IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION

IN RE:	§	
	§	
THX PROPERTIES, LLC	§	CASE NO. 18-41409
	§	
DEBTOR.	§	

DEBTOR'S MOTION FOR ORDER AUTHORIZING THE SALE OF CERTAIN REAL ESTATE (86 TOWNHOME LOTS AND COMMON AREA LOCATED AT SOLANA CIRCLE, DENTON, TEXAS) FREE AND CLEAR OF ALL LIENS, CLAIMS AND ENCUMBRANCES

Your rights may be affected by the relief sought in this pleading. You should read this pleading carefully and discuss it with your attorney, if you have one in this bankruptcy case. If you oppose the relief sought by this objection, you <u>must</u> file a written objection, explaining the factual and/or legal basis for opposing the relief.

No hearing will be conducted on this motion unless a written objection is filed with the Clerk of the United States Bankruptcy Court and served upon the party filing this pleading *<u>WITHIN TWENTY-ONE (21) DAYS FROM THE DATE OF SERVICE</u>* shown in the certificate of service unless the Court shortens or extends the time for filing such objection. If no objection is timely served and filed, this objection shall be deemed to be unopposed, and the Court may enter an order granting the relief sought. If an objection is filed and served in a timely manner, the Court will thereafter set a hearing with appropriate notice. If you fail to appear at the hearing, your objection may be stricken. The Court reserves the right to set a hearing on any matter.

TO THE HONORABLE BRENDA RHOADES, U.S. BANKRUPTCY JUDGE:

THX Properties, LLC ("THX" or "Debtor") hereby files this *Motion for Order Authorizing the Sale of Certain Real Estate (86 Townhome Lots and Common Area Located at Solana Circle, Denton, Texas) Free and Clear of Liens, Claims and Encumbrances* (the "Motion") and in support of this Motion, the Debtor respectfully shows this Court as follows:

I. JURISDICTION AND VENUE

1. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. §§157 and 1334. This matter is a core proceeding as defined in 28 U.S.C. §157(b)(2). Venue is proper in this District pursuant to 28 U.S.C. §§1408 and 1409.

II. FACTUAL BACKGROUND

2. The bankruptcy case for THX was filed on June 29, 2018.

3. THX was formed in January 2014 for the purpose of engaging in a real estate transaction that ultimately did not come to fruition. Notwithstanding such fact, the three LLC members, South Denton Land Partners, LLC ("SDLP"), JTU Investment One, LLC ("JTU") and Wickwood Development Corporation ("Wickwood") continued to look for new opportunities.

4. That opportunity presented itself in the form of an investment in a tract of raw land on Riney Road in Denton County, Texas located on what is now known as Solana Circle in the City of Denton, Texas (the "Land"). The Land was purchased with a combination of cash and debt in June 2014. The plan was for THX to put in the infrastructure, develop the Land into individual townhome lots, build the townhomes, and sell the townhomes.

5. After the THX company agreement was revised to accommodate this change in purpose, ownership in THX remained 1/3 each for SDLP, JTU and Wickwood, with Wickwood being the Manager.

6. SDLP and JTU put in cash and credit, Wickwood (a real estate developer) was to put in sweat equity and recover its salaries and overhead.

7. THX hired a third party construction company to build the streets, sidewalks, underground utilities, detention pond, and lift station in an arm's length transaction.

8. After construction commenced, the cost of the development ballooned out of

control. The construction company hired by THX required THX to develop the entire 100 lot development at one time, rather than the original 2 phase rollout planned by THX. As a result of this and other higher-than-anticipated expenses, THX had to borrow money from 3rd party lenders.

9. By Spring 2017: THX obtained financing from several different lenders, but moving forward was a financial struggle. THX obtained construction financing for 6 units from one bank and another 8 units from another bank. Construction was well under way and the first sale of townhomes began in July 2017.

10. By May 2017: It was clear to THX that construction financing was going to be the downfall of this project. Because the members had so little liquid capital, and had made loans to this project of what little cash they had, there was not adequate liquidity or cash flow to qualify for the type and size of construction financing THX needed. Attempts to obtain re-financing of THX existing development debt was declined by at least 6 banks. Attempts to obtain further construction financing more met with tepid interest. The existing lenders declined to do any further construction financing. The decision was made to market the remaining 86 lots and improvements consisting of the developed and undeveloped common areas to other builders.

11. By October 2017: Several interested builders had looked at THX's assets to purchase and expressed varying interest. Only one had actually given THX a written contract and their attempt to get construction financing was declined by all available banks. THX decided to list the 86 lots and common area with a large commercial realtor in Denton – Greg Johnson of Verus Realty.

12. November 15, 2017: THX relator, Greg Johnson, received a written contract offer from 2 builders: Green Brick Construction and Camden Homes. Camden was represented by a

realtor, Mark Faulkenberry who worked with one of Wickwood's employees. In deference to Wickwood's relationship, THX went with Camden. Green Brick was lost at that point and never came back, though THX tried to get them back.

13. November 17, 2017: THX signed the sale contract with Camden.

14. November 20, 2017: Wickwood, then the Manager of THX and a member of THX, without notice or warning of any kind to the other members of THX, filed a specious mechanics lien. This insider lien was not served or copied on the other members of THX and was effectively hidden from the other members of THX.

15. December 18, 2017: Camden terminated their contract to purchase without giving an explanation. THX attempted to learn why, but could get no specific reason. THX called Green Brick to reengage their interest, but THX was unable to get them to even talk to THX anymore. They had moved on.

16. January 5, 2018: After discovery by the remaining members of THX of the hidden mechanic's lien, Wickwood resigned as manager of THX and terminated its development agreement.

17. January 25, 2018: THX had received a new sale contract for a lower price from a buyer named Garth Weibe. This sale never closed.

18. On or about June 15, 2018, THX was able to get a new contract to sell.

19. Despite aggressive marketing efforts, THX has been unable to find a buyer at a suitable price that appeared willing to close until now. THX has virtually no money and even the minimal upkeep of the property is beyond THX's ability to pay. The new managers of THX – after the departure of Wickwood, have loaned and advanced money until the well is almost dry.

20. There is now a sense of urgency. There are market forces that THX believes

clearly indicate that, at least as to this property, we are at the top of the market, as described in greater detail herein.

21. THX has a buyer, and a contract, but the buyer wants a quick close. THX reasonably believes that if the sale does not close quickly, the sale will be lost and THX will not have another opportunity for a price this high.

III. REQUEST TO SELL - COMPLIANCE WITH LOCAL BANKRUPTCY RULE 6004-1(A)

22. THX seeks to sell the remaining 86 lots and improvements, which are substantially all of the assets of the Debtor (the “Property”), to Sumeer Homes, Inc., 2404 Texas Drive, Ste. 103, Irving, Texas 76062: (a) pursuant to the terms of attached **Exhibit “A”**(the “Contract”) for the sum of $3,200,000.00 (the “Sales Price”); (b) THX estimates closing costs (exclusive of taxes) to be approximately 8% of the sales price, or $256,000.00 with $192,000.00 of that amount, realtor’s fees, which should net, after closing costs, approximately $2,944,000.00; and (c) the following parties claim a lien on the Property to be sold:

i. Denton County Tax Assessor, P.O. Box 90223, Denton, Texas 76202, balance based on last years taxes: $111,997.29. This amount would be subject to proration at closing and assuming on August 15, 2018 closing would be reduced to approximately $70,000.00. THX does not believe there is a grounds to challenge this lien and would seek to have this tax paid or escrowed and lien discharged at closing.

ii. Ceasons Holdings, LLC, 6023 Timber Creek, Dallas, Texas 75248, balance due: $550,000.00, plus accrued interest from July 1, 2018 to closing. THX does not believe there are grounds to challenge this lien and would seek to have this debt paid and lien discharged at closing.

iii. Doyle Maggard, 8950 S. FM 372, Gainsville, Texas 76240, balance due: $400,000.00, plus accrued interest from July 1, 2018 to closing. THX does not believe there are grounds to challenge this lien and would seek to have this debt paid and lien discharged at closing.

iv. HE Wang, 5030 Lymbar Drive, Houston, Texas 77096, balance due: $169,479.45, plus accrued interest from July 1, 2018 to closing. THX does not believe there are grounds to challenge this lien and would seek to have this debt paid and lien discharged at closing.

v. Jason HeLal, 2735 Wind River Lane, #151, Denton, Texas 76710, balance due: $522,130.13, plus accrued interest from July 1, 2018 to closing. THX believes that due to Wickwood's failure to timely file the Deed of Trust relating to the promissory note executed for this obligation, this lien may be an avoidable preference and THX does not seek to have this lien paid and discharged at closing. THX requests that whatever lien relates to this debt attach to the sale proceeds.

vi. JTU Investment One, LLC, 3400 Mary Ct., Flower Mound, Texas 75022, balance due: $295,348.89, plus accrued interest from July 1, 2018 to closing. THX believes that due to Wickwood's failure to timely file the Deed of Trust relating to the promissory note executed for this obligation, this lien may be an avoidable preference and THX does not seek to have this lien paid and discharged at closing. THX requests that whatever lien relates to this debt attach to the sale proceeds.

vii. South Denton Land Partners, LLC, 2735 Wind River Lane, #151, Denton, Texas 76210, balance due: $125,672.63, plus accrued interest from July 1, 2018 to closing. THX believes that due to Wickwood's failure to timely file the Deed of Trust relating to the promissory note executed for this obligation, this lien may be an avoidable preference and THX does not seek to have this lien paid and discharged at closing. THX requests that whatever lien relates to this debt attach to the sales proceeds.

viii. Wickwood Development Corp., P.O. Box 486, Argyle, Texas 76226, balance due is unknown, but is disputed and believed by THX to be zero. This creditor, an insider of THX, filed a specious mechanic's lien, admitted in open court in Debtor's County District Court, that it was not valid, but continues to assert what THX believes is a specious constitutional mechanic's lien which in any event would be voidable under Bankruptcy Code Section 544, if not as a preference. THX does not seek to have this lien paid and discharged at closing. THX requests that whatever lien relates to this debt attach to the sales proceeds.

23. Sale is sought under Fed. R. Bankr. P. 6004(c) and seeks to sell pursuant to 11 U.S.C. § 363(f) as follows:

a. As to Denton County Tax Assessor, Ceasons Holdings, LLC, Doyle Maggard and HE Wang, Debtor believes that such entities will consent, pursuant to 11 U.S.C. § 363(f)(2), as Debtor seeks to pay them at closing and the proceeds available from the sale are for more than enough to pay, or in the case of taxes (if applicable) escrow, money for these liens at closing;

b. As to the remaining liens, Debtor believes each is subject to a bona fide dispute pursuant to 11 U.S.C. § 363(f)(4).

24. There is an urgent need for a quick sale in that: (a) Debtor has no cash to make adequate protection payments, except from future loans or advances by insiders or third parties; (b) Debtor reasonably believes that foreclosure efforts, absent filing of this case, were imminent absent more cash; (c) Debtor has a buyer and a contract for sale that (i) is for the highest dollar amount offered for the property to date; (ii) provides for a quick close and (iii) is to a reputable builder, which would be an ideal purchaser of the Property and would be the type of purchaser who would offer the highest and best prices, (d) a quick sale and closing is necessary because (i) there is a competing development being built across the street which, Debtor believes, when developed to the extent of Debtor's Property, will place downward pressure on the value of the Property; (ii) labor costs for real estate development are rising; (iii) due to competing demand and tariffs the price of raw materials are rising and (iv) interest rates are increasing.

25. Debtor seeks permission to close the Contract pursuant to the terms of the Contract, pay ordinary closing costs, including the realtor's fees as described in the Contract and disburse payments to the taxing authorities and the lenders whose claims or liens are not subject to bona fide dispute described above with the remaining proceeds to be held by Debtor subject to whatever liens the remaining asserted lien holders are entitled to.

IV. FACTORS RELEVANT TO SALE IN FIRST 60 DAYS OF CASE

26. **Creditors' Committee. If a creditors' committee existed prepetition, indicate the date and manner in which the committee was formed, as well as the identity of the members of the committee and the companies with which they are affiliated.** There was no creditor's committee pre-petition, nor is this a type of case that would lend itself to a creditor's

committee involvement as all unsecured monetary claims are to insiders.

27. **<u>Counsel for Committee</u>. If the pre-petition creditors' committee retained counsel, indicate the date counsel was engaged and the selection process, as well as the identity of committee counsel.** See paragraph 26 above.

28. **<u>Sale Contingencies</u>. Statement of all contingencies to the sale agreement, together with a copy of the agreement.** A copy of Contract is attached. Sale is subject to a 45 day due diligence period commencing approximately June 15, 2018.

29. **<u>Creditor Contact List</u>. If no committee .has been formed, a list of contact persons, together with fax and phone numbers for each of the largest 20 unsecured creditors.** All unsecured creditors with monetary claims are insiders and this prohibited of being members of a committee.

30. **<u>Administrative Expenses</u>. Assuming the sale is approved, an itemization and an estimate of administrative expenses relating to the sale to be incurred prior to closing and the source of payment for those expenses.** Estimated administrative expenses pending closing are estimated at $850.00 monthly for mowing (source for payment - advances or loans from insiders), $10,000.00 (estimated only pending closing) for attorney's fees accrued and subject to court approval and payment from retainer and/or estate and $5,000.00 (estimated only pending closing) for accounting fees accrued and subject to court approval and payment from retainer and/or estate.

31. **<u>Proceeds of Sale</u>. An estimate of the gross proceeds anticipated from the sale, together with an estimate of the net proceeds coming to the estate with an explanation of the items making up the difference. Itemize all deductions that are to be made from gross sale proceeds and include a brief description of the basis for any such deductions.** See paragraph 22 above.

32. **<u>Debt Structure of Debtor</u>. A brief description of the debtor's debt structure, including the amount of the debtor's secured debt, priority claims and general unsecured claims.** Secured debt structure is set forth in detail in paragraph 22 above. There are no priority claims known to THX. The only known unsecured monetary claims are to insiders Jason HeLal and Wickwood Development Corp.

33. **<u>Need for Quick Sale</u>. An extensive description of why the assets of the estate must be sold on an expedited basis. Include a discussion of alternatives to the sale.** See paragraphs 3-20 above. There is no realistic alternative to sale. THX has exhausted its efforts at

further financing so reorganization is not practical. Substantial additional sums of money would be needed to complete the development.

34. **Negotiating Background. A description of the length of time spent in negotiating the sale, and which parties in interest were involved in the negotiation, along with a description of the details of any other offers to purchase, including, without limitation, the potential purchaser's plans in connection with retention of the debtor's employees.** See paragraphs 3-20 above. Debtor’s realtor has been trying to sell the property for many months. Negotiations on the current Contract have been ongoing for the last month.

35. **Marketing of Assets. A description of the manner in which the assets were marketed for sale, including the period of time involved and the results achieved.** See paragraphs 3-21 above.

36. **Decision to Sell. The date on which the debtor accepted the offer to purchase the assets.** On or about June 15, 2018.

37. **Relationship of Buyer. A statement identifying the buyer and setting ·forth all of the buyer's (including its. officers, directors and shareholders) connections with the debtor, creditors, any other party in interest, their respective attorneys, accountants, the United States Trustee or any person employed in the office of the United States Trustee.** There are no connections between Debtor and its insiders and Buyer or to Debtor’s knowledge the Buyer and its insiders and U.S. Trustee.

38. **Post Sale Relationship with Debtor. A statement setting forth any relationship or connection the debtor (including its officers, directors; shareholders and employees) will have with the buyer after the consummation of the sale, assuming it is approved.** This is a land sale, there will be no future relationship.

39. **Relationship with Secured Creditors. If the sale involves the payment of all or a portion of secured debt(s), a statement of all connections between debtor's officers, directors, employees or other insiders and each secured creditor involved (for example, release of insider's guaranty).** As to the secured creditors being paid at closing, there is no relationship to any except as follows: (a) Doyle Maggard, is the father-in-law of Jason HeLal, a manger of one of Debtor’s managers and (b) HE Wang is a friend of the principal of JTU Investment One, LLC.

40. **Insider Compensation. Disclosure of current compensation received by officers, directors, key employees or other insiders pending approval of the sale.** There is no current compensation being paid to anyone by Debtor.

41. **Notice Timing.** Notice of the hearing on the Motion to Approve the Motion to Sell will be provided as is necessary under the circumstances.

VI. RELIEF REQUESTED

42. Debtor requests that the Court authorize it to sell the Property, free and clear of all lien claims and encumbrances pursuant to the terms of the attached Agreement, to close and pay all ordinary costs of closing including realtors commissions and specified liens and execute all ordinary documents needed to close such transaction and for general relief.

Dated: July 2, 2018

Respectfully submitted,

/s/ Weldon L. Moore, III
Weldon L. Moore, III
SUSSMAN & MOORE, L.L.P.
Texas Bar No. 14380500
4645 N. Central Expressway, Ste. 300
Dallas, Texas 75205
Telephone: (214) 378-8270

ATTORNEY FOR DEBTOR

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the foregoing document was served on the on the following parties on the parties listed below by United States First Class Mail, postage prepaid on this the 2nd day of July, 2018.

Basil Douglas Walker
3005 Solana
Denton, TX 76207

Carol Doughty
3034 Solana
Denton, TX 76207

Ceasons Holdings, LLC
6023 Timber Creek
Dallas, TX 75248

Cynthia Shuck
3037 Solana
Denton, TX 76207

David Ekas & Marian Jamieson
3048 Solana
Denton, TX 76207

Denton County Tax Assessor
P.O. Box 90223
Denton, TX 76202

Doyle Maggard
8950 S. FM 372
Gainesville, TX 76240

Dylan Boxill
3025 Solana
Denton, TX 76207

Farwa Mirza
3009 Solana
Denton, TX 76207

HE Wang
5030 Lymbar Dr.
Houston, TX 77096

Huanan Xu
3400 Mary Court
Flower Mound, TX 75022

Jason HeLal
2735 Wind River Lane, #151
Denton, TX 76210

John Monych
3013 Solana
Denton, TX 76207

JTU Investment One, LLC
3400 Mary Ct
Flower Mound, TX 75022-0979

Marina Chavez
3017 Solana
Denton, TX 76207

Michael & Kristi Longley
3029 Solana
Denton, TX 76207

Patrick McNiece
3054 Solana
Denton, TX 76207

Randall Tudor
PO Box 486
Argyle, TX 76226

RTB Property Holdings
3021 Solana
Denton, TX 76207

Ryan W. Crandall
Basinger, Leggett, et al.
Granite Park Two
5700 Granite Parkway, Ste. 950
Plano, TX 75024

Seetharaman Chidambaranatarajan
3033 Solana
Denton, TX 76207

Seongho Ko & Sujeong Kim
3042 Solana
Denton, TX 76207

South Denton Land Partners, LLC
2735 Wind River Lane, #151
Denton, TX 76210

Sumeer Homes, Inc.
2404 Texas Dr., Ste. 103
Irving, TX 75062

Wendell & Tiffany Lipscomb
3041 Solana
Denton, TX 76207

Wickwood Development Corp.
PO Box 486
Argyle, TX 76226

/s/ Weldon L. Moore, III_____
Weldon L. Moore, III

TEXAS ASSOCIATION OF REALTORS®

COMMERCIAL CONTRACT - UNIMPROVED PROPERTY

1. **PARTIES:** Seller agrees to sell and convey to Buyer the Property described in Paragraph 2. Buyer agrees to buy the Property from Seller for the sales price stated in Paragraph 3. The parties to this contract are:

   Seller: **THX Properties, LLC a Texas Limited Liability Company**

   Address: **2735 Wind River Ln, Denton, TX 76210-2999**
   Phone: **(940)453-9700** E-mail: **jason@ciaauto.com**
   Fax: ______ Other: ______

   Buyer: **Sumeer Homes, Inc.**

   Address: **2404 Texas Drive, Ste 103, Irving, TX 75062**
   Phone: **(972)659-0655 xt. 100** E-mail: **sureshns@aol.com**
   Fax: ______ Other: ______

2. **PROPERTY:**

   A. "Property" means that real property situated in ______ County, Texas at **Vista Del Arroyo - Solana Circle, Denton, TX 76207** *(address)* and that is legally described on the attached Exhibit **A** or as follows:

   B. Seller will sell and convey the Property together with:
      (1) all rights, privileges, and appurtenances pertaining to the Property, including Seller's right, title, and interest in any minerals, utilities, adjacent streets, alleys, strips, gores, and rights-of-way;
      (2) Seller's interest in all leases, rents, and security deposits for all or part of the Property; and
      (3) Seller's interest in all licenses and permits related to the Property.

   (Describe any exceptions, reservations, or restrictions in Paragraph 12 or an addendum.)
   (If mineral rights are to be reserved an appropriate addendum should be attached.)

3. **SALES PRICE:**

   A. At or before closing, Buyer will pay the following sales price for the Property:
      (1) Cash portion payable by Buyer at closing . . . . $ **3,200,000.00**
      (2) Sum of all financing described in Paragraph 4 . . . . $ ______
      (3) Sales price (sum of 3A(1) and 3A(2)) . . . . $ **3,200,000.00**

Exhibit "A"

B. Adjustment to Sales Price: *(Check (1) or (2) only.)*

[X] (1) The sales price will not be adjusted based on a survey.

[ ] (2) The sales price will be adjusted based on the latest survey obtained under Paragraph 6B.

(a) The sales price is calculated on the basis of $ ____________ per:
[ ] (i) square foot of [ ] total area [ ] net area.
[ ] (ii) acre of [ ] total area [ ] net area.

(b) "Total area" means all land area within the perimeter boundaries of the Property. "Net area" means total area less any area of the Property within:
[ ] (i) public roadways;
[ ] (ii) rights-of-way and easements other than those that directly provide utility services to the Property; and
[ ] (iii) ____.

(c) If the sales price is adjusted by more than ________ % of the stated sales price, either party may terminate this contract by providing written notice to the other party within ________ days after the terminating party receives the survey. If neither party terminates this contract or if the variance is less than the stated percentage, the adjustment to the sales price will be made to the cash portion of the sales price payable by Buyer.

4. **FINANCING:** Buyer will finance the portion of the sales price under Paragraph 3A(2) as follows:

[ ] A. Third Party Financing: One or more third party loans in the total amount of $ ____________. This contract:
[ ] (1) is not contingent upon Buyer obtaining third party financing.
[ ] (2) is contingent upon Buyer obtaining third party financing in accordance with the attached Commercial Contract Financing Addendum (TAR-1931).

[ ] B. Assumption: In accordance with the attached Commercial Contract Financing Addendum (TAR-1931), Buyer will assume the existing promissory note secured by the Property, which balance at closing will be $ ____________.

[ ] C. Seller Financing: The delivery of a promissory note and deed of trust to Seller under the terms of the attached Commercial Contract Financing Addendum (TAR-1931) in the amount of $ ____________.

5. **EARNEST MONEY:**

A. Not later than 3 days after the effective date, Buyer must deposit $ **$25,000.00** as earnest money with **Reunion Title** (title company) at ~~**2701 W. Plano Pkwy, Suite 100, Plano, Texas**~~ 2404 TEXAS DR. #102, IRVING, TX 75062 (address) **Alana Bailey** (closer). If Buyer fails to timely deposit the earnest money, Seller may terminate this contract or exercise any of Seller's other remedies under Paragraph 15 by providing written notice to Buyer before Buyer deposits the earnest money.

B. Buyer will deposit an additional amount of $ ____________ with the title company to be made part of the earnest money on or before:
[ ] (i) ______ days after Buyer's right to terminate under Paragraph 7B expires; or
[ ] (ii) ____.
Buyer will be in default if Buyer fails to deposit the additional amount required by this Paragraph 5B within 3 days after Seller notifies Buyer that Buyer has not timely deposited the additional amount.

C. Buyer may instruct the title company to deposit the earnest money in an interest-bearing account at a federally insured financial institution and to credit any interest to Buyer.

6. TITLE POLICY AND SURVEY:

A. Title Policy:

(1) Seller, at Seller's expense, will furnish Buyer an Owner's Policy of Title Insurance (the title policy) issued by any underwriter of the title company in the amount of the sales price, dated at or after closing, insuring Buyer against loss under the title policy, subject only to:
(a) those title exceptions permitted by this contract or as may be approved by Buyer in writing; and
(b) the standard printed exceptions contained in the promulgated form of title policy unless this contract provides otherwise.

(2) The standard printed exception as to discrepancies, conflicts, or shortages in area and boundary lines, or any encroachments or protrusions, or any overlapping improvements:
☐ (a) will not be amended or deleted from the title policy.
☒ (b) will be amended to read "shortages in areas" at the expense of ☒ Buyer ☐ Seller.

(3) Within 7 days after the effective date, Seller will furnish Buyer a commitment for title insurance (the commitment) including legible copies of recorded documents evidencing title exceptions. Seller authorizes the title company to deliver the commitment and related documents to Buyer at Buyer's address.

B. Survey: Within 7 days after the effective date:

☐ (1) Buyer will obtain a survey of the Property at Buyer's expense and deliver a copy of the survey to Seller. The survey must be made in accordance with the: (i) ALTA/ACSM Land Title Survey standards, or (ii) Texas Society of Professional Surveyors' standards for a Category 1A survey under the appropriate condition. Seller will reimburse Buyer ______ *(insert amount)* of the cost of the survey at closing, if closing occurs.

☐ (2) Seller, at Seller's expense, will furnish Buyer a survey of the Property dated after the effective date. The survey must be made in accordance with the: (i) ALTA/ACSM Land Title Survey standards, or (ii) Texas Society of Professional Surveyors' standards for a Category 1A survey under the appropriate condition.

☒ (3) Seller will deliver to Buyer and the title company a true and correct copy of Seller's most recent survey of the Property along with an affidavit required by the title company for approval of the existing survey. If the existing survey is not acceptable to the title company, Seller, at Seller's expense, will obtain a new or updated survey acceptable to the title company and deliver the acceptable survey to Buyer and the title company within 20 days after Seller receives notice that the existing survey is not acceptable to the title company. The closing date will be extended daily up to 20 days if necessary for Seller to deliver an acceptable survey within the time required. Buyer will reimburse Seller **the actual cost** *(insert amount)* ~~of the cost~~ of the new or updated survey at ~~closing, if closing occurs~~.

C. Buyer's Objections to the Commitment and Survey:

(1) Within 10 days after Buyer receives the commitment, copies of the documents evidencing the title exceptions, and any required survey, Buyer may object in writing to matters disclosed in the items if: (a) the matters disclosed are a restriction upon the Property or constitute a defect or encumbrance to title other than those permitted by this contract or liens that Seller will satisfy at closing or Buyer will assume at closing; or (b) the items show that any part of the Property lies in a special flood hazard area (an "A" or "V" zone as defined by FEMA). If Paragraph 6B(1) applies,

Buyer is deemed to receive the survey on the earlier of: (i) the date of Buyer's actual receipt of the survey; or (ii) of the deadline specified in Paragraph 6B.

(2) Seller may, but is not obligated to, cure Buyer's timely objections within 15 days after Seller receives the objections. The closing date will be extended as necessary to provide such time to cure the objections. If Seller fails to cure the objections by the time required, Buyer may terminate this contract by providing written notice to Seller within 5 days after the time by which Seller must cure the objections. If Buyer terminates, the earnest money, less any independent consideration under Paragraph 7B(1), will be refunded to Buyer.

(3) Buyer's failure to timely object or terminate under this Paragraph 6C is a waiver of Buyer's right to object except that Buyer will not waive the requirements in Schedule C of the commitment.

7. PROPERTY CONDITION:

A. Present Condition: Buyer accepts the Property in its present condition except that Seller, at Seller's expense, will complete the following before closing: ______________________________

B. Feasibility Period: Buyer may terminate this contract for any reason within **45** days after the effective date (feasibility period) by providing Seller written notice of termination. *(Check only one box.)*

[X] (1) If Buyer terminates under this Paragraph 7B, the earnest money will be refunded to Buyer less **$ 100.00** that Seller will retain as independent consideration for Buyer's unrestricted right to terminate. Buyer has tendered the independent consideration to Seller upon payment of the amount specified in Paragraph 5A to the title company. The independent consideration is to be credited to the sales price only upon closing of the sale. If no dollar amount is stated in this Paragraph 7B(1) or if Buyer fails to deposit the independent consideration, Buyer will not have the right to terminate under this Paragraph 7B.

[ ] (2) Not later than 3 days after the effective date, Buyer must pay Seller $ __________ as independent consideration for Buyer's right to terminate by tendering such amount to Seller or Seller's agent. If Buyer terminates under this Paragraph 7B, the earnest money will be refunded to Buyer and Seller will retain the independent consideration. The independent consideration will be credited to the sales price only upon closing of the sale. If no dollar amount is stated in this Paragraph 7B(2) or if Buyer fails to pay the earnest money, Buyer will not have the right to terminate under this Paragraph 7B.

C. Inspections, Studies, or Assessments:

(1) During the feasibility period, Buyer, at Buyer's expense, may complete or cause to be completed any and all inspections, studies, or assessments of the Property (including all improvements and fixtures) desired by Buyer.

(2) Buyer must:
(a) employ only trained and qualified inspectors and assessors;
(b) notify Seller, in advance, of when the inspectors or assessors will be on the Property;
(c) abide by any reasonable entry rules or requirements of Seller;
(d) not interfere with existing operations or occupants of the Property; and
(e) restore the Property to its original condition if altered due to inspections, studies, or assessments that Buyer completes or causes to be completed.

(3) Except for those matters that arise from the negligence of Seller or Seller's agents, Buyer is responsible for any claim, liability, encumbrance, cause of action, and expense resulting from Buyer's inspections, studies, or assessments, including any property damage or personal injury. Buyer will indemnify, hold harmless, and defend Seller and Seller's agents against any claim involving a matter for which Buyer is responsible under this paragraph. This paragraph survives termination of this contract..

D. Property Information:

(1) Delivery of Property Information: Within 2 days after the effective date, Seller will deliver to Buyer: *(Check all that apply.)*

- [ ] (a) copies of all current leases pertaining to the Property, including any modifications, supplements, or amendments to the leases;
- [ ] (b) copies of all notes and deeds of trust against the Property that Buyer will assume or that Seller will not pay in full on or before closing;
- [X] (c) copies of all previous environmental assessments, geotechnical reports, studies, or analyses made on or relating to the Property;
- [ ] (d) copies property tax statements for the Property for the previous 2 calendar years;
- [X] (e) plats of the Property;
- [ ] (f) copies of current utility capacity letters from the Property's water and sewer service provider; and
- [X] (g) **Note: Seller will provide the above items that are within Seller's control without duty of further investigation.**

(2) Return of Property Information: If this contract terminates for any reason, Buyer will, not later than 10 days after the termination date: *(Check all that apply.)*

- [ ] (a) return to Seller all those items described in Paragraph 7D(1) that Seller delivered to Buyer in other than an electronic format and all copies that Buyer made of those items;
- [X] (b) delete or destroy all electronic versions of those items described in Paragraph 7D(1) that Seller delivered to Buyer or Buyer copied; and
- [ ] (c) deliver copies of all inspection and assessment reports related to the Property that Buyer completed or caused to be completed.

This Paragraph 7D(2) survives termination of this contract.

E. Contracts Affecting Operations: Until closing, Seller: (1) will operate the Property in the same manner as on the effective date under reasonably prudent business standards; and (2) will not transfer or dispose of any part of the Property, any interest or right in the Property, or any of the personal property or other items described in Paragraph 2B or sold under this contract. After the feasibility period ends, Seller may not enter into, amend, or terminate any other contract that affects the operations of the Property without Buyer's written approval.

8. ~~LEASES:~~

~~A. Each written lease Seller is to assign to Buyer under this contract must be in full force and effect according to its terms. Seller may not enter into any new lease, fail to comply with any existing lease, or make any amendment or modification to any existing lease without Buyer's written consent. Seller must disclose, in writing, if any of the following exist at the time Seller provides the leases to the Buyer or subsequently occur before closing:~~

~~(1) any failure by Seller to comply with Seller's obligations under the leases;~~

~~(2) any circumstances under any lease that entitle the tenant to terminate the lease or seek any offsets or damages;~~

~~(3) any advance sums paid by a tenant under any lease;~~

~~(4) any concessions, bonuses, free rents, rebates, brokerage commissions, or other matters that affect any lease; and~~

~~(5) any amounts payable under the leases that have been assigned or encumbered, except as security for loan(s) assumed or taken subject to under this contract.~~

B. ~~Estoppel Certificates: Within _______ days after the effective date, Seller will deliver to Buyer estoppel certificates signed not earlier than ____________ by each tenant that leases space in the Property. The estoppel certificates must include the certifications contained in the current version of TAR Form 1938 - Commercial Tenant Estoppel Certificate and any additional information requested by a third party lender providing financing under Paragraph 4 if the third party lender requests such additional information at least 10 days prior to the earliest date that Seller may deliver the signed estoppel certificates.~~

9. BROKERS:

A. The brokers to this sale are:

Principal Broker: Coldwell Banker Commercial Brokerage - Verus Advisors
Agent: Greg Johnson
Address: 319 W Oak Street
Denton, TX 76201
Phone & Fax: (940)381-2220
E-mail: gjohnson@v-re.com
License No.: 420132

Principal Broker: *(Check only one box.)*
[X] represents Seller only.
[ ] represents Buyer only.
[ ] is an intermediary between Seller and Buyer.

Cooperating Broker: Huffines Communities
Agent: Robbie Patman
Address: 8200 Douglas Ave., Suite 300
Dallas, TX 75225
Phone & Fax: (972)523-8687
E-mail: rpatman@huffinescommunitites.com
License No.:

Cooperating Broker represents Buyer.

B. Fees: *(Check only (1) or (2) below.)*
(Complete the Agreement Between Brokers on page 13 only if (1) is selected.)

[X] (1) Seller will pay Principal Broker the fee specified by separate written commission agreement between Principal Broker and Seller. Principal Broker will pay Cooperating Broker the fee specified in the Agreement Between Brokers found below the parties' signatures to this contract.

[ ] (2) At the closing of this sale, Seller will pay:

Principal Broker a total cash fee of:
[ ] _______ % of the sales price.
[ ] ____________.

Cooperating Broker a total cash fee of:
[ ] _______ % of the sales price.
[ ] ____________.

The cash fees will be paid in Denton County, Texas. Seller authorizes the title company to pay the brokers from the Seller's proceeds at closing.

NOTICE: Chapter 62, Texas Property Code, authorizes a broker to secure an earned commission with a lien against the Property.

C. The parties may not amend this Paragraph 9 without the written consent of the brokers affected by the amendment.

10. CLOSING:

A. The date of the closing of the sale (closing date) will be on or before the later of:

(1) [X] 15 days after the expiration of the feasibility period.

[ ] __________ *(specific date)*.

[ ] __________

(2) 7 days after objections made under Paragraph 6C have been cured or waived.

B. If either party fails to close by the closing date, the non-defaulting party may exercise the remedies in Paragraph 15.

C. At closing, Seller will execute and deliver, at Seller's expense, a [ ] general [X] special warranty deed. The deed must include a vendor's lien if any part of the sales price is financed. The deed must convey good and indefeasible title to the Property and show no exceptions other than those permitted under Paragraph 6 or other provisions of this contract. Seller must convey the Property:

(1) with no liens, assessments, or other security interests against the Property which will not be satisfied out of the sales price, unless securing loans Buyer assumes;
(2) without any assumed loans in default; and
(3) with no persons in possession of any part of the Property as lessees, tenants at sufferance, or trespassers except tenants under the written leases assigned to Buyer under this contract.

D. At closing, Seller, at Seller's expense, will also deliver to Buyer:

(1) tax statements showing no delinquent taxes on the Property;
(2) an assignment of all leases to or on the Property;
(3) to the extent assignable, an assignment to Buyer of any licenses and permits related to the Property;
(4) evidence that the person executing this contract is legally capable and authorized to bind Seller;
(5) an affidavit acceptable to the title company stating that Seller is not a foreign person or, if Seller is a foreign person, a written authorization for the title company to: (i) withhold from Seller's proceeds an amount sufficient to comply applicable tax law; and (ii) deliver the amount to the Internal Revenue Service (IRS) together with appropriate tax forms; and
(6) any notices, statements, certificates, affidavits, releases, and other documents required by this contract, the commitment, or law necessary for the closing of the sale and issuance of the title policy, all of which must be completed by Seller as necessary.

E. At closing, Buyer will:

(1) pay the sales price in good funds acceptable to the title company;
(2) deliver evidence that the person executing this contract is legally capable and authorized to bind Buyer;
(3) sign and send to each tenant in a lease for any part of the Property a written statement that:
  (a) acknowledges Buyer has received and is responsible for the tenant's security deposit; and
  (b) specifies the exact dollar amount of the security deposit;
(4) sign an assumption of all leases then in effect; and
(5) execute and deliver any notices, statements, certificates, or other documents required by this contract or law necessary to close the sale.

F. Unless the parties agree otherwise, the closing documents will be as found in the basic forms in the current edition of the State Bar of Texas Real Estate Forms Manual without any additional clauses.

11. POSSESSION: Seller will deliver possession of the Property to Buyer upon closing and funding of this sale in its present condition with any repairs Seller is obligated to complete under this contract, ordinary wear and tear excepted. Any possession by Buyer before closing or by Seller after closing that is not authorized by a separate written lease agreement is a landlord-tenant at sufferance relationship between the parties.

12. SPECIAL PROVISIONS: The following special provisions apply and will control in the event of a conflict with other provisions of this contract. *(If special provisions are contained in an Addendum, identify the Addendum here and reference the Addendum in Paragraph 22D.)*

13. SALES EXPENSES:

A. Seller's Expenses: Seller will pay for the following at or before closing:
(1) releases of existing liens, other than those liens assumed by Buyer, including prepayment penalties and recording fees;
(2) release of Seller's loan liability, if applicable;
(3) tax statements or certificates;
(4) preparation of the deed;
(5) one-half of any escrow fee;
(6) costs to record any documents to cure title objections that Seller must cure; and
(7) other expenses that Seller will pay under other provisions of this contract.

B. Buyer's Expenses: Buyer will pay for the following at or before closing:
(1) all loan expenses and fees;
(2) preparation of any deed of trust;
(3) recording fees for the deed and any deed of trust;
(4) premiums for flood insurance as may be required by Buyer's lender;
(5) one-half of any escrow fee;
(6) other expenses that Buyer will pay under other provisions of this contract.

14. PRORATIONS:

A. Prorations:
(1) Interest on any assumed loan, taxes, rents, and any expense reimbursements from tenants will be prorated through the closing date.
(2) If the amount of ad valorem taxes for the year in which the sale closes is not available on the closing date, taxes will be prorated on the basis of taxes assessed in the previous year. If the taxes for the year in which the sale closes vary from the amount prorated at closing, the parties will adjust the prorations when the tax statements for the year in which the sale closes become available. This Paragraph 14A(2) survives closing.
(3) If Buyer assumes a loan or is taking the Property subject to an existing lien, Seller will transfer all reserve deposits held by the lender for the payment of taxes, insurance premiums, and other charges to Buyer at closing and Buyer will reimburse such amounts to Seller by an appropriate adjustment at closing.

~~B. Rollback Taxes: If Seller's use or change in use of the Property before closing results in the assessment of additional taxes, penalties, or interest (assessments) for periods before closing, the assessments will be the obligation of the Seller. If this sale or Buyer's use of the Property after closing results in additional assessments for periods before closing, the assessments will be the obligation of Buyer. This Paragraph 14B survives closing.~~

C. ~~Rent and Security Deposits: At closing, Seller will tender to Buyer all security deposits and the following advance payments received by Seller for periods after closing: prepaid expenses, advance rental payments, and other advance payments paid by tenants. Rents prorated to one party but received by the other party will be remitted by the recipient to the party to whom it was prorated within 5 days after the rent is received. This Paragraph 14C survives closing.~~

15. DEFAULT:

A. If Buyer fails to comply with this contract, Buyer is in default and Seller, as Seller's sole remedy(ies), may terminate this contract and receive the earnest money, as liquidated damages for Buyer's failure except for any damages resulting from Buyer's inspections, studies or assessments in accordance with Paragraph 7C(3) which Seller may pursue; or
(Check if applicable)
☐ enforce specific performance, or seek such other relief as may be provided by law.

B. If, without fault, Seller is unable within the time allowed to deliver the estoppel certificates, survey or the commitment, Buyer may:
(1) terminate this contract and receive the earnest money, less any independent consideration under Paragraph 7B(1), as liquidated damages and as Buyer's sole remedy; or
(2) extend the time for performance up to 15 days and the closing will be extended as necessary.

C. Except as provided in Paragraph 15B, if Seller fails to comply with this contract, Seller is in default and Buyer may:
(1) terminate this contract and receive the earnest money, less any independent consideration under Paragraph 7B(1), as liquidated damages and as Buyer's sole remedy; or
(2) enforce specific performance, or seek such other relief as may be provided by law, or both.

16. CONDEMNATION: If before closing, condemnation proceedings are commenced against any part of the Property, Buyer may:

A. terminate this contract by providing written notice to Seller within 15 days after Buyer is advised of the condemnation proceedings and the earnest money, less any independent consideration paid under Paragraph 7B(1), will be refunded to Buyer; or

B. appear and defend in the condemnation proceedings and any award will, at Buyer's election, belong to:
(1) Seller and the sales price will be reduced by the same amount; or
(2) Buyer and the sales price will not be reduced.

17. ATTORNEY'S FEES: If Buyer, Seller, any broker, or the title company is a prevailing party in any legal proceeding brought under or with relation to this contract or this transaction, such party is entitled to recover from the non-prevailing parties all costs of such proceeding and reasonable attorney's fees. This Paragraph 17 survives termination of this contract.

18. ESCROW:

A. At closing, the earnest money will be applied first to any cash down payment, then to Buyer's closing costs, and any excess will be refunded to Buyer. If no closing occurs, the title company may require payment of unpaid expenses incurred on behalf of the parties and a written release of liability of the title company from all parties.

B. If one party makes written demand for the earnest money, the title company will give notice of the demand by providing to the other party a copy of the demand. If the title company does not receive written objection to the demand from the other party within 15 days after the date the title company sent the demand to the other party, the title company may disburse the earnest money to the party making demand, reduced by the amount of unpaid expenses incurred on behalf of the party receiving the earnest money and the title company may pay the same to the creditors.

C. The title company will deduct any independent consideration under Paragraph 7B(1) before disbursing any earnest money to Buyer and will pay the independent consideration to Seller.

D. If the title company complies with this Paragraph 18, each party hereby releases the title company from all claims related to the disbursal of the earnest money.

E. Notices under this Paragraph 18 must be sent by certified mail, return receipt requested. Notices to the title company are effective upon receipt by the title company.

F. Any party who wrongfully fails or refuses to sign a release acceptable to the title company within 7 days after receipt of the request will be liable to the other party for: (i) damages; (ii) the earnest money; (iii) reasonable attorney's fees; and (iv) all costs of suit.

G. ☐ Seller ☐ Buyer intend(s) to complete this transaction as a part of an exchange of like-kind properties in accordance with Section 1031 of the Internal Revenue Code, as amended. All expenses in connection with the contemplated exchange will be paid by the exchanging party. The other party will not incur any expense or liability with respect to the exchange. The parties agree to cooperate fully and in good faith to arrange and consummate the exchange so as to comply to the maximum extent feasible with the provisions of Section 1031 of the Internal Revenue Code. The other provisions of this contract will not be affected in the event the contemplated exchange fails to occur.

19. MATERIAL FACTS: To the best of Seller's knowledge and belief: *(Check only one box.)*

☐ A. Seller is not aware of any material defects to the Property except as stated in the attached Commercial Property Condition Statement (TAR-1408).

☒ B. Except as otherwise provided in this contract, Seller is not aware of:

(1) any subsurface: structures, pits, waste, springs, or improvements;
(2) any pending or threatened litigation, condemnation, or assessment affecting the Property;
(3) any environmental hazards or conditions that materially affect the Property;
(4) whether the Property is or has been used for the storage or disposal of hazardous materials or toxic waste, a dump site or landfill, or any underground tanks or containers;
(5) whether radon, asbestos containing materials, urea-formaldehyde foam insulation, lead-based paint, toxic mold (to the extent that it adversely affects the health of ordinary occupants), or other pollutants or contaminants of any nature now exist or ever existed on the Property;
(6) any wetlands, as defined by federal or state law or regulation, on the Property;
(7) any threatened or endangered species or their habitat on the Property;
(8) any present or past infestation of wood-destroying insects in the Property's improvements;
(9) any contemplated material changes to the Property or surrounding area that would materially and detrimentally affect the ordinary use of the Property;
(10) any condition on the Property that violates any law or ordinance.

(Describe any exceptions to (1)-(10) in Paragraph 12 or an addendum.)

20. NOTICES: All notices between the parties under this contract must be in writing and are effective when hand-delivered, mailed by certified mail return receipt requested, or sent by facsimile transmission to the parties addresses or facsimile numbers stated in Paragraph 1. The parties will send copies of any notices to the broker representing the party to whom the notices are sent.

☒ A. Seller also consents to receive any notices by e-mail at Seller's e-mail address stated in Paragraph 1.
☒ B. Buyer also consents to receive any notices by e-mail at Buyer's e-mail address stated in Paragraph 1.

21. DISPUTE RESOLUTION: The parties agree to negotiate in good faith in an effort to resolve any dispute related to this contract that may arise. If the dispute cannot be resolved by negotiation, the parties will submit the dispute to mediation before resorting to arbitration or litigation and will equally share the costs of a mutually acceptable mediator. This paragraph survives termination of this contract. This paragraph does not preclude a party from seeking equitable relief from a court of competent jurisdiction.

22. AGREEMENT OF THE PARTIES:

A. This contract is binding on the parties, their heirs, executors, representatives, successors, and permitted assigns. This contract is to be construed in accordance with the laws of the State of Texas.

If any term or condition of this contract shall be held to be invalid or unenforceable, the remainder of this contract shall not be affected thereby.

B. This contract contains the entire agreement of the parties and may not be changed except in writing.

C. If this contract is executed in a number of identical counterparts, each counterpart is an original and all counterparts, collectively, constitute one agreement.

D. Addenda which are part of this contract are: *(Check all that apply.)*

- X (1) Property Description Exhibit identified in Paragraph 2;
- ☐ (2) Commercial Contract Financing Addendum (TAR-1931);
- ☐ (3) Commercial Property Condition Statement (TAR-1408);
- ☐ (4) Commercial Contract Addendum for Special Provisions (TAR-1940);
- ☐ (5) Notice to Purchaser of Real Property in a Water District (MUD);
- ☐ (6) Addendum for Coastal Area Property (TAR-1915);
- ☐ (7) Addendum for Property Located Seaward of the Gulf Intracoastal Waterway (TAR-1916);
- X (8) Information About Brokerage Services (TAR-2501); and
- X (9) Addendum to Commercial Contract

(Note: Counsel for the Texas Association of REALTORS® (TAR) has determined that any of the foregoing addenda which are promulgated by the Texas Real Estate Commission (TREC) or published by TAR are appropriate for use with this form.)

E. Buyer X may ☐ may not assign this contract. If Buyer assigns this contract, Buyer will be relieved of any future liability under this contract only if the assignee assumes, in writing, all obligations and liability of Buyer under this contract.

23. TIME: Time is of the essence in this contract. The parties require strict compliance with the times for performance. If the last day to perform under a provision of this contract falls on a Saturday, Sunday, or legal holiday, the time for performance is extended until the end of the next day which is not a Saturday, Sunday, or legal holiday.

24. EFFECTIVE DATE: The effective date of this contract for the purpose of performance of all obligations is the date the title company receipts this contract after all parties execute this contract.

25. ADDITIONAL NOTICES:

A. Buyer should have an abstract covering the Property examined by an attorney of Buyer's selection, or Buyer should be furnished with or obtain a title policy.

B. If the Property is situated in a utility or other statutorily created district providing water, sewer, drainage, or flood control facilities and services, Chapter 49, Texas Water Code, requires Seller to deliver and Buyer to sign the statutory notice relating to the tax rate, bonded indebtedness, or standby fees of the district before final execution of this contract.

C. Notice Required by §13.257, Water Code: "The real property, described below, that you are about to purchase may be located in a certificated water or sewer service area, which is authorized by law to provide water or sewer service to the properties in the certificated area. If your property is located in a certificated area there may be special costs or charges that you will be required to pay before you can receive water or sewer service. There may be a period required to construct lines or other facilities necessary to provide water or sewer service to your property. You are advised to determine if the property is in a certificated area and contact the utility service provider to determine the cost that you will be required to pay and the period, if any, that is required to provide water or sewer service to your property. The undersigned purchaser hereby acknowledges receipt of the foregoing notice at or before the execution of a binding contract for the purchase of the real property described in the notice or at closing of purchase of the real property." The real property is described in Paragraph 2 of this contract.

D. If the Property adjoins or shares a common boundary with the tidally influenced submerged lands of the state, §33.135 of the Texas Natural Resources Code requires a notice regarding coastal area property to be included as part of this contract.

E. If the Property is located seaward of the Gulf Intracoastal Waterway, §61.025, Texas Natural Resources Code, requires a notice regarding the seaward location of the Property to be included as part of this contract.

F. If the Property is located outside the limits of a municipality, the Property may now or later be included in the extra-territorial jurisdiction (ETJ) of a municipality and may now or later be subject to annexation by the municipality. Each municipality maintains a map that depicts its boundaries and ETJ. To determine if the Property is located within a municipality's ETJ, Buyer should contact all municipalities located in the general proximity of the Property for further information.

G. Brokers are not qualified to perform property inspections, surveys, engineering studies, environmental assessments, or inspections to determine compliance with zoning, governmental regulations, or laws. Buyer should seek experts to perform such services. Buyer should review local building codes, ordinances and other applicable laws to determine their effect on the Property. Selection of experts, inspectors, and repairmen is the responsibility of Buyer and not the brokers. Brokers are not qualified to determine the credit worthiness of the parties.

H. NOTICE OF WATER LEVEL FLUCTUATIONS: If the Property adjoins an impoundment of water, including a reservoir or lake, constructed and maintained under Chapter 11, Water Code, that has a storage capacity of at least 5,000 acre-feet at the impoundment's normal operating level, Seller hereby notifies Buyer: "The water level of the impoundment of water adjoining the Property fluctuates for various reasons, including as a result of: (1) an entity lawfully exercising its right to use the water stored in the impoundment; or (2) drought or flood conditions."

26. CONTRACT AS OFFER: The execution of this contract by the first party constitutes an offer to buy or sell the Property. Unless the other party accepts the offer by 5:00 p.m., in the time zone in which the Property is located, on **June 15, 2018**, the offer will lapse and become null and void.

READ THIS CONTRACT CAREFULLY. The brokers and agents make no representation or recommendation as to the legal sufficiency, legal effect, or tax consequences of this document or transaction. CONSULT your attorney BEFORE signing.

Seller	Buyer
Seller: **THX Properties, LLC a Texas Limited Liability Company**	Buyer: **Sumeer Homes, Inc.**
By:	By:
By (signature):	By (signature):
Printed Name: **Jason HeLal**	Printed Name: **Suresh Shridharani**
Title: **Manager**	Title: **President**
By:	By:
By (signature):	By (signature):
Printed Name:	Printed Name:
Title:	Title:

AGREEMENT BETWEEN BROKERS

(use only if Paragraph 9B(1) is effective)

Principal Broker agrees to pay Robbie Patman (Cooperating Broker) a fee when the Principal Broker's fee is received. The fee to be paid to Cooperating Broker will be:

☐ $ ____________, or
☒ ~~2.000~~ 2.5% % of the sales price, or
☐ ________ % of the Principal Broker's fee.

The title company is authorized and directed to pay Cooperating Broker from Principal Broker's fee at closing. This Agreement Between Brokers supersedes any prior offers and agreements for compensation between brokers.

Principal Broker: Coldwell Banker Commercial Brokerage - Verus Advisors Group

By: ____________
Greg Johnson

Cooperating Broker: Robbie Patman

By: ____________

ATTORNEYS

Seller's attorney: ____________

Address: ____________

Phone & Fax: ____________

E-mail: ____________

Seller's attorney requests copies of documents, notices, and other information:
☐ the title company sends to Seller.
☐ Buyer sends to Seller.

Buyer's attorney: ____________

Address: ____________ 6

Phone & Fax: ____________

E-mail: ____________

Buyer's attorney requests copies of documents, notices, and other information:
☐ the title company sends to Buyer.
☐ Seller sends to Buyer.

ESCROW RECEIPT

The title company acknowledges receipt of:
☐ A. the contract on this day ____________ (effective date);
☐ B. earnest money in the amount of $ ____________ in the form of ____________ on ____________.

Title company: ____________

By: ____________

Assigned file number (GF#): ____________

Address: ____________

Phone & Fax: ____________

E-mail: ____________

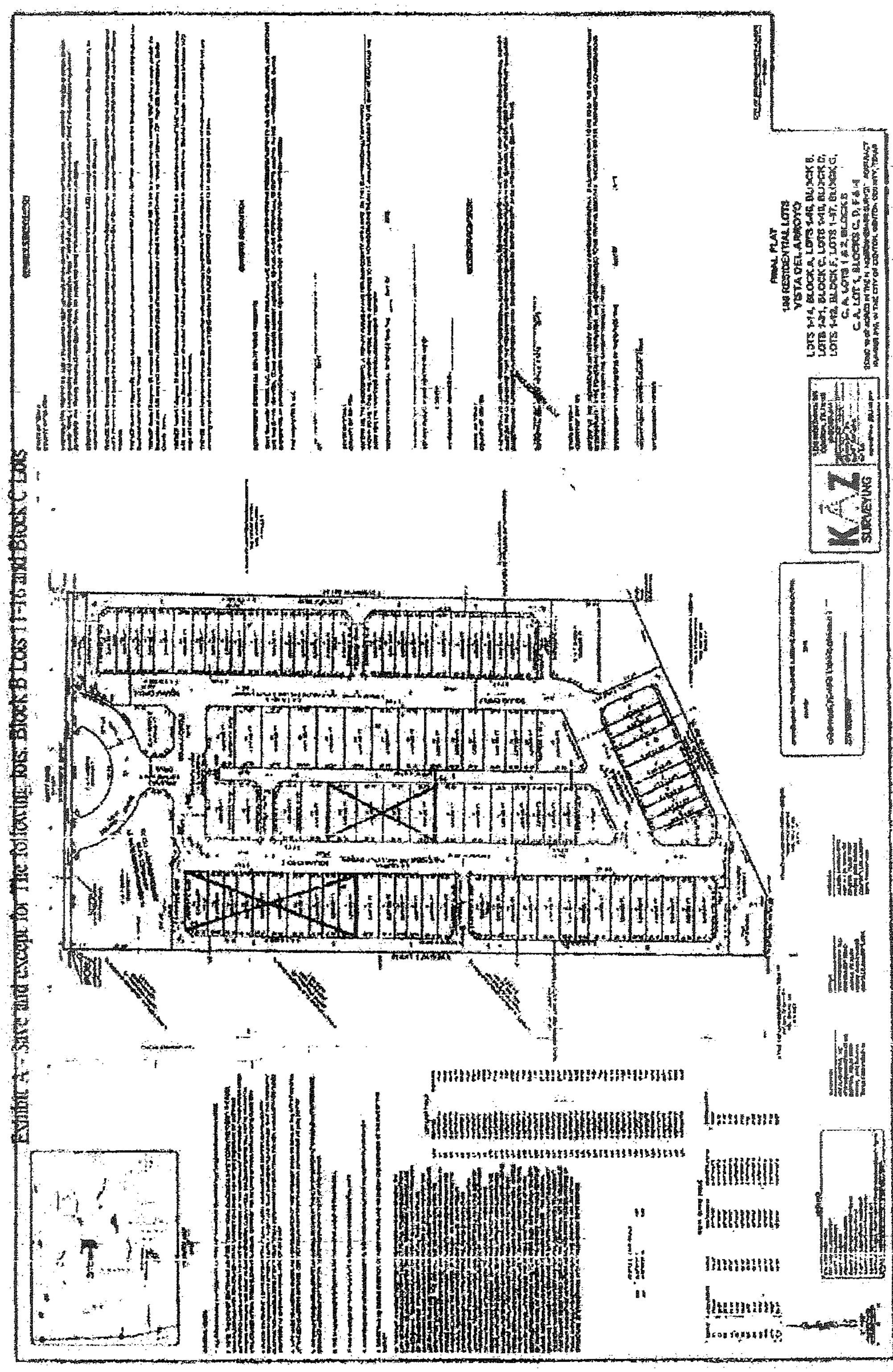
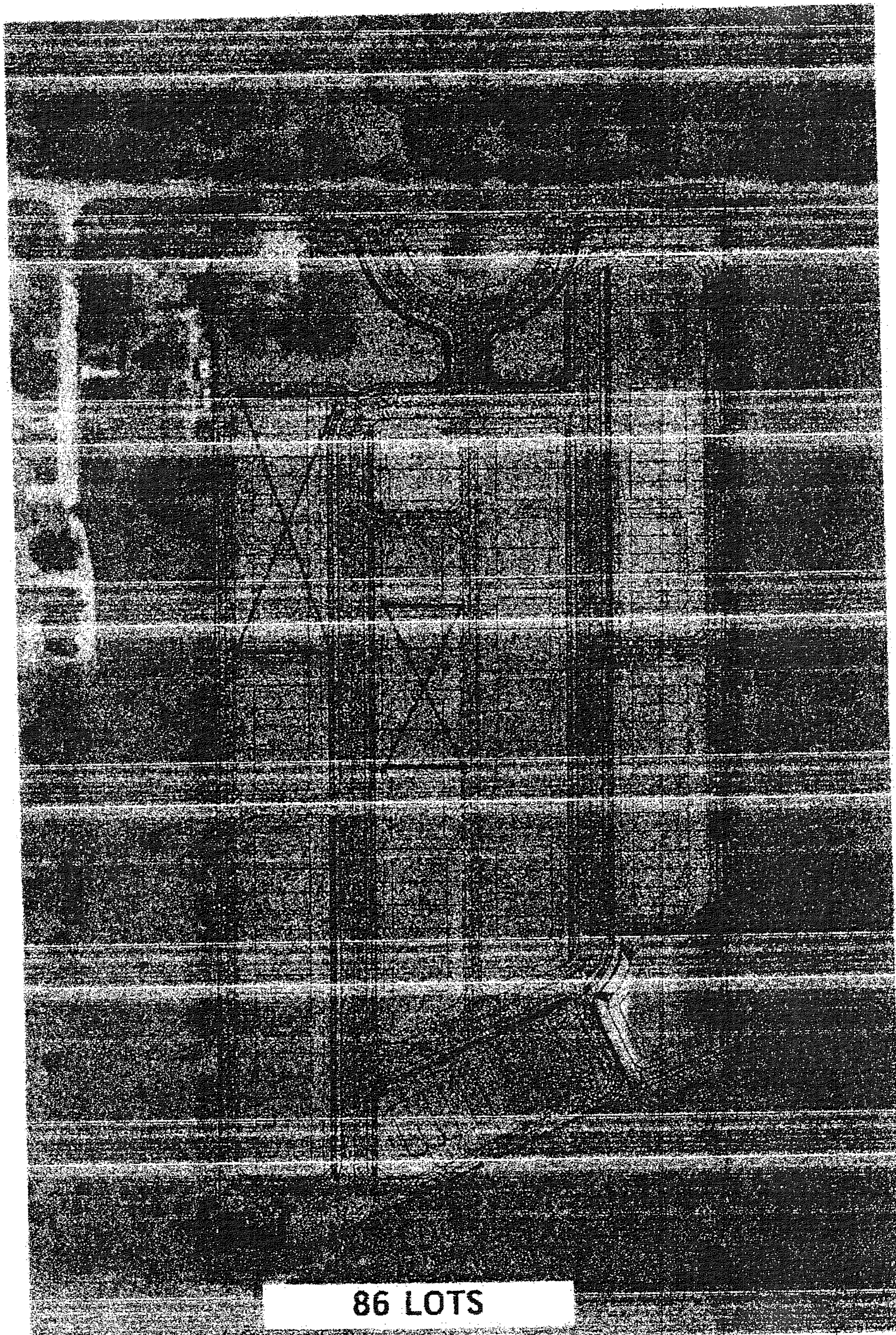


Exhibit A - Save and except for The following lots: Block B Lots 11-16 and Block C Lots
FINAL PLAT
RESIDENTIAL LOTS
VISTA DEL ARROYO
KAZ
SURVEYING



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11/2/2015

Information About Brokerage Services

Texas law requires all real estate licensees to give the following information about brokerage services to prospective buyers, tenants, sellers and landlords.

TYPES OF REAL ESTATE LICENSE HOLDERS:

- **A BROKER** is responsible for all brokerage activities, including acts performed by sales agents sponsored by the broker.
- **A SALES AGENT** must be sponsored by a broker and works with clients on behalf of the broker.

A BROKER'S MINIMUM DUTIES REQUIRED BY LAW (A client is the person or party that the broker represents):

- Put the interests of the client above all others, including the broker's own interests;
- Inform the client of any material information about the property or transaction received by the broker;
- Answer the client's questions and present any offer to or counter-offer from the client, and
- Treat all parties to a real estate transaction honestly and fairly.

A LICENSE HOLDER CAN REPRESENT A PARTY IN A REAL ESTATE TRANSACTION:

AS AGENT FOR OWNER (SELLER/LANDLORD): The broker becomes the property owner's agent through an agreement with the owner, usually in a written listing to sell or property management agreement. An owner's agent must perform the broker's minimum duties above and must inform the owner of any material information about the property or transaction known by the agent, including information disclosed to the agent or subagent by the buyer or buyer's agent.

AS AGENT FOR BUYER/TENANT: The broker becomes the buyer/tenant's agent by agreeing to represent the buyer, usually through a written representation agreement. A buyer's agent must perform the broker's minimum duties above and must inform the buyer of any material information about the property or transaction known by the agent, including information disclosed to the agent by the seller or seller's agent.

AS AGENT FOR BOTH - INTERMEDIARY: To act as an intermediary between the parties the broker must first obtain the written agreement of each party to the transaction. The written agreement must state who will pay the broker and, in conspicuous bold or underlined print, set forth the broker's obligations as an intermediary. A broker who acts as an intermediary:

- Must treat all parties to the transaction impartially and fairly;
- May, with the parties' written consent, appoint a different license holder associated with the broker to each party (owner and buyer) to communicate with, provide opinions and advice to, and carry out the instructions of each party to the transaction.
- Must not, unless specifically authorized in writing to do so by the party, disclose:
  - that the owner will accept a price less than the written asking price;
  - that the buyer/tenant will pay a price greater than the price submitted in a written offer; and
  - any coincidental information or any other information that a party specifically instructs the broker in writing not to disclose, unless required to do so by law.

AS SUBAGENT: A license holder acts as a subagent when aiding a buyer in a transaction without an agreement to represent the buyer. A subagent can assist the buyer but does not represent the buyer and must place the interests of the owner first.

TO AVOID DISPUTES, ALL AGREEMENTS BETWEEN YOU AND A BROKER SHOULD BE IN WRITING AND CLEARLY ESTABLISH:

- The broker's duties and responsibilities to you, and your obligations under the representation agreement.
- Who will pay the broker for services provided to you, when payment will be made and how the payment will be calculated.

LICENSE HOLDER CONTACT INFORMATION: This notice is being provided for information purposes. It does not create an obligation for you to use the broker's services. Please acknowledge receipt of this notice below and retain a copy for your records.

Coldwell Banker Commercial Brokerage	420132	joanne.justice@cbdfw.com	(972)906-7700
Licensed Broker /Broker Firm Name or Primary Assumed Business Name	License No.	Email	Phone
Joanne Justice	159793	same	(817)784-7800
Designated Broker of Firm	License No.	Email	Phone
Tim Schoendorf	486988	tim.schoendorf@cbdfw.com	(972)691-7580
Licensed Supervisor of Sales Agent/ Associate	License No.	Email	Phone
Greg Johnson	556284	gjohnson@v-re.com	(940)381-2220
Sales Agent/Associate's Name	License No.	Email	Phone

6-14-18

Buyer/Tenant/Seller/Landlord Initials | Date

Regulated by the Texas Real Estate Commission | Information available at www.trec.texas.gov

IABS 1-0 Date

Addendum to Commercial Contract-Improved Property
Between
THX Properties, LLC, as Seller and Sumeer Homes, Inc., as Buyer

1. Within three (3) business days of the Effective Date, Seller shall deliver to Buyer a copy of all documents (a) related to VDA Townhomes Homeowners Association, Inc. ("VDA"), including but not limited to, the Declaration of Covenants, Conditions and Restrictions for Vista Del Arroyo Townhomes recorded as Instrument Number 2016-69483, Real Property Records, Denton County, Texas (the "Declaration"), Certificate of Formation, Bylaws, Minutes, and the Architectural Control Committee ("ACC") organized pursuant to same, any design guidelines, budget(s), and insurance policies, and (b) related to the zoning, platting, plans, and surveying related to the Property, and (c) related to environmental, engineering, inspections, soil tests, permits, development agreements, impact and tap fees, and studies related to the Property in Seller's possession. The feasibility period shall begin only upon Buyer's receipt of all said documents.
2. ~~Within ten (10) days of the Effective Date,~~ Seller shall obtain and deliver to Buyer a resale certificate for the Property that complies with section 207.003 of the Texas Property Code.
3. Seller represents and warrants to Buyer as of the Effective Date and again as of closing that (a) no amenity center, gated entry or other improvements are required to be built by Buyer or any other party which becomes the "Declarant" under the Declaration, (b) there are no fees, expenses or charges due to VDA as a result of conveyance of the Property to Buyer, (c) the platting and construction of the Property has been completed in accordance with all applicable laws, regulations and ordinances and has been accepted by the City of Denton, ~~(d) neither Seller nor VDA is a party to any litigation, arbitration or administrative proceeding regarding or arising from the subdivision of which the Property is part~~; and (e) each lot which is a part of the Property is currently zoned for Townhome use. These representations and warranties shall survive closing.

4. At closing, Seller shall sign or cause to be signed and deliver to Buyer (a) an assignment of the rights and obligations of "Declarant" under the Declaration to Buyer that complies with section 8.6 of the Declaration that is effective only from and after the closing, in which Seller shall indemnify and hold Buyer harmless from any charge, expense, or liability (including attorney's fees and court costs) arising from its acts or omissions as Declarant prior to the closing and (b) resignations of all members of the Board of Directors and all officers of VDA and of the members of the ACC. Further, on or before closing, Seller shall convey to VDA by warranty deed title to any "Common Area" (as defined in the Declaration) which is owned by Seller. Prior to the end of the feasibility period, Seller shall cause an amendment to the Declaration to be passed and recorded such that (a) the definition of Common Area therein does not include Lots ~~and (b) each Owner acknowledges that it is responsible to obtain and pay for all liability and casualty insurance on any improvement on its Lot and the VDA is not responsible to obtain such insurance and that VDA is not responsible to repair any damage to such improvements which would be covered by such insurance~~.
5. Seller shall pay at closing and be liable for all past due taxes on the Property then being acquired, including any rollback taxes applicable to the Property.
6. Section 6B. of the foregoing Contract is hereby deleted.
7. If there are any provisions in the foregoing Contract that contradict or conflict with this Addendum, the provisions of this Addendum control.

THX Properties, LLC	Sumeer Homes, Inc.
By: ____________	By: ____________
Its: MANAGER	Its: President
	6-14-18