the transactions contemplated by this Agreement or, its knowledge, is in any way connected with any of such transactions.

17. Entire Agreement. This Agreement contains the entire agreement regarding the Transaction, and supersedes any and all prior or other agreements regarding the Transaction. There are no verbal or other agreements between Purchaser and Seller, including but not limited to any representations or warranties that modify or affect this Agreement. This Agreement may not be modified or amended except in a written instrument signed by Seller and Purchaser.

18. Assignment. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

19. Governing Law/Venue. The terms and conditions hereof shall be governed by and construed, and enforced in accordance with the laws of the State of Nevada. If legal action is initiated relative to this Agreement, or the rights or obligations of the parties hereunder, the parties hereto stipulate and agree that such action must seek only the remedies available to the parties hereunder and must be initiated, maintained and continued in Washoe County, Nevada.

20. Counterparts. This Agreement may be executed in two or more counterparts, all of which shall constitute one and the same Agreement.

21. Electronic Signatures. Each party (i) has agreed to permit the use, from time to time and where appropriate, of signatures that are sent by fax, e-mailed PDF or other electronic means (an "Electronic Signature") in order to expedite execution of this Agreement, the other documents contemplated by this Agreement and the transaction contemplated by this Agreement, (ii) intends to be bound by said party's respective Electronic Signature, (iii) is aware that the other will rely on the Electronic Signature, and (iv) acknowledges such reliance and waives any defenses to the enforcement of this Agreement or the document or matter in question based on the fact that a signature was sent electronically.

22. "Effective Date". This Agreement will not be binding on either party in any way or manner until it has been executed by both Parties.. Seller also discloses and acknowledges that prior to the Effective Date, it shall be entitled to receive backup offers by other parties for the sale of this property.

23. Lease of Upstairs of Property during Escrow. Purchaser has agreed to lease from the Seller the entire upstairs of the Property during the Escrow Period. In order to memorialize that agreement, the Parties have agreed to contemporaneously execute a Three Month Lease ("the Lease"), the terms of which are incorporated herein by reference.

Purchaser:

Developers Group International, Ltd

Seller:

Network Services Solutions LLC,

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date Signed: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date Signed: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date Signed: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date Signed: \_\_\_\_\_



Exhibit "A"

Legal Description of Property

All that real property situated in the City of Reno, County of Washoe, State of Nevada, describe as follows:

Parcel 3B of Parcel Map No.4269, entitled Parcel Map No. 10 for RENO CORPORATE CENTER, LLC, of Parcels 3A, 3B, 3C and 3D, according to the map thereof, recorded in the office of the County Recorder of Washoe County, State of Nevada, on October 12, 2004, as Document No. 3111766, Official Records, Washoe County, Nevada.

Assessor's Parcel Number(s):

164-391-02

Exhibit "B"

Personal Property Inventory

## LEASE AGREEMENT

This Lease Agreement (this "Lease") is made and entered into as of \_\_\_\_\_, 2017, and is between Network Services Solutions, LLC ("Lessor") and Developers International Group, Ltd ("Lessee").

### RECITALS

WHEREAS, Seller and Purchaser have executed a Real Estate Purchase and Sale Agreement dated \_\_\_\_\_ (the "PSA"), whereby Lessee (or an affiliate of Lessee) is under contract with Lessor to purchase certain real property and improvements thereon known by street address as 3700 Barron Way, Reno, NV 89521 (the "Property").

WHEREAS, the Property, identified on Exhibit "A" attached hereto (the "Leased Premises"), may be leased by Lessee from Lessor for a three month term commencing on the Effective Date of the PSA or September 1, 2017, whichever is later and continuing through closing, as defined in the PSA, including any extensions

WHEREAS, Lessor hereby leases the Leased Premises to Lessee, and Lessee hereby leases same from Lessor, upon the terms and provisions set forth herein.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants, promises, and agreements set forth herein, Lessor and Lessee do covenant, promise, and agree as follows:

1. PREMISES: Upon the terms and conditions set forth herein, Lessor hereby leases the Leased Premises to Lessee, and Lessee hereby leases same from Lessor.

2. USE: Lessee hereby accepts the Leased Premises subject to applicable zoning, municipal, county, state and federal laws, ordinances and regulations governing and regulating the use of the Leased Premises. Lessee shall have the right to use the Leased Premises as general office space.

3. THREE MONTH TERM: The Term of this Lease shall be Three Months, and shall commence on September 1, 2017 or the Effective Date of the PSA, whichever is later. This Lease shall be extended by one month if, and only if, the Lessee exercises its option to extend escrow under Section 7(a) of the PSA. This Lease shall terminate immediately upon Lessee's closing on the purchase of the Property according to the Terms of the PSA.

(a) Termination of PSA: Per the terms of the PSA, Lessee understands and agrees that it has to notify Lessor within 60 days of the Effective Date if Lessee opts to not complete the purchase of 3700 Barron Way, Reno, NV 89511 (the "Entire Property"). Should Lessee opt to not complete the purchase of the Entire Property under the terms of the PSA, Lessee and Lessor shall utilize the final thirty (30) days of the Lease Period to negotiate and execute a 5 year lease of the Entire Property (3700 Barron Way, Reno, NV 89511). In general rent for the 5 year lease of the Entire Property shall be \$22,500 per month, with CPI increases to be

negotiated. The remaining, non-material, terms of the lease for the Entire Property shall be negotiated between Lessee and Lessor during the final thirty (30) days of the Lease Period. .

4. RENT: Lessee shall pay to Lessor as rent for the Leased Premises equal monthly installments of Seven Thousand Seven Hundred Fifty-Seven and 10/100 Dollars (\$7,757.10), or as prorated, due on the date hereof and each month thereafter throughout the term.

5. SECURITY DEPOSIT: None.

6. UTILITIES: Lessor shall pay for all water, gas, heat, light, power, and telephone services applied to the Premises, together with any taxes thereon.

7. MAINTANANCE, REPAIRS, and ALTERATIONS: Lessee, at Lessee's expense, shall keep the Leased Premises in good condition and repair, as appropriate.

8. ASSIGNMENT, SUBLETTING: Lessee shall not assign or sublease this Lease or the Leased Premises without the prior written consent of Lessor.

9. ENTRY: Lessor (including its representatives), shall have the right to enter the Leased Premises during normal business hours.

10. NOTICES. Any notice to a party hereto shall be provided in the manner and at the addresses or other applicable contact information as set forth in the PSA.

IN WITNESS WHEREOF, the undersigned execute this Lease as of the date as set forth above.

**Lessor:**

Network Services Solutions, LLC

**By:** \_\_\_\_\_

**Its:** \_\_\_\_\_

**Lessee:**

Developers Group International, Ltd

**By:** \_\_\_\_\_

**Its:** \_\_\_\_\_

Exhibit A  
Leased Premises