

PURCHASE AND SALE AGREEMENT

THIS PURCHASE AND SALE AGREEMENT (this "**Agreement**") is made and entered into as of the Effective Date (as hereinafter defined in Section 14(a) below) by and between **GEORGIA HARRISON, BARBARA HARRISON, JOYCE ELLEN HARRISON, WILLIAM HARRISON III, STANLEY ROBERTS, all individually, and DIANA MENDHEIM, individually and as agent for various other co-owners** (collectively "**Seller**") and **SRE ACQUISITIONS IV, LLC**, a Delaware limited liability company ("**Purchaser**").

WITNESSETH

WHEREAS, Seller is the owner of the majority interests in and to that certain parcel of land comprised of 26.48 acres, more or less, located at Mitchelville and Fish Haul Roads, Hilton Head Island, South Carolina (tax parcel R510-005-000-0007), as more particularly described on **Exhibit "A"** attached hereto and incorporated herein, together with all improvements, fixtures and landscaping thereon and all rights, privileges, easements, benefits and agreements appurtenant thereto (collectively, the "**Property**").

WHEREAS, Seller desires to sell the Property and Purchaser desires to purchase the Property in accordance with the terms and conditions hereinafter set forth.

**NOW, THEREFORE**, in consideration of the mutual promises and covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

**1. Definition of Key Terms.** The following defined terms shall have the meanings set forth below:

- |     |                      |  |
|-----|----------------------|--|
| (a) | “Purchase Price”:    | Nine Million Seven Hundred Forty Thousand Four Hundred Twenty Nine and No/100 Dollars ( <b>\$9,740,429.00</b> ), for a 98.6197875% fee simple interest in Property which is insurable with only standard exceptions.<br><br>The Purchase Price consists of \$9,615,429.00 for the Property, and \$125,000.00 for legal expenses. |
| (b) | “Earnest Money”:     | Two Hundred Fifty Thousand and No/100 Dollars (\$250,000.00).  |
| (c) | “Inspection Period”: | that period that commences on the Effective Date and ends 45 days thereafter.  |
| (d) | “Closing Date”:      | that date that is on or before the later of (i) 30 days after Seller can convey 100% fee simple title which the Title Company will insure with only standard exceptions; or (ii) 30 days after the end of the Inspection Period;   |
| (e) | “Project”:           | 26.48 acres, more or less, to be developed by Purchaser as a residential rental community.   |

- (f) Related Contract Purchase and Sale Agreement between the Related Sellers, and Purchaser, dated \_\_\_\_\_, for a 1.3802125% interest in the Property.
- (g) Related Sellers Stephanie Lorraine Kirkland, Gary Lamont Kirkland, Keita Nicole White, Cheryl Kirkland, Paulette Kirkland, Shawn Kirkland, Christopher Kirkland, William Charles Kirkland, Paul Allbright, and Michael Carver

**2. Earnest Money.**

(a) Within three (3) business days after the Effective Date, Purchaser shall deposit the Initial Earnest Money in escrow with Chicago Title Insurance Company, 4170 Ashford Dunwoody Road, Suite 460, Atlanta, Georgia 30319, Attn: Michael Powers (the "Escrow Agent" and the "Title Company").

(b) The Earnest Money shall be paid in the form of a certified or cashier's check or by wire transferred funds confirmed received in the bank or savings institution of the Escrow Agent. The Escrow Agent shall hold the Earnest Money in a federally insured interest-bearing account at a bank or other financial institution reasonably acceptable to Seller and Purchaser. All interest which accrues on the Earnest Money shall become and be part of the Earnest Money for purposes of this Agreement. At Closing, the Earnest Money shall be applied for Purchaser's benefit against the Purchase Price at Closing. If this Agreement is terminated prior to Closing pursuant to the terms of this Agreement, then the Earnest Money shall be returned to Purchaser or paid to Seller as provided in this Agreement.

(c) The Escrow Agent shall make disbursements of the Earnest Money in accordance with this Agreement. Upon the Escrow Agent's receipt of a written notice from either Purchaser or Seller claiming that they are entitled to the Earnest Money pursuant to the provisions of this Agreement, the Escrow Agent shall promptly forward a copy thereof to the other party and unless such party, within ten (10) business days after the receipt thereof, notifies the Escrow Agent of any objection to such requested disbursement of the Earnest Money, the Escrow Agent shall disburse the Earnest Money in accordance with the provisions of this Agreement based upon the demand of the party demanding the same, and thereupon the Escrow Agent shall be released and discharged from any further duty or obligation hereunder. Notwithstanding the foregoing, upon written notice from Purchaser that Purchaser has terminated the Agreement prior to the end of the Inspection Period, then the Escrow Agent shall promptly disburse the Earnest Money to Purchaser (and the foregoing provision shall not apply).

(d) In the event that a dispute arises with respect to the distribution of any funds held, the Escrow Agent may apply to a court of competent jurisdiction for an order determining the party to whom such Earnest Money shall be paid. All costs of such proceedings (together with all reasonable attorneys' fees) incurred by the Escrow Agent and the successful party in connection therewith shall be paid by the unsuccessful party. In performing its duties as escrow agent holding the Earnest Money, the Escrow Agent shall not be liable for any act or failure to act under the provisions of this Agreement except where its acts are the result of gross negligence or willful wrongdoing. In the event of a dispute between any of the parties, the Escrow Agent shall be entitled to tender into the registry or custody of any court of competent jurisdiction, all Earnest Money held under this Agreement, together with such legal pleadings as it deems appropriate, and thereupon be discharged from all further duties hereunder.

**3. Inspection Period.**

(a) Within 5 days of the Effective Date, Seller will deliver to Purchaser all topographical, engineering, environmental and other studies, reports, title policies, surveys, engineering plans, wetland delineations, reports, studies, or other documentation or correspondence relating to any

wetlands at the Property, development agreements, geotechnical or soil reports, licenses, permits, maps, certificates of occupancy, correspondence, notices, court filings, plans, tax statements, and other like materials with regard to the Property in Seller's possession or control (the "**Due Diligence Materials**").

(b) Purchaser and its representatives, consultants and contractors shall at all times before the Closing have the right to enter upon the Property and any buildings and other improvements located thereon, in order to inspect and examine the same and perform boundary, topographic and like surveys and inspections of the Property, as well as other tests and inspections (including, without limitation, geotechnical and environmental tests, studies and examinations, soil tests, borings, percolation tests and other tests needed to determine surface, subsurface and topographic conditions). Purchaser agrees that it will repair any damage to the Property resulting from surveys, tests and inspections performed in accordance herewith if Purchaser does not purchase the Property, exclusive of normal wear and tear and customary effects of the surveys, tests, and inspections. Purchaser shall also defend, indemnify, and hold harmless Seller from and against any and all loss, cost, damage, expense or liability arising out of any negligence or willful misconduct of Purchaser in performing the surveys, tests and inspections contemplated hereby, provided that the foregoing agreement to indemnify and hold harmless shall not apply to any loss, cost, damage, expense, or liability arising out of or related to (i) any condition upon or under the Property not caused by Purchaser, (ii) any violation of law existing with respect to the Property not caused by Purchaser, or (iii) the negligence or willful misconduct of Seller or its shareholders, officers, directors, employees, agents or contractors. The foregoing indemnity shall survive the termination of this Agreement. Purchaser will incur all costs associated with due diligence items including, but not limited to, wetlands delineation, mitigation credits, etc.

(c) In the event that Purchaser determines, in its sole and absolute discretion, for any or no reason, that the Property is not suitable for Purchaser's intended use thereof, then Purchaser shall have the right to terminate this Agreement by delivering written notice thereof to Seller on or before the expiration of the Inspection Period, in which event this Agreement shall terminate, the Earnest Money shall be refunded to Purchaser, and Purchaser and Seller shall have no further rights, obligations or liabilities hereunder (except for those that expressly survive termination of this Agreement). If Purchaser terminates this Agreement prior to Closing, any title, survey, and Phase I reports, if any, generated by Purchaser for Property shall be given to Seller for no additional consideration.

#### **4. Title.**

(a) It shall be a condition of Closing that title to the Property shall be good of record and in fact, fully insurable by Title Company at standard rates without unusual or extraordinary exception, except for (i) the Permitted Exceptions, and (ii) such matters which Purchaser determines, in its sole and absolute discretion, do not affect the insurability of the title to the Property or the use of the Property for the Project.

(b) The Property currently has various title issues concerning unprobated estates and small adverse claimants to title which prevent fee simple from being conveyed at this time. Seller shall take such steps as are necessary to cure said title problems so that Seller shall be able to convey fee simple title insurable with only standard exceptions to Buyer. Seller shall bear the cost of clearing said title issues. Notwithstanding the foregoing, Seller shall not be responsible for conveying the interest in the Property held by the Related Sellers.

(c) The Permitted Exceptions are:

(i) the lien of all ad valorem real estate taxes and assessments not yet due and payable as of the Closing Date, subject to adjustment as herein provided;

(ii) local, state, and federal laws, ordinances, and governmental regulations, including but not limited to, building and zoning laws, ordinances, and regulations, now or hereafter in

effect relating to the Property;

(iii) claims of governmental entities and the public to lands lying below the mean high-water mark of abutting tidal waters, and limitations imposed under state and federal coastal management laws and regulations;

(iv) matters of record in the Office of the Register of Deeds for Beaufort County, South Carolina to which Purchaser does not timely object in writing to Seller (but excluding any matters, including easements, deed restrictions, other restrictions, rights-of-way, covenants, reservations, and other conditions, if any, affecting the Property that appear of record or as a matter of survey between the Effective Date and Closing);

(v) such state of facts as may be revealed by an accurate survey and inspection of the Property to which Purchaser does not timely object in writing to Seller (but excluding any matters, including easements, deed restrictions, other restrictions, rights-of-way, covenants, reservations, and other conditions, if any, affecting the Property that appear of record or as a matter of survey between the Effective Date and Closing);

(vi) rights of others to use and maintain the right-of-way of Mitchelville Road and utility lines, wires, pipes, and related facilities existing on the Property; and

(d) Purchaser shall obtain a title commitment or report covering the Property (the "**Title Commitment**") within 30 days of the Effective Date, to be written by Title Company. The cost of providing the Title Commitment shall be paid by Purchaser. Purchaser shall identify in writing to Seller (the "**Title Objection Notice**") within 10 days of Purchaser's receipt of the Title Commitment any matters reflected on the Title Commitment which are unacceptable to Purchaser in accordance with the foregoing provision ("**Title Objections**"). Seller may, but shall not have any obligation to, remedy all Title Objections identified by Purchaser as set forth above. If Seller is unable or unwilling to cure all such Title Objections within 10 days of receiving the Title Objection Notice then Purchaser may at its option: (i) waive such Title Objections and proceed to close the transaction, (ii) terminate this Agreement by delivering written notice to Seller, in which event the Earnest Money shall be immediately returned to Purchaser, or (iii) extend the Inspection Period and Closing Date by 30 days, without Purchaser waiving its right to exercise the options described in clauses (i) and (ii) above in the event that Purchaser determines that the Title Objections cannot be cured to Purchaser's satisfaction.

(e) Notwithstanding anything herein contained to the contrary (1) all mortgages, deeds of trust, deeds to secure debt, mechanics' or materialmen's liens, judgment liens or similar monetary liens and encumbrances encumbering all or any part of the Property, (2) all ad valorem real or personal property taxes, assessments and governmental charges affecting all or any portion of the Property which are delinquent, (3) any judgment of record against Seller in the county or other applicable jurisdiction in which the Property is located, and (4) any new title exceptions or survey matters disclosed by any updates of the Title Commitment or Survey or other title "date-downs" shall be automatically deemed to be Title Objections that (x) need not be included in Purchaser's Title Objection Notice and (y) which the Seller may, but shall not have any obligation to satisfy, correct, or cure on or before the date of Closing (hereinafter the "**Mandatory Cure Objections**"). In the event that Seller fails or declines to satisfy, correct, or cure all of the Mandatory Cure Objections on or before the date of Closing, Purchaser may: (i) waive such Mandatory Cure Objections and proceed to close the transaction, (ii) terminate this Agreement by delivering written notice to Seller, in which event the Earnest Money shall be immediately returned to Purchaser, or (iii) extend the Inspection Period and Closing Date by 30 days, without Purchaser waiving its right to exercise the options described in clauses (i) and (ii) above in the event that Purchaser determines that the Mandatory Cure Objections cannot be or are not cured to Purchaser's satisfaction. Notwithstanding the foregoing, Purchaser may, at its option, cure the Mandatory Cure Objections, in which event (i) Seller shall provide reasonable cooperation with Purchaser's efforts and (ii) the Purchase

Price shall be reduced by all costs (including attorney's fees) incurred by Purchaser or on behalf of Purchaser and approved by Seller prior to expenditure in curing the Mandatory Cure Objections.

**5. Termination of Litigation, Rotunda Contract and Related Contract.**

(a) Termination of Litigation. Seller and Related Sellers are currently involved in civil litigation captioned in the Court of Common Pleas, Fourteenth Judicial Circuit, Civil Action No. 2020-CP-07-02301 (the "Litigation"). Purchaser's obligations hereunder are contingent upon Seller obtaining, at Seller's sole cost and expense, the issuance of a consent order fully and finally resolving the Litigation and the termination of all appeals and establishing 100% fee simple title in Seller and Related Sellers (the "Consent Order"). If the Consent Order is not entered prior to the Closing Date, Purchaser may terminate this Agreement by notice to Seller within five (5) business days after the date of Closing. In the event of termination in accordance with this Section 5(a), this Agreement shall terminate, the Earnest Money shall be refunded to Purchaser, and neither Purchaser nor Seller shall have any further duties or obligations hereunder. Seller and Purchaser shall cooperate with one another to obtain the Consent Order, and Purchaser shall utilize its best efforts to enter into the Related Contract requiring the Related Sellers to cooperate to obtain the Consent Order.

(b) Termination of Rotunda Contract. Purchaser's obligations under this Agreement are contingent upon Seller's providing written confirmation satisfactory to Purchaser that the Purchase and Sale Agreement between Sellers and Rotunda Land & Development Group, LLC, dated September 2020 has been fully and finally terminated and that the purchaser thereunder has no rights or interests in the Property. If Seller fails to provide said confirmation prior to the Closing, Purchaser may terminate this Agreement by notice to Seller within five (5) business days after the date of Closing. In the event of termination in accordance with this Section 5(b), this Agreement shall terminate, the Earnest Money shall be refunded to Purchaser, and neither Purchaser nor Seller shall have any further duties or obligations hereunder.

(c) Closing of Related Contract. Purchaser's obligations under this Agreement are contingent upon the Related Contract being in full force and effect as of the Closing Date and Purchaser's ability to close on the 1.3802125% interest in the Property simultaneously with the Closing hereunder so that Purchaser obtains a 100% fee simple interest in the Property. If the Related Contract is cancelled, rescinded, or otherwise terminated prior to the Closing by the action of a Seller thereunder or the failure of any Purchaser condition to closing, Purchaser may terminate this Agreement by notice to Seller within five (5) business days after the date of Closing. In the event of termination in accordance with this Section 5(b), this Agreement shall terminate, the Earnest Money shall be refunded to Purchaser, and neither Purchaser nor Seller shall have any further duties or obligations hereunder.

**6. Closing.**

(a) Closing. Provided that all conditions precedent to Purchaser's obligation to proceed to closing hereunder have been satisfied or waived, closing under the terms of this Agreement (the "**Closing**") shall be held on or before the Closing Date. Closing shall be held at an exact date and time designated by Purchaser to Seller in the offices of the Title Company or at another location agreed to by Purchaser and Seller. Seller and Purchaser agree to cooperate with one another to deliver documents in escrow to Title Company in order to eliminate the need for representatives of Seller and Purchaser to attend the Closing. Subject to the terms and provisions of this Agreement, if Purchaser elects to close earlier than the date specified above, then Purchaser shall give Seller at least ten (10) days advance written notice of the date of Closing. The Earnest Money shall be applicable to the Purchase Price. At Closing, Seller shall sell and transfer their interests in and to the Property to Purchaser and Purchaser shall purchase the Property from Seller. At Closing, Seller shall deliver possession of the Property to Purchaser in an

unoccupied condition free of any right of possession or claim to right of possession by any party other than Purchaser; *provided, however*, that Seller has disclosed to Purchaser that Seller does not represent the interests of Related Sellers in the Property. The Seller and Purchaser do not need to be physically present at the offices of Title Company for Closing as long as they each cause their requisite closing documents and funds to be deposited with the Title Company by the Closing date pursuant to the terms of this Agreement.

(b) Closing Documents and Purchase Price.

(i) At Closing, Seller shall deliver to Title Company: (A)(1) a limited warranty deed ("**Deed**") conveying the Property to the Purchaser with a legal description prepared pursuant to the current deed of what Seller owns, and (2) a quitclaim deed based on a new survey completed by Purchaser if Purchaser so desires; (B) an affidavit in a form acceptable to Title Company that Seller is not a "foreign person" and containing such information as required by Sections 1445 and 6045 of the Internal Revenue Code and the regulations issued thereunder; (C) an owner's affidavit in a form reasonably acceptable to Title Company and to Seller's counsel; (D) a certificate that all of Seller's representations, warranties, and covenants as set forth in Section 8 of this Agreement are true and accurate as of Closing; and (E) such other documents, instruments, tax forms and the like documents (including, but not limited to, broker lien waivers and any state forms related to tax payments or withholding) as are reasonably required by the Title Company, the terms of this Agreement, or reasonably necessary to complete the transaction contemplated by the terms of this Agreement. All documents to be delivered as provided above shall be duly authorized, fully executed, and, if required, acknowledged before a notary.

(ii) At Closing, Purchaser shall deliver to Title Company: (A) the Purchase Price, in the form of immediately available and collectible funds, less the Earnest Money and subject to any adjustments as provided under this Agreement; (B) a certificate that all of Purchaser's representations, warranties, and covenants as set forth in Section 9 of this Agreement are true and accurate as of Closing; and (C) such tax forms and the like documents as are usual, customary or necessary for commercial real estate closings in the town, where the Property is located.

(c) Closing Costs. Seller shall pay such costs and expenses customarily paid by sellers of real estate on Hilton Head Island, Beaufort County, South Carolina, including, their own attorneys' fees and costs, and the recording fee provided for in Title 12 of the Code of Laws of South Carolina (1976), as amended, applicable to the Deed, and their attorneys' fees and all recording fees on any title clearance documents, and preparation of the Deed and quitclaim deed. Purchaser shall pay such costs and expenses customarily paid by Purchasers of real estate on Hilton Head Island, Beaufort County, South Carolina, including, without limitation, its own attorney's fees and costs, the Town of Hilton Head Island transfer tax, survey costs, any premiums charged for the Title Policy, and title examination costs.

(d) Prorations. All real estate taxes, special taxes, owner's association dues, and other assessments or utility charges, if any, applicable to the Property shall be prorated (employing a 365-day year) between Purchaser and Seller as of the Closing Date. All real estate taxes shall be prorated based upon the most recently available property assessment for the Property. If such assessment is not available for the year in question, taxes shall be re-prorated after Closing when the amount thereof can be ascertained. If the most recently available tax assessment for the Property includes land or improvements that are not within the bounds of the Property because the Property is being subdivided from a larger parcel of land, then the real estate taxes shall be pro-rated on a per-acre basis so that Purchaser pays no taxes attributable to land or improvements not within the bounds of the Property. All assessments levied against the Property shall be paid in full by Seller on or before Closing, even if said assessments are due in installments subsequent to Closing. In addition, Seller shall be responsible for the payment of any and all "roll-back" taxes assessed against the Property prior to or at Closing, as well as any expenses incurred with the termination of any existing preferential tax programs. If any errors or omissions are made regarding any proration, the parties shall make the appropriate corrections promptly upon discovery

thereof by paying cash to the party entitled thereto.

**7. Conditions Precedent to Closing.**

(a) The obligation of Purchaser to close under this Agreement is subject to all of the following:

(i) Seller shall not have breached any of its representations, warranties, or covenants under this Agreement; Seller's representations and warranties shall be true and correct as of the Closing date; and Seller shall have complied with all of the obligations required to be performed by Seller under this Agreement at or prior to Closing.

(ii) The Title Company shall be unconditionally prepared to issue an owner's title insurance policy on the ALTA form and with such endorsements as selected by Purchaser in an amount equal to the Purchase Price insuring Purchaser's ownership of the Property subject to no exceptions, except for the Permitted Exceptions and those Title Objections which Purchaser elects to waive pursuant to Section 4 above.

(iii) Issuance of the Consent Order and termination of all appeals pursuant to Section 5(a).

(iv) Termination of the Rotunda Contract pursuant to Section 5(b).

(v) Simultaneous closing of the Related Contract pursuant to Section 5(c).

(iv) The absence of any material change in the status of the use, title, occupancy, or physical condition of the Property (unless caused or consented to by Purchaser).

(b) In the event that any of the conditions precedent set forth in Section 7(a) above have not been fulfilled on the Closing Date, Purchaser shall have the right, at its option, to (i) waive the unsatisfied condition(s) precedent and proceed to Closing, or (ii) terminate this Agreement by delivering written notice to Seller, in which event the Earnest Money shall be immediately returned to Purchaser and Purchaser and Seller shall have no further rights, obligations or liabilities hereunder (except for those that expressly survive termination of this Agreement). Notwithstanding the foregoing provision, in the event that any of the conditions precedent set forth in Section 7(a) above have not been fulfilled by the date of Closing due to breach or default by Seller, then Purchaser may, in addition to the remedies set forth above, pursue any and all of its rights set forth in Section 10(a) below (and any termination pursuant to (ii) above shall not prevent Purchaser from exercising any and all of its rights set forth in Section 10(a) below).

**8. Seller's Representations, Warranties, and Covenants.**

(a) Seller represents, warrants, and covenants to Purchaser that:

(i) To the best of Seller's information, knowledge, and belief, without investigation, water, telephone, and electricity utilities are located at the property line of the Property.

(ii) All assessments that are liens against the Property are shown in the official records of the taxing authorities where the Property is located. Seller has no knowledge of any special assessments having been levied, threatened, or pending against all or any part of the Property and Seller has no knowledge of any intended special assessments. No improvements have been constructed or installed by any public authority, the cost of which may be assessed in whole or in part against any part of the Property in the future. Seller has not been notified of any possible future improvements that might create an assessment against any part of the Property.

(iii) At the time of closing, the Property shall be free of any right of possession or claim of right of possession by any party other than Seller and as provided for in the Permitted Exceptions, and there are no leases or occupancy agreements currently affecting any portion of the Property. There are no exclusive use agreements that would affect or otherwise restrict in any way the use of the Property for the Project. There are no commitments, proffers, obligations, options, rights of refusal or offer, or other agreements of any kind which relate to or otherwise affect the Property which are not recorded among the land records where the Property is located.

(iv) Seller has received no notice of and has no knowledge of any violations of law, municipal, or county ordinances, or other legal requirements with respect to the Property or with respect to the use, occupancy, or construction thereon. Seller shall be required to comply with any such notices, laws, or requirements noted or issued prior to the date of Closing. Neither the entering into of this Agreement nor the consummation of the transactions contemplated hereby will constitute or result in a violation or breach by Seller of any judgment, order, writ, injunction or decree issued against or imposed upon it, or result in a violation of any applicable law, order, rule or regulation of any governmental authority.

(v) Seller has no knowledge of, nor has Seller received any notice of, any actual or threatened action, litigation, proceeding by any organization, person, governmental agency (including, without limitation, any condemnation proceedings, creditor claims or bankruptcy proceedings) against the Property or Seller, nor has any such organization, person, or governmental agency communicated to Seller anything that Seller believes to be a threat of any such action, litigation or proceeding.

(vi) No third party consents or approvals are required to be obtained with respect to the construction or operation of the Project on the Property. Any and all approvals, consents and/or licenses necessary to allow Purchaser to enter upon the Property to perform the tests, studies and examinations contemplated by Section 3 above, if any, have been obtained.

(vii) To the best of Seller's information, knowledge, and belief, without investigation, during Seller's ownership of the Property, (1) none of the Property has been excavated, (2) no landfill has been deposited on, or taken from, the Property, (3) no construction debris or other debris (including, without limitation, rocks, stumps, or concrete) has been buried upon any of the Property, (4) no Hazardous Materials have been deposited on or about the Property, and (5) no asbestos-containing materials have been placed or introduced in any buildings or other improvements on the Property. **"Hazardous Materials"** or similar terms shall mean and include asbestos, asbestos-containing materials, petroleum and petroleum products, the group of organic compounds known as polychlorinated biphenyls, and any substances or materials that are regulated, controlled or prohibited under the Resource Conservation and Recovery Act of 1976 ("RCRA"), 42 U.S.C. § 690, the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("**CERCLA**"), 42 U.S.C. Sections 9601-9657, as amended by the Superfund Amendments and Reauthorization Act of 1986 ("**SARA**"), or any similar State law or local ordinance or any other environmental law, the Federal Water Pollution Control Act, 33 U.S.C. §1251, the Clean Air Act, 42 U.S.C. § 7401, the Toxic Substances Control Act ("**TCSA**"), 15 U.S.C. § 2601, or any similar State law or local ordinance, or any other Federal, State or local environmental statutes, regulations, ordinances or other environmental regulatory requirements. To the best of Seller's knowledge, none of the foregoing occurred prior to the time Seller became the owner of the Property.

(viii) Seller is not a "foreign person", "foreign corporation", "foreign trust" or "foreign estate" as those terms are defined in the I.R.C., Section 1445, nor is the sale of the Property subject to any withholding requirements imposed by the Internal Revenue Code (including, but not limited to, Section 1445 thereof) or any comparable laws of the State. If the foregoing is not the case such that Purchaser is obligated to withhold from the Purchase Price under any such laws, Seller shall cooperate with Purchaser in connection with Closing to allow for withholding and compliance with such laws, as

necessary.

(ix) To the best of Seller's information, knowledge, and belief, without investigation, there are no billboards or other signs nor are there cemeteries, grave sites, or burial sites or grounds, located on the Property.

(x) Seller is not aware of any pending or threatened rezoning of all or any part of the Property (except for any rezoning efforts that may be conducted by or on behalf of Purchaser in connection with the permitting of the Project): *provided, however*, that Seller has disclosed to Purchaser that the Town of Hilton Head Island has instituted an application to amend the Town's Land Management Ordinance (the "LMO") to add Workforce Housing as a conditional use in certain zoning districts (the "Workforce Housing Amendments"), including the zoning districts in which the Property is located.

(xi) During the term of this Agreement, upon compliance with applicable provisions of the LMO, Purchaser shall have the right to install and maintain professionally prepared temporary signs and banners on the Property, including but not limited to signs such as the following: "Coming Soon", "Now Hiring" and "Now Open".

(xii) Neither the individuals comprising the Seller nor any broker with whom the Seller has dealt regarding the Property are or will be (a) conducting any business or engaging in any transaction or dealing with any person appearing on the U.S. Treasury Department's OFAC list of prohibited countries, territories, "specifically designated nationals" or "blocked person" (each a "Prohibited Person"), including the making or receiving of any contribution of funds, goods or services to or for the benefit of any such Prohibited Person; (b) engaging in certain dealings with countries and organizations designated under Section 311 of the USA PATRIOT Act as warranting special measures due to money laundering concerns; (c) dealing in, or otherwise engaging in any transaction relating to, any property or interests in property blocked pursuant to Executive Order No. 13224 dated 24 September 2001, relating to "Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism"; (d) a foreign shell bank ( or any person that a financial institution would be prohibited from transacting with under the USA PATRIOT Act; or (e) engaging in or conspiring to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempting to violate, any of the prohibitions set forth in (i) any U.S. anti-money laundering law, (ii) the Foreign Corrupt Practices Act, (iii) the U.S. mail and wire fraud statutes, (iv) the Travel Act, (v) any similar or successor statutes or (vi) any regulations promulgated under the foregoing statutes.

(b) At all times prior to Closing, Seller shall (i) maintain the Property free from waste and neglect; (ii) maintain all existing insurance coverages on the Property; and (iii) cause all obligations under any recorded title documents, applicable laws, and mortgage affecting the Property to be performed. After the Effective Date, Seller shall not do, suffer, permit, or agree to do, any of the following: (1) enter into any transaction, take any action, or fail to take any action, with respect to the Property that would in any way prevent Seller's full performance hereunder, or limit or adversely affect Purchaser's rights hereunder or as an owner of the Property following Closing including, without limitation, anything that may subject Purchaser to any cost, liability, loss, or expense or otherwise interfere with, adversely affect, delay or increase the cost of Purchaser's acquisition, development, construction or operation of the Project on the Property; (2) sell, encumber, or grant any interest in the Property or any portion thereof in any form or manner whatsoever; (3) restrict the use of all or any part of the Property; (4) take or allow to be taken any action in conflict with this Agreement; (5) enter into, amend, waive any rights under, terminate, or extend any agreements, documents, or proffers affecting the Property; (6) change the grade or other physical characteristics of the Property; (7) construct or install any improvements or allow any existing improvements or natural deposits to be wasted, removed, sold or in any way encumbered; or (8) consent to or apply for any zoning, platting, development or other governmental approval, other than the Workforce Housing Amendments, with respect to the Property or that would otherwise affect the Property or the acquisition, development, construction or operation of the

Project, without the prior written consent of Purchaser, which consent may be withheld by Purchaser in its sole and absolute discretion.

(c) Seller shall indemnify, defend (with counsel satisfactory to Purchaser) and hold harmless Purchaser, its employees, officers, members, managers, attorneys, directors, agents, contractors, assigns and successors-in-interest, from and against any and all claims, actions, loss, cost, damage and expense (including reasonable attorneys' fees) resulting from a breach by Seller of any of the representations, warranties, covenants, and obligations contained in this Agreement. The terms of Section 8 shall all survive the termination of this Agreement and Closing and delivery of the Deed.

(d) The individual sellers are all legally competent to enter into this Agreement and to consummate the transaction contemplated herein. The individual sellers have not entered into this Agreement through duress of any kind and have had an adequate opportunity to consult with counsel of their respective selection and understand this Agreement and the agreed upon performances by Seller.

**9. Representations and Warranties of the Purchaser.**

(a) The Purchaser makes the following representations and warranties:

(i) The Purchaser is a limited liability company which is validly existing and in good standing under the laws of the State of Delaware. As of the Closing Date, all necessary company actions regarding the purchase of the Property will have been taken, given, or properly waived.

(ii) The Purchaser has full power, authority, and legal right to execute, deliver, and perform its obligations under this Agreement.

(iii) The Purchaser has the financial ability to fully perform its obligations under this Agreement.

(iv) This Agreement and the Purchaser's obligations are legal, valid, and binding obligations of the Purchaser, enforceable in accordance with their terms.

(v) The Purchaser shall not place or cause or allow to be placed any lien on the Property prior to the Closing Date, and if any such lien or liens arising by, through or under the Purchaser are filed of record, the Purchaser shall promptly cause the same to be released, bonded, or satisfied of record.

(vi) Neither the Purchaser nor any of its affiliates, nor any broker with whom the Purchaser has dealt regarding the Property, is or will be (a) conducting any business or engaging in any transaction or dealing with any Prohibited Person, including the making or receiving of any contribution of funds, goods or services to or for the benefit of any such Prohibited Person; (b) engaging in certain dealings with countries and organizations designated under Section 311 of the USA PATRIOT Act as warranting special measures due to money laundering concerns; (c) dealing in, or otherwise engaging in any transaction relating to, any property or interests in Property blocked pursuant to Executive Order No. 13224 dated 24 September 2001, relating to "Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism"; (d) a foreign shell bank or any person that a financial institution would be prohibited from transacting with under the USA PATRIOT Act; or (e) engaging in or conspiring to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempting to violate, any of the prohibitions set forth in (i) any U.S. anti-money laundering law, (ii) the Foreign Corrupt Practices Act, (iii) the U.S. mail and wire fraud statutes, (iv) the Travel Act, (v) any similar or successor statutes or (vi) any regulations promulgated under the foregoing statutes.

(vii) All representations and warranties of the Purchaser contained in this Agreement are true and correct as of the date hereof and will be true and correct as of the Closing Date,

except as may be modified in a bringdown certificate.

**10. Notices.** All notices or other communications hereunder shall be in writing and deemed given when delivered personally, when sent via facsimile or e-mail, when deposited with a nationally-recognized overnight courier keeping receipts of delivery, service prepaid or billed to sender, or on the day said communication is deposited in the U.S. mail, by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to Seller: Mrs. Georgia Harrison  
3365 Old Lost Mountain Road  
Powder Springs, GA 30127  
E-mail: rosmis2@AOL.com

and to: Mrs. Barbara Harrison  
325 East Harden Street  
Graham, NC 27253  
E-mail: WendyHarrison@Gmail.com

and to: Mrs. Diana Mendheim  
20 Glenridge Ave., Apt. L12  
Montclair, NJ 07942  
E-mail: LDMendheim@AOL.com

and to: Mr. Andre J. White  
2331 Galbreth Road  
Pasadena, CA 91104  
E-mail: AndreWhite@Mitchelville.com

and to: Law Office of Chester C. Williams, LLC  
Attention: Chester C. Williams, Esq.  
PO Box 6028  
Hilton Head Island, SC 29938-6028  
E-mail: Firm@CCWLaw.net

If to Purchaser: SRE Acquisitions IV, LLC  
980 N. Michigan Ave., Suite 1700  
Chicago, Illinois 60611  
Attention: Luke Lopatka  
E-mail: llopatka@singermanre.com

and to: Bouhan Falligant LLP  
One West Park Avenue  
Savannah, Georgia 31401  
Attention: Robert B. Brannen, Jr.  
E-mail: rbrannen@bouhan.com

if to Escrow Agent: Chicago Title Insurance Company,  
4170 Ashford Dunwoody Road, Suite 460  
Atlanta, Georgia 30319  
Attn: Michael Powers  
Email: Michael.powers@cticga.com

or to such other address as the parties may from time to time designate by notice in writing to the other parties. While notice given by courier service or mail shall be effective when deposited with the courier

service or in the mail, properly addressed and postage paid or shipping charges paid or billed to the sender, all as aforesaid, the period in which a response to such a notice must be given or taken shall run from the date of receipt by the addressee. Rejection, refusal to accept delivery, or inability to deliver due to changed address of which no notice has been given, shall all be deemed receipt by the addressee.

#### **11. Default.**

(a) Seller's Default; Purchaser's Remedy. In the event Purchaser performs all of its obligations hereunder and Seller fails to close on the Property pursuant to the terms of this Agreement, or in the event Seller otherwise breaches any term of this Agreement and fails to cure the breach within ten (10) days after receipt of written notice of the breach from Purchaser, then Purchaser may: (i) seek to specifically enforce performance of Seller's obligation(s) under this Agreement, but if specific performance is not available due to the willful or intentional breach of this Agreement by Seller, Purchaser shall have the right to pursue any and all actual damages incurred by Purchaser as a result of such willful and intentional breach by Seller not to exceed \$100,000.00; (ii) terminate this Agreement (if such default occurs prior to Closing) by delivery of written notice thereof to Seller, in which event the Earnest Money shall be immediately returned to Purchaser and Purchaser shall be entitled to recover from Seller Purchaser's actual out-of-pocket costs incurred in connection with this Agreement including, without limitation, costs for reasonable attorneys' fees, engineers' fees, consulting fees, site plan, subdivision, and approval and permitting costs, title examination and survey fees, and all costs and expenses related to environmental, soil and feasibility tests and examinations; and (iii) if the default was intentional on the part of Seller, then Purchaser may exercise any other remedies available to Purchaser at law or in equity. The foregoing remedies shall survive the termination of this Agreement and Closing and delivery of the Deed.

(b) Purchaser's Default; Seller's Remedy. In the event that all of the conditions precedent to Purchaser's obligations to close hereunder have been satisfied or waived and Seller performs all of its obligations hereunder and Purchaser fails to close on the Property in breach of the terms of this Agreement and within ten (10) days after receipt of written notice of the same from Seller, then Seller, as its sole and exclusive remedy, may terminate this Agreement by delivery of written notice to Purchaser. In such event, the Earnest Money shall be delivered to Seller and retained by Seller as full liquidated damages and in lieu of any other claims or causes of action which may be available to Seller at law or in equity by reason of such default hereunder by Purchaser; the foregoing amount being agreed upon as liquidated damages by the parties hereto because of the difficulty of ascertaining the actual damages Seller may suffer by reason of Purchaser's breach of this Agreement.

#### **12. Condemnation; Casualty.**

(a) Condemnation. If, prior to Closing, all or any portion of Property is condemned by any authority having the power of eminent domain, or if written notice of any condemnation is issued, or if any proceedings are instituted, by any authority having the power of eminent domain, then Purchaser may elect: (i) to terminate this Agreement by delivering written notice to Seller, in which event the Escrow Agent shall immediately refund to Purchaser all Earnest Money and neither Purchaser nor Seller shall have any further liabilities, obligations or rights with regard to this Agreement (except for those that by the express terms hereof survive termination); or (ii) to proceed to Closing, in which event Seller shall assign to Purchaser at Closing all of its interest in and to all proceeds from any condemnation authority and thereupon Purchaser shall control all negotiations and proceedings undertaken with the condemning authority; Purchaser shall receive a credit at Closing in the amount of any condemnation proceeds paid to Seller with respect to the Property prior to Closing.

(b) Casualty. If, prior to Closing, any casualty (including without limitation an earthquake, sinkhole, contamination by Hazardous Materials or act of God) damages the Property, or otherwise affects or threatens to affect the Property, then Purchaser may elect: (i) to terminate this

Agreement by delivering written notice to Seller, in which event the Escrow Agent shall immediately refund to Purchaser all Earnest Money and neither Purchaser nor Seller shall have any further liabilities, obligations or rights with regard to this Agreement (except for those that by the express terms hereof survive termination); or (ii) to proceed to Closing, in which event Purchaser shall receive at Closing a credit in the amount of any proceeds paid to Seller prior to Closing from any insurance policies insuring the Property from damage or destruction, plus the amount of any deductibles and the amount of any uninsured casualty.

(c) Notice. Seller shall provide Purchaser with prompt notice of: (i) any actual or threatened taking by condemnation of all or any portion of the Property; and (ii) any damage or threatened damage to the Property as a result of any casualty of which Seller has knowledge.

**13. Assignment**. This Agreement may be assigned or transferred by Purchaser at any time provided the assignee agrees to be specifically bound by the terms hereof. Seller shall not assign its interest under this Agreement.

**14. Miscellaneous**.

(a) Effective Date. The date upon which this Agreement is accepted by the party to whom the offer is made shall be the "Effective Date" (as evidenced by the "Date of Execution" of such accepting party). If this Agreement is not signed simultaneously by both parties, it shall be considered to be an offer made by the party first executing it to the other party.

(b) Dates. All references to a number of days shall mean calendar days unless business days are expressly referred to. A "business day" is any Monday, Tuesday, Wednesday, Thursday or Friday other than a legal holiday. Any date specified in this Agreement for the performance of an obligation or expiration of a time period which is a Saturday, Sunday, or legal holiday shall be extended to the first regular business day after such date which is not a Saturday, Sunday, or legal holiday.

(c) Counterparts. This Agreement may be executed in several counterparts, each of which may be deemed an original, and all of such counterparts together shall constitute one and the same Agreement.

(d) Severability. The invalidity or unenforceability of a particular provision of this Agreement shall not affect the other provisions hereof, and this Agreement shall be construed in all respects as if such invalid or unenforceable provision were omitted.

(e) No Obligations to Third Parties. Except as otherwise expressly provided herein, the execution and delivery of this Agreement shall not be deemed to confer any rights upon, nor obligate any of the parties hereto, to any person or entity other than the parties hereto.

(f) Entire Agreement; Amendments. This Agreement contains the entire agreement between the Seller and Purchaser with respect to the sale and purchase of the Property. This Agreement supersedes all prior agreements and communications by or between the Purchaser and the Seller. Neither this Agreement nor any provision hereof may be changed, amended, modified, waived, or discharged orally or by any course of dealing, but only by an instrument in writing signed by the party against which enforcement of the change, amendment, modification, waiver, or discharge is sought.

(g) Time. Time is of the essence of this Agreement.

(h) Governing Law. This Agreement shall be governed by the laws of the State where the Property is located.

(i) Joint and Several Liability. In the event more than one individual or entity comprises Seller, each individual or entity executing this Agreement shall be jointly and severally liable

for the obligations of Seller under this Agreement.

(j) Successors and Assigns. Subject to the terms of Section 12 above, this Agreement shall be binding upon and shall inure to the benefit of the respective successors and assigns of the parties hereto.

(k) Attorneys' Fees. If Purchaser or Seller brings an action at law or equity against the other in order to enforce the provisions of this Agreement or as a result of an alleged default under this Agreement, the prevailing party in such action will be entitled to recover from the non-prevailing party court costs and reasonable attorneys' fees actually incurred by the prevailing party in connection with such dispute, with any right to have the amount of "reasonable" attorneys' fees determined in accordance with O.C.G.A. § 13-1-11 or any similar statutory provision being hereby expressly waived by both Seller and Purchaser.

(l) Reciprocal Indemnity. Purchaser shall indemnify, protect, defend, and hold Seller harmless from all claims, costs, liabilities, judgments, losses, or expenses (including, without limitation, reasonable attorneys' fees and costs) arising out of, resulting from, or connected with any matters or conditions first occurring on or around the Property following the Closing and during Purchaser's ownership of the Property. Seller shall indemnify, protect, defend, and hold Purchaser harmless from all claims, costs, liabilities, judgments, losses, or expenses (including, without limitation, reasonable attorneys' fees and costs) arising out of, resulting from, or connected with any matters or conditions first occurring on or around the Property prior to the Closing.

(m) Confidentiality. Seller agrees that neither Seller nor Seller's directors, officers, employees, affiliates, partners, members, brokers, agents or other representatives ("Seller's Representatives") shall, at any time or in any manner, either directly or indirectly, divulge, disclose, or communicate to any third party any information (i) relating to this Agreement, or (ii) otherwise acquired by Seller or Seller's Representatives in connection with this Agreement that relates to Purchaser's business (including, without limitation, information relating to Purchaser's business model, architectural plans, pro formas, logos, signage, inventory and stocking plans, site plans, building specifications, or expansion plans) (the "**Information**"). Seller shall direct Seller's Representatives not to make any public announcements, grant interviews or issue press releases regarding Purchaser, the Information, or this Agreement to any third party. Notwithstanding the foregoing, Seller may disclose such of the Information as required by law or court order or rule (provided prior written notice of such disclosure shall be provided to Purchaser) or as expressly agreed to by Purchaser in writing.

(n) Non-Merger. Notwithstanding any other terms of this Agreement, the provisions of this Agreement (including without limitations the representatives, warranties, and covenants set forth in Sections 8 and 9 above) shall survive Closing hereunder and shall not be merged into the Deed.

(o) Construction. The parties hereto hereby acknowledge and agree that (i) each party hereto is of equal bargaining strength, (ii) each such party has actively participated in the drafting and negotiation of this Agreement, and (iii) any rule of construction to the effect that ambiguities are to be resolved against the drafting parties shall not apply in the interpretation of this Agreement.

(p) Brokers; Consultant. Each party represents and warrants to the other that no real estate broker or agent has been instrumental in the procurement of this Agreement, other than John Campbell of ReMax Island Realty ("ReMax") and Gordon Waters and Cory Galloway of Lighthouse Realty ("Lighthouse"). Seller shall be responsible for the payment of a commission of two and one-half percent (2.5%) of the Purchase Price to be paid to ReMax. The Seller shall pay a real estate consultant advisory fee to Mitchelville Real Estate Group SC, LLC (the "Consultant"), in the amount of Seven and One-half (7.5%) percent of the Purchase Price paid at Closing pursuant to that certain Real Estate Management Agreement by and between certain individuals constituting the Seller and the Consultant.

ReMax, Lighthouse and the Consultant acknowledge and agree that the real estate commission and the real estate consultant advisory fee described in this Section are contingent on the actual receipt of the Purchase Price by the Seller at Closing and, therefore, ReMax and the Consultant shall not be entitled to any real estate commissions, real estate consultant advisory fees, or other remuneration for brokerage or consultancy services in the event that this Agreement is terminated or if the Purchaser defaults under this Agreement or otherwise fails or refuses to close the acquisition of the Property for any other reason, nor may any such broker or consultant have any right to assert or file any broker's or other lien against the Property in such event. Purchaser and Seller represent and warrant that no party has agreed to pay any persons other than ReMax and the Consultant any real estate commissions or real estate consultant advisory fees on the sale or purchase of the Property. Except for ReMax, Lighthouse the Consultant, and legal counsel, the Purchaser and the Sellers represent and warrant each to the other that they have not discussed this Agreement or the subject matter hereof with, and have not engaged in any fashion or any connection with this transaction the services of, any real estate or other broker, agent, or salesman or consultant so as to create any legal right in any such broker, agent, or salesman or consultant to claim a commission, consultancy fee, or similar fee with respect to the purchase and sale of the Property contemplated by this Agreement. Except for the commission due to ReMax and the real estate consultant advisory fee due to the Consultant, Purchaser and Seller each hereby indemnify the other against, and agree to hold harmless the other from, any and all claims for real estate commissions, consultancy fees, or similar fees arising out of or in any way connected with any claimed agency relationship with the indemnitor and relating to the purchase and sale of the Property contemplated by this Agreement. The provisions of this Section shall survive the Closing or any termination of this Agreement for a period of one (1) year.

(q) **Risk of Loss.** The risk of loss for damage to the Property or any improvements or fixtures located thereon by fire or other casualty is hereby assumed by the Seller until Closing hereunder and recordation of the Deed conveying the Property.

(r) **1031 Exchange.** Each party shall cooperate, at no cost to the cooperating party, with the other and shall execute any and all documents necessary to allow such party (or its affiliates) to effectuate the conveyance of the Property as an exchange under Section 1031 of the Internal Revenue Code ("**Exchange**"); provided however, that at no time shall the cooperating party be required to take title to real estate other than the Property or incur any obligations other than those set forth elsewhere in this Agreement. The exchanging party shall pay all reasonable costs which may be incurred by the cooperating party in connection with such tax deferred exchange and the exchanging party shall indemnify the cooperating party and hold it harmless from any loss, cost, damage, expense, or liability incurred in connection therewith.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the day and year written below.

**SELLER:**

\_\_\_\_\_  
Georgina Harrison

Date of Execution: \_\_\_\_\_

\_\_\_\_\_  
Barbara Harrison

Date of Execution: \_\_\_\_\_

\_\_\_\_\_  
Joyce Ellen Harrison

Date of Execution: \_\_\_\_\_

\_\_\_\_\_  
William S. Harrison, III

Date of Execution: \_\_\_\_\_

\_\_\_\_\_  
Stanley Roberts

Date of Execution: \_\_\_\_\_

\_\_\_\_\_  
Diana Mendheim, individually and as agent and attorney in fact for sellers listed on Exhibit B

Date of Execution: \_\_\_\_\_

*[Signatures continue on the next page]*

**PURCHASER:**

**SRE ACQUISITIONS IV, LLC**, a Delaware  
limited liability company

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

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

Date of Execution: \_\_\_\_\_

**EXHIBIT "A"**

Property Description

ALL that certain piece, parcel, or lot of land situate, lying and being on Hilton Head Island, Beaufort County, South Carolina, containing 28.17 acres, more or less, and is specifically shown as Lot B on the unrecorded plat of 165¼ Acres on Hilton Head Island, Formerly Property of March Gardner, prepared by Arthur O. Christianson, RLS, entitled "Plat of Survey Number Two, No Sale", dated April 6-8, 1921, and also on that certain plat of prepared by Millard Dunham, RLS, entitled "Plat Prepared for Heirs of Clara Wigfall" dated January 29, 1988, last revised on January 18, 1990, and recorded in the Office of the Register of Deeds for Beaufort County, South Carolina in Plat Book 38 at Page 29.

BEING the same property shown and designated as "Parcel 7", containing 26.462 acres, more or less, on that certain unrecorded plat of survey entitled "Boundary, Wetland Survey of: Parcel 7, Mitchelville Road" prepared by Sea Island Land Survey, LLC, William E. Mixon, Jr., SCRLS 17573, dated February 7, 2005.

**EXHIBIT "B"**

**Sellers who have given their Powers of Attorney to Diana Mendheim**

Craig Carver

William Charles Kirkland

Donna Mosby

Carol Bush

Jason Young

Robert Young

Denise Davidson

Rose Hampton

Tyrone Hodges

Derrick Hodges

Corey Hodges

Vanessa Coleman

Richard Hodges

Diamond Moseley