



Darryl Cotton <indagrodarryl@gmail.com>

Fwd: Federal Blvd

adam mintz <adam.mintz@icloud.com>
To: indagrodarryl@gmail.com

Wed, Jul 1, 2020 at 5:26 PM

Begin forwarded message:

From: Agent Cannabis <jason@agentcannabis.com>
Subject: Re: Federal Blvd
Date: May 7, 2019 at 5:58:52 PM PDT
To: Charla Heimer <char@csquaredinvestments.com>
Cc: Adam Mintz <adam@rorinvestments.com>

Charla

He does have the document notarized signed, the affidavit of death of trustee was signed March 25 and recorded with the county, he just has not paid the fee in order to finalize the CUP but he will pay it and get that done prior to close of escrow. This document reflects the new trustee which is John David Ecke

Aaron said if there are no further questions, he asks to forego the meeting tomorrow and get the PSA sent over to him so that he can proof it and get it executed. He is getting frustrated because he has been asking for a list of due diligence items and questions to provide Cynthia for the meeting tomorrow so that he can schedule it and she can be prepared but as I am still not able to provide it to him he can't make sure that Cynthia is prepared and pin her down to a time to meet. She has also been asking for this list to make sure that she knows the topics that are to be discussed....

--

Jason Klein
858-431-9188
www.AgentCannabis.com

On Tue, May 7, 2019 at 3:20 PM Charla Heimer <char@csquaredinvestments.com> wrote:
Jason,
Couple follow-up questions for you:

- Why hasn't Aaron been able to get the document notarized from a family member yet? I knew he hadn't paid the fee but I have in my notes that when all this first came up and I was on the phone with Aaron that he said he was getting that signed by the family that same week and we could consider that done.
- Does Aaron or Cynthia have in writing who the new Trustee or Executor is?

On Mon, May 6, 2019 at 2:28 PM Agent Cannabis <jason@agentcannabis.com> wrote:
Steps needed to complete the transfer are as follows:

- 1) Trustee of property needs to sign a notarized authorization form (since last form was signed by the father who passed away) allowing Aaron to legally occupy property for use as a dispensary
- 2) \$17k fee needs to be paid to SD Development Services Division to complete CUP process
- 3) Authorization form needs to be recorded with the county
- 4) Ownership of existing LLC is amended to reflect Charla as legal owner
- 5) Option to purchase land is exercised by Aaron during escrow period
- 6) Aaron executes agreement with Charla to sell her the land simultaneous with closing of Aaron's option to purchase and sale of CUP
- 7) Charla (or whoever you want to be reflected as owner of CUP) needs to complete live scan for city to transfer ownership of CUP

--

Jason Klein
858-431-9188
www.AgentCannabis.com



Darryl Cotton <indagrodarryl@gmail.com>

Fwd: TIME SENSITIVE: San Diego Dispensary

adam mintz <adam.mintz@icloud.com>
To: indagrodarryl@gmail.com

Wed, Jul 1, 2020 at 5:19 PM

See below:

Begin forwarded message:

From: Char Heimer <char@rorinvestments.com>
Subject: Fwd: TIME SENSITIVE: San Diego Dispensary
Date: July 8, 2019 at 3:25:01 PM PDT
To: Adam Mintz <adam@rorinvestments.com>

FYI...

----- Forwarded message -----

From: **Char Heimer** <char@rorinvestments.com>
Date: Mon, Jul 8, 2019 at 2:43 PM
Subject: Re: TIME SENSITIVE: San Diego Dispensary
To: Zach Davis <z.davis@acreageholdings.com>

Hi Zach,

It is still available because I have been focused on wrapping up two other property closings and had a Lender that didn't perform and put me really behind. I am curious...who were you with at dinner, did they know either Adam or I personally?

Charla Heimer, President
ROR Investments, LLC
Email >>> char@rorinvestments.com
Website >>> rorinvestments.com
Cell >>> 858-229-5587

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On Mon, Jul 8, 2019 at 2:30 PM Zach Davis <z.davis@acreageholdings.com> wrote:
Hi Charla,

Hope you're well. Your name and Adam's came up randomly at a dinner I attended last night in SF.

Curious if the below opportunity (or others) are still available?

All my best,

Zach

Zach Davis
Vice President, Corporate M&A
O: 347-501-6751
M: 631-456-0396
E: z.davis@acreageholdings.com
366 Madison Avenue, 11th Floor
New York, NY 10017 USA

 Image result for ACREAGE HOLDINGS LOGO jpg

On Thu, May 16, 2019 at 8:30 AM Charla Heimer <char@csquaredinvestments.com> wrote:

Hi Zach,

Here is the Dropbox link that my Partners have been providing to their interested Parties for the San Diego Dispensary Property:

[San Diego Dispensary - Federal Blvd](#). Let me know if you have any questions and/or are interested after reviewing what you have here. By the way, I misspoke regarding the Provisional Application filing, it has not been done yet as my Partners were waiting to see who gets under contract as they have informed me it would make no sense or rather be far more difficult to file the Application under us and then change to new Owner vs. Buyer gets it under their name from the beginning.

CONDITIONAL USE PERMIT

CUP #: 2114346 issued by the City of San Diego

Approved: Dec 6th, 2018, on file in the Development Services Department

Granted By: The Planning Commission of the City of San Diego

Owner & Permittee: John Carl Ek & Edith Phylis Fk, co-trustees of the Ek Family Trust, dated January 5, 1994, Owner, and 2018FMO, LLC, a California Limited Liability Company, Permittee

Municipal Code: SDMC Section 126.0305

Size: 0.11-acre site

Legal Description: The Northeasterly 50 feet of the Lot 24 of Map No.2121, in the City of San Diego

APN: 543-020-0400 on Federal Blvd in the CO-2-1 Zone within the Encanto Neighborhoods Community Planning area

Project Includes: Marijuana Outlet, Construction & operation of a Marijuana Outlet, 2-story 1,682 SF Building, Off-street parking, Landscaping (planting, irrigation, and related improvements). Public & private accessory improvements determined by the Development Services Department to be consistent with the land use & development standards for site in accordance with adopted community plan, the California Environmental Quality Act.

BUREAU OF CANNABIS CONTROL

License: C10-18-0000211-TEMP

For: State of California Adult-Use and Medicinal-Retail

Valid: 12/24/2018

Expires: 07/22/2019

Issued To: 2018FMO LLC

Premise: 6220 1/3 Federal Blvd, San Diego, CA 92114

RECORDING REQUESTED BY CITY OF SAN DIEGO DEVELOPMENT SERVICES PERMIT INTAKE MAIL STATION 501	WHEN RECORDED MAIL TO PROJECT MANAGEMENT PERMIT CLERK MAIL STATION 501
--	---

INTERNAL ORDER NUMBER: 24007747 SPACE ABOVE THIS LINE FOR RECORDERS USE

CONDITIONAL USE PERMIT NO. 2114846
FEDERAL BOULEVARD MARIJUANA OUTLET PROJECT NO. 598124
 PLANNING COMMISSION

This Conditional Use Permit No. 2114846 ("Permit") is granted by the Planning Commission of the City of San Diego to John Carl Ek and Edith Phyllis Ek, co-trustees of the Ek Family Trust, dated January 5, 1994, Owner, and 2018PMO, LLC, a California Limited Liability Company, Permittee, pursuant to San Diego Municipal Code (SDMC) section 126.0805. The 3.11-acre site is located at Assessor's Parcel Number (APN) 543-020-0400 on Federal Blvd. in the CD-2-1 Zone within the Olympic Neighborhoods Community Plan area. The project site is legally described as: The Northernly 50 feet of Lot 24 of Map No. 7171, in the City of San Diego, County of San Diego, State of California, filed in the Office of the County Recorder of San Diego County, on July 20, 1928.

Subject to the terms and conditions set forth in this Permit, permission is granted to Owner and Permittee to operate a Marijuana Outlet described and identified by name, description, quantity, type, and location on the approved exhibit (Exhibit "A") dated December 6, 2018, on file in the Development Services Department.

The project shall include:

- Removal of a two-story, 1,682 square foot building;
- Erection of Marijuana Outlet in a two-story, 1,682 square foot building at Assessor's Parcel Number (APN) 543-020-0400 on Federal Boulevard;
- Landscaping (planting, irrigation and landscape related improvements);
- Off-street parking; and
- Public and private accessory improvements determined by the Development Services Department to be consistent with the land use and development objectives for this site in accordance with the adopted community plan, the California Environmental Quality Act.

Page 1 of 2



Bureau of Cannabis Control
(833) 768-5880

Adult-Use and Medicinal - Retailer Temporary License

LICENSE NO:
C10-18-0000211-TEMP

LEGAL BUSINESS NAME:
2018FMO LLC

PREMISE:
6220 1/3 FEDERAL BLVD
SAN DIEGO, CA 92114



VALID:
12/24/2018

EXPIRES:
7/22/2019

Non-Transferable

*Prominently display this license
as required by Title 16 CCR § 5039*

Charla Heimer
cSQUARED CAPITAL nVESTMENTS
"Creating equity multiples from investments that challenge the status quo."
Email: char@csquaredinvestments.com

Cell: 858-229-5587

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Darryl Cotton <indagrodarryl@gmail.com>

JACKPOT - PSA's !!!!

adam mintz <adam.mintz@icloud.com>
To: indagrodarryl@gmail.com

Wed, Jul 1, 2020 at 5:27 PM

Begin forwarded message:

From: Charla Heimer <char@csquaredinvestments.com>
Subject: SD Dispensary: Use these documents
Date: May 8, 2019 at 2:34:18 PM PDT
To: Charles Brumfield <lawceb@purebio.com>, David Braunstein <dbraunmx@gmail.com>
Cc: Adam Mintz <adam@rorinvestments.com>

Use these documents when we speak.

2 attachments

(2) PSA-6230 Federal Blvd-Land & Joint Escrow Instructions.docx
64K



(3) PSA-6230 Federal Blvd-CUP & License.docx
856K



Darryl Cotton <indagrodarryl@gmail.com>

Fwd: Basic Questions for SD Dispensary

adam mintz <adam.mintz@icloud.com>
To: indagrodarryl@gmail.com

Wed, Jul 1, 2020 at 5:19 PM

See below:

Begin forwarded message:

From: aaron magagna <aaronmagagna@gmail.com>
Subject: Basic Questions for SD Dispensary
Date: May 8, 2019 at 10:52:47 AM PDT
To: char@csquaredinvestments.com
Cc: Agent Cannabis <jason@agentcannabis.com>, adam@rorinvestments.com

Good Morning Charla,

Misc:

- I Aaron Magagna am 100 percent sole owner - please see attached operating agreement
- I Hereby Reconfirm that the agreement is correct when it states that the CUP and State Licenses are the sole assets of the Company. I Confirm no outstanding liabilities, no assets, etc. I Confirm no other business used for this entity no tax returns have been filed for this entity.
- As discussed yesterday, we can have 1 or 2 PSA's, your call. For my own tax purposes, I would not complain if the PSA regarding the sale of lease and option to purchase was on a separate PSA in case I am audited by the IRS, however as long as everything closes simultaneously the number of PSA's are irrelevant to me.
- I have not sought title ins for property.
- Property is vacant land, and is currently being rented for storage.
- The property owner owns more parcels to the east. They currently rent them as well to businesses that will remain open, for now. They are available for purchase.
- I am not related to the Ek family, however do have a very good relationship with them which I have built over the last 18 months.
- please see attached Notarized death of Trustee

SD CUP:

- The CUP needs to be renewed every 5 years, it was issued in December 2018. There is a renewal process. The first renewal, in five years, is automatic upon request. After that, in 10 years, you receive extension from CUP hearing, upon request.
- The CUP does have Conditions that must maintained. They can be found within the conditional use permit itself. None of them being anything out of the ordinary for Marijuana Outlets.
- please see attached link. This link shows our projects approved CUP at this location 6220 federal blvd (look at the second map halfway down the page that reads "Approved Marijuana Outlets and Medical Marijuana Consumer

Cooperatives") its the dark purple dot. It does not specify our "standing" however, as the project was just approved a few months back, and no action has been taken since I can assure you its in good standings.

<https://www.sandiego.gov/blog/marijuana-cultivation-testing-sales-and-delivery>

-The CUPs are transferable to either a person or entity, however we are not transferring the names on the CUP as it is owned, and will remain to owned (unless you decide otherwise) by 2018FMO llc. We would be transferring the ownership of the llc.

BCC:

-Yes this is a temporary license. At the time we applied, December 2018, it was the only option.

-The next step is to apply for the provisional licence from the BCC. I would recommend that be done prior to July 22nd. Preferably 30 days prior.

-The BCC liscense will not be transferred as the permittee will remain the same "2018FMO, llc". The responsibly party, currently me, will be transferred within 30 days of closing, preferable at the time of submitting for the provisional licence.

Please let me know if there are any other questions.

Should I expect to see a copy of this PSA today?

Thanks,
Aaron

2 attachments



Death Of Trustee John Ek.pdf

365K



2018fmo operating agreement.pdf

4692K



Mar 25, 2019 04:59 PM

OFFICIAL RECORDS

Ernest J. Dronenburg, Jr.,

SAN DIEGO COUNTY RECORDER
FEES: \$112.00 (SB2 Atkins: \$75.00)

PCOR: AFNF

PAGES: 2

RECORDING REQUESTED BY:

John Ek

WHEN RECORDED MAIL TO:

Name: Aaron MagagnaAddress: 3639 Midway Dr Suite B #132City: San DiegoState, Zip: CA 92110

Above Space for Recorder's Use Only

AFFIDAVIT OF DEATH OF TRUSTEE

Assessor's Parcel Number: 543-020-0400

State of California

County of San Diego } ssJohn David Ek, of legal age, being first duly sworn, deposes and says:1. John Carl Ek, the decedent mentioned in the attached certificate copy ofCertificate of Death, is the same person as Trustee in that certain Declaration of Trust dated 1/5/1994,executed by John Carl Ek, and Edith Phyllis Ek as trustor(s).

2. At the time of the decedent's death, decedent was the owner, as Trustee, of certain real property acquired by a deed

recorded on 1/13/1994, as instrument No. 1994-0029913 in Official Records ofSan Diego County, California, covering the following described property situated in the said County,State of California: The Northeasterly 50 feet of that portion of Block 25 of Tract No. 2 of Encanto Heights, in the city of San Diego, County of San Diego, State of California, according to MAP thereof No. 1100

3. I am the surviving successor Trustee of the same trust under which said decedent held title as trustee pursuant to the

deed described above, and am designated and empowered pursuant to the terms of said trust to service as trustee thereof.

3/25/19 Date John David Ek Print Name John David Ek Signature

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not to the truthfulness, accuracy, or validity of that document.

State of California

County of San Diego

Subscribed and sworn to (or affirmed) before me on this 28th day of March, 2019, by John David Ek,
proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.

(Official SEAL)

[Signature]
Notary Signature



PURCHASE AND SALE AGREEMENT AND JOINT ESCROW INSTRUCTIONS
(6620 1/3 FEDEERAL BOULEVARD, SAN DIEGO, CA 92114)

This Purchase and Sale Agreement (“**Agreement**”) is made as of the date executed (“**Effective Date**”), between Aaron Magagna, an individual (“**Seller**”), and Charla Barbieri Heimer, an individual (“**Buyer**”). The Seller and the Buyer are also referred to herein individually as a “**Party**” and collectively as the “**Parties**”.

RECITALS

A. On [date] Seller purchased certain real property located in the City of San Diego, County of San Diego, State of California, consisting of a parcel of land, commonly known as 6220 1/3 Federal Boulevard, San Diego, California, with Assessor’s parcel number 543-020-05, which is more particularly described in Exhibit A (“**Land**”). {CUP shows APN as 543-020-0400 which is different, confirm just a typo}

B. Seller desires to sell and Buyer desires to purchase the Property as specifically defined and described below.

C. The City of San Diego has issued conditional use permit (“**CUP**”) number 2114346 to operate a marijuana outlet (retail, medicinal or combination) on the Land, where marijuana, marijuana products and marijuana accessories are sold to the public. CUP 2114346 is attached hereto as Exhibit B. The Parties intend that the Land be used to operate a marijuana outlet.

In consideration of the mutual covenants and representations herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Buyer and Seller agree, and Escrow Holder (defined in section 2.2) is hereby instructed, as follows:

ARTICLE 1

AGREEMENT OF SALE

1.1 Purchase and Sale. For good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Seller agrees to sell and Buyer agrees to purchase all Property described below in section 1.2 under the terms and conditions of this Agreement.

1.2. Description of the Property. The property to be sold and purchased under this Agreement (“**Property**”) consists of the following:

1.2.1. Land. As described in Recital A. {Land only, no sticks, bricks, debris, or other items on property?}

1.2.2. Appurtenances. All privileges, rights, easements appurtenant to the Land, including without limitation all minerals, oil, gas, and other hydrocarbon substances on and under the Land; all development rights, air rights, water, water rights, and water stock relating to the Land; all right, title, and interest of Seller in and to any streets, alleys, passages, water and sewer taps, sanitary or storm drain capacity or reservations and rights under utility agreements, and other permits, licenses, easements, and other rights-of-way included in, adjacent to, or used in connection with the beneficial use and enjoyment of the Land (collectively, the “**Appurtenances**”).

1.2.3. Improvements. All buildings, structures, fences, parking areas, or improvements located upon the Land or upon the Improvements, including fixtures, systems, and equipment attached to the Land or Improvements

and used in connection with the operation or occupancy of the Land and Improvements (such as heating and air-conditioning systems, refrigeration, ventilation, garbage disposal, or utility conduits) (collectively, the “Improvements,” which together with the Land and the Appurtenances are called the “Real Property”).
{Confirm none or state in this section that there are none}.

1.2.4. Personal Property. Certain tangible personal property and all intangible property owned by Seller that is located on or in or is used in connection with the use or operation of any of the Property (“Personal Property”). **{Confirm none or state in this section that there are none}**

ARTICLE 2

PURCHASE PRICE

2.1. Amount. The full purchase price (“Purchase Price”) for the Property is Six Million Dollars (\$6,000,000.00) and is payable in accordance with this Article 2.

2.2 Opening of Escrow. Within three (3) business days after the Effective Date, Buyer and Seller shall open an escrow (“Escrow”) with Orange Coast Title Company as the escrow holder (“Escrow Holder”) by delivering a copy of this Agreement signed by Buyer and Seller, and Buyer Delivering to Escrow Holder the First Deposit as provided in section 2.3 below. Escrow Holder shall acknowledge receipt of such items by signing and dating this Agreement, and Escrow Holder shall return a fully signed copy of this Agreement, signed and dated by Escrow Holder, to Buyer and Seller. Escrow Holder shall also prepare its required escrow instructions, if any, for the transactions contemplated by this Agreement, and shall deliver such escrow instructions to Buyer and Seller for execution. The escrow instructions shall be on the standard form of Escrow Holder for transactions like those contemplated herein and shall incorporate this Agreement. If there is any inconsistency between this Agreement and the escrow instructions, then this Agreement shall control unless the intent to amend this Agreement is clearly stated in such escrow instructions.

2.3. Deposits.

2.3.1. Initial Deposit. Within three (3) Business Days after the Effective Date Buyer shall deposit the sum of One Hundred Thousand Dollars (\$100,000.00) Purchase Price applicable (“Initial Deposit”) into Escrow. **{LOI stated 5 days}**

2.3.2. Second Deposit. Upon delivery of the Notice of Suitability defined in section 3.3, or upon expiration of the Due Diligence Period, Buyer shall deposit an additional sum of One Hundred Fifty Thousand Dollars (\$150,000.00) Purchase Price applicable into Escrow (“Second Deposit”).

2.3.3. Requirements for Deposit. Buyer may make the Initial Deposit and the Second Deposit (collectively, the “Deposit”) in cash, or by check payable to the Escrow Holder, or by electronic transfer of funds. Buyer’s failure to make either the Initial Deposit or the Second Deposit shall, upon and after twenty four (24) hours written notice to Purchaser and Escrow, automatically terminate the Agreement. The Escrow Holder will hold the Deposit in an interest-bearing account as Buyer directs. After the expiration of the Due Diligence Period, the Deposit is nonrefundable and Escrow shall automatically release the Deposit to Seller. If Buyer terminates this Agreement prior to the Due Diligence Period, Escrow shall return the Initial Deposit to Buyer with interest and neither Party will have any further obligations under this Agreement, except for any Party’s indemnification obligations hereunder that expressly survive termination of this Agreement (the “Surviving Obligations”). If the Agreement terminates after the Due Diligence Period, Escrow shall pay Seller the Deposit and any interest earned thereon in Escrow, and neither party shall have any further obligations under this Agreement, except for the Surviving Obligations. **{Understand what “surviving obligations” means and/or is referring to, also modify language in both sections to ensure Buyer’s deposit can not be lost due to missing a date, Buyer**

must remove or accept contingencies in writing and that shall dictate whether the deposit is refunded to Buyer or delivered to Seller}.

2.4. Payment of Balance. Buyer shall pay the balance of the Purchase Price to Seller by depositing cash or a certified or cashier's check payable to Escrow Holder, or by electronic transfer of federal funds, which must be delivered to the Escrow Holder **at least three (3) business days before the Closing Date**, unless Seller agrees to provide financing to Buyer ("**Seller Financing**") for any portion of the Purchase Price. Any Seller Financing will be at a maximum interest rate of 9.25%. **{Can the 3 business days be a request but not mandatory or else?}**

2.5 Seller Financing. If the Parties mutually agree to Seller Financing, Buyer agrees to deliver to Seller through Escrow at Closing Buyer's promissory note secured by a deed of trust in favor of Seller in the principal amount agreed by the parties ("**Seller Financed Amount**"), bearing interest in the amount of 9.25% per year from **the Closing Date, payable in _ [number] _ installments of _ [dollar amount] _ beginning on _ [date] _ and continuing until _ [date] _ , unless paid sooner. The Seller Financed Amount** will be credited against the Purchase Price on the Closing Date. The forms of promissory note and deed of trust to be delivered by Buyer at Closing are attached to this Agreement as _ [e.g., Exhibits B and C] _ . **{This will not be applicable}.**

ARTICLE 3

CONTINGENCIES

3.1. Seller's Delivery of Documents. Buyer's obligation to purchase the Property is expressly conditioned on Seller's making all documents regarding the Property listed below (collectively, "**Seller Materials**") available to Buyer on or before the fifth (5th) day after the Effective Date.

3.1.1 Preliminary Report. A preliminary report ("**Preliminary Report**") dated no earlier than thirty (30) days before the Effective Date covering the Real Property and issued by Orange Coast Title ("**Title Company**"), together with a legible copy of all exceptions to title shown in the Preliminary Report, including each document, map, and survey referred to in the Preliminary Report. **{Need to review this, ask Orange if it was received?}**

3.1.2. Documents. Copies of all: i) contracts and agreements; ii) licenses, permits and approvals; iii) entitlement and zoning information; iv) leases; v) prior title policies; vi) property condition reports; vii) geotechnical reports; and viii) specific financial information.

3.1.3. Plans. Copies of any existing construction drawings, as-built plans, and specifications for the Property.

3.1.4. Materials Related to Condition of the Property. Any environmental impact reports, "Phase I" or "Phase II" reports, or environmental site assessments concerning hazardous materials on the Property, complaints or notices of the presence of hazardous materials on the Property, geological surveys, soil tests, engineering reports, inspection results, complaints, or notices received regarding the safety of the Property.

3.1.5. Other Documents. All other data, correspondence, documents, agreements, waivers, notices, applications, and other records regarding the Property relating to transactions with taxing authorities, governmental agencies, utilities, vendors, tenants, neighbors, and others with whom Buyer may be dealing from and after the Closing Date.

3.1.6. Excluded Records. **The Seller Materials will not include any books, records, documents, or information on the corporate, financial, and accounting records of the operations of Seller individually (as opposed to records concerning the Property), regarding offers or inquiries made by third parties concerning the purchase of**

some or all of the Property or appraisals of the value of the **Real Property that are attorney-client communications of Seller, that are Seller's attorney's work product, or that are not in the possession of Seller or persons under Seller's control.** {I am not okay with any Excluded Records, this seems like a basis for Cynthia to charge for her licensing package that she was going to prepare}.

3.2. Due Diligence. Buyer shall conduct such investigations as Buyer may choose to determine the condition of the Property including the right to inspect the Seller Materials and physical inspection of the Property, such as environmental inspection, an appraisal, a survey, and a property condition assessment (such investigations collectively, **"Due Diligence"**), at Buyer's sole expense.

3.3 Buyer's Approval. Buyer's obligation to purchase the Property is expressly conditioned on its approval, in its sole discretion, of the condition of the Property and all other matters concerning the Property. Buyer will have the period from the Effective Date until the date that is twenty-five (25) days after the Effective Date (**"Due Diligence Period"**) to perform and decide whether to proceed to Closing. The date the Due Diligence Period expires is the **"Contingency Date"**. On or before the Contingency Date, Buyer may deliver written notice to Seller accepting the matters disclosed in the Seller Materials (**"Notice of Suitability"**) or terminating this Agreement. If Buyer fails to give such notice on or before the Contingency Date, Buyer shall be deemed to have accepted the matters disclosed in the Seller Materials. By its acceptance or waiver, Buyer will be deemed to have acknowledged that (a) Seller has provided Buyer with access to the Seller Materials and (b) Buyer has had ample opportunity to review and inspect the Seller Materials and make independent factual, physical, and legal examinations and inquiries as Buyer deems necessary or desirable with respect to matters disclosed.

3.4. Approval of Title. Buyer's obligation to purchase the Property is expressly conditioned on Buyer's approval of the condition of title of the Property in accordance with the following procedure: {Charla to ask Zach what Title Issues they are concerned with or need?}

3.4.1. Permitted Exceptions. The following exceptions shown on the Preliminary Report (**"Permitted Exceptions"**) are approved by Buyer: (a) exceptions for a lien for local real estate taxes and assessments not yet due or payable, (b) the standard preprinted exceptions and exclusions of the Title Company, (c) any other exception shown on the Preliminary Report, other than exceptions for monetary liens, which Buyer does not object to by written notice to Seller within seven (7) days after delivery of the Preliminary Report (**"Buyer's Title Notice"**), or as otherwise provided in this section 3.4. All exceptions on the Preliminary Report other than the Permitted Exceptions will be **"Title Objections."**

3.4.2. Title Objections. With respect to any Title Objection arising or resulting from any act or omission of Seller, Seller will have five (5) days after delivery of Buyer's Title Notice (or Buyer's deemed objection to all exceptions) to specify the manner in which it will remove or cure such Title Objection. With respect to any Title Objection that did not arise or result from any act or omission of Seller, Seller will have ten (10) days after delivery of Buyer's Title Notice to give notice to Buyer in writing (**"Seller's Title Notice"**), stating either (a) the manner in which Seller will remove or cure such Title Objection, or (b) that Seller will not remove or cure such Title Objection. If Seller fails to deliver Seller's Title Notice within the time specified in this section 3.4, Seller will be deemed to have elected not to cure such Title Objection. Despite the foregoing, Seller agrees to remove all liens securing the payment of money that encumber the Property.

3.4.3. Seller Elects Not to Cure. If Seller elects not to cure or remove a Title Objection (or is deemed to have so elected), then Buyer will have ten (10) days after delivery of the Seller's Title Notice to deliver a written notice to Seller (**"Buyer's Election Notice"**) of Buyer's election either to (a) proceed with the purchase of the Property, waive such Title Objection, and accept the exception shown in the Preliminary Report as a Permitted Exception, or (b) terminate this Agreement. If Buyer fails to deliver Buyer's Election Notice within the time specified in this section 3.4, Buyer will be deemed to have elected to waive its objections and agreed to proceed

with the purchase and take title to the Property subject to all such title exceptions. {Modify any language that allows anything to terminate, be waived, assumed to be approved, etc. without putting in writing.}

3.4.4. Nonmonetary Cure. If Seller is obligated or elects to cure or remove a Title Objection, but the method specified for removing or curing the Title Objection is other than the payment of a specific sum of money, then Buyer will have ten (10) days after delivery of the Seller's Title Notice to deliver Buyer's Election Notice specifying whether it elects to (a) proceed with the purchase of the Property, subject to Seller's removal of the Title Objection, or (b) terminate this Agreement. If Buyer fails to deliver Buyer's Election Notice within the time specified in this section 3.4, Buyer will be deemed to have elected to proceed with the purchase of the Property.

3.4.5. Additional Encumbrances. If any encumbrance or other exception to title arises or is discovered after the delivery of the Preliminary Report ("Additional Encumbrance"), the party discovering such Additional Encumbrance must promptly give written notice to the other. No later than five (5) days after delivery of the notice of such Additional Encumbrance, Buyer will deliver a new Buyer's Title Notice to Seller specifying whether the Additional Encumbrance is a Title Objection or a Permitted Exception. If Buyer objects to the Additional Encumbrance, the parties will proceed in the same manner as set forth above for Title Objections arising from the Preliminary Report. If Buyer fails to deliver Buyer's Election Notice within the time specified in this section 3.4, Buyer will be deemed to have waived its objections.

3.4.6. Seller's Failure to Remove Title Objection. If Seller is obligated or elects to cure or remove a Title Objection and fails to do so least five (5) days before the Closing Date, or fails to show that it will be able to do so on Closing, then Seller will be in default under this Agreement, and Buyer will have all its rights and remedies provided by this Agreement. {What are the rights and remedies that I have with Seller?}

3.5. Review of Physical Condition of Property.

3.5.2. Access to Property. As part of its Due Diligence, Buyer may investigate economic, financial, and accounting matters relating to or affecting the Property or its value, and conduct inspections, tests, and studies with respect to the physical and environmental condition of the Property. Buyer and Buyer's consultants, agents, engineers, inspectors, contractors, and employees ("Buyer's Representatives") must be given reasonable access to the Property during regular business hours for the purpose of performing such Due Diligence. Buyer will undertake the Due Diligence at its sole cost and expense, except as provided in section 9.2. Buyer will indemnify, defend with counsel reasonably acceptable to Seller, and hold Seller harmless from all claims (including claims of lien for work or labor performed or materials or supplies furnished), demands, liabilities, losses, damages, costs, fees, and expenses, including Seller's reasonable attorney fees, costs, and expenses, arising from the acts or activities of Buyer or Buyer's Representatives in, on, or about the Property during or arising in connection with Buyer's inspections of the Property.

3.5.3. Assumption of Risk. Subject to the other provisions of this Agreement, Buyer agrees that, by its acceptance or waiver of the contingency in this section 3.5, it assumes the risk that an adverse condition of the Property may not have been revealed by its own Due Diligence. On Buyer's acceptance or waiver of the contingency in this section 3.5, Seller will have no obligation to repair, correct, or compensate Buyer for any condition of the Property, including defects in the Improvements, noncompliance with applicable laws and regulations, including without limitation zoning laws, building codes, and the Americans with Disabilities Act, whether or not such condition of the Property would have been disclosed by Buyer's Due Diligence. {Charla to confirm/compare to standard PSA}

3.6. Financing Contingency. Buyer's obligation to purchase the Property is conditioned on Buyer's obtaining, before the Contingency Date, a written commitment for a loan from __ [name of lender] __ of at least

__[amount]__ Dollars (__[dollar amount]__), secured by a first priority deed of trust on the Property on terms no less favorable than interest at __[number]__ percent (__[number]__%) per year, for a term of __[number]__ (__[number]__) years, amortized over __[number]__ (__[number]__) years, with loan fees not to exceed __[e.g., one]__ percent (__[e.g., 1%]__) of the principal amount of the loan, with prepayment permitted at the option of the Buyer subject to a prepayment penalty not to exceed __[e.g., one]__ percent (__[e.g., 1%]__) of the then-outstanding principal amount of the loan, and with such other terms and conditions as Buyer may approve in its sole and absolute discretion. Buyer agrees to use commercially reasonable efforts to obtain such a loan commitment. On or before the Contingency Date, Buyer must deliver written notice to Seller indicating whether the contingency set forth in this section 3.6 (“**Financing Contingency**”) has been met and waiving the Financing Contingency or terminating this Agreement unless Seller elects to provide such financing. If Buyer fails to deliver such notice on or before the Contingency Date, then Buyer will be deemed to have elected to terminate this Agreement unless the Seller elects to provide such financing. If the Financing Contingency is not met or waived by the Contingency Date, Seller may, but is not obligated to, agree to provide such financing on the terms listed above and in accordance with the note and deed of trust attached to this Agreement as Exhibits F and G. If Seller delivers a written commitment to Buyer within three (3) business days after the Contingency Date, the Financing Contingency will be deemed met. **{Charla to insert construction mezz debt for above financing contingency}.**

3.7. Termination for Failure of a Contingency. If, prior to the Contingency Date, this Agreement is terminated or deemed to be terminated for failure of a contingency set forth in this Article 3, then Escrow Holder shall refund the Deposit, without offset for any charges or claims. Any cancellation fee or other costs of the Escrow Holder or the Title Company resulting from this termination for failure of a contingency prior to the Contingency Date will be borne equally by Seller and Buyer, and each party must pay its own expenses.

ARTICLE 4

SELLER’S PRECLOSING COVENANTS

4.1. No Amendments or Agreements. On or after the Effective Date, Seller will not (a) amend or waive any right under any Seller Materials or (b) enter into any lease or other agreement of any type affecting the Property that would survive the Closing Date, without Buyer’s prior written consent. **Before the Contingency Date, Buyer may not unreasonably withhold its consent under this section 4.1; after the Contingency Date, however, Buyer will have sole discretion in all such matters. {Change to “after the execution of this contract Seller}.**

4.2. Insurance. Through the Closing Date, Seller must maintain or cause to be maintained in full force and effect comprehensive general liability casualty and other insurance on the Property in an amount equal to the full replacement cost of the Improvements.

4.3. Maintenance and Operation. Seller, at its sole cost and expense, must operate the Property in substantially the same manner as it has operated the Property before the Effective Date and must maintain and keep the Property such that on the Closing Date the Property is in at least as good condition and repair as on the Effective Date, reasonable wear and tear excepted. Seller may not make any material alterations to the Property without Buyer’s prior written consent.

4.4. Mechanics’ Liens. Except for materials, supplies, or work provided or ordered for the Property at the request of or for the account of Buyer, on or before the Closing, Seller must (a) pay for all materials, supplies, and work provided or ordered for the Property for which a labor, materialman’s, or mechanics’ lien may be claimed under applicable law and (b) if required by the Title Company, provide the Title Company with such indemnifications or security as it may require to insure title to the Property at the Closing without exception for any unrecorded labor, materialmen’s, or mechanics’ claim of lien.

4.5. No Marketing. Seller agrees not to market, show, or list the Property to any other prospective buyer during the term of this Agreement.

4.6. Existing Financing. Seller must not permit any default, or any event that could give rise to a default with lapse of time or notice, to occur under any existing loan secured by the Property or other financing encumbering the Property.

4.7. Licenses and Permits. Seller will use due diligence and its best efforts to keep in full force and effect, and will renew when necessary, all licenses and permits for the Property.

4.8. Access to Property. Buyer and Buyer's representatives, agents, and designees will have the right at all reasonable times until Closing to enter the Property as provided in section 3.5.2.

4.9. Notification. Seller will promptly notify Buyer of any material change in any condition with respect to the Property or of any material event or circumstance that makes any representation or warranty of Seller under this Agreement untrue or misleading.

4.10. Service Contracts. Seller covenants and agrees that before the Closing Date it will terminate all service contracts, if any, related to the Property.

ARTICLE 5

REPRESENTATIONS AND WARRANTIES

5.1. Seller's Representations and Warranties. Despite anything to the contrary in this Agreement, Seller warrants and represents as of the Effective Date that:

5.1.1. Organization; Authority. This Agreement and the performance of Seller's obligations under it and all documents executed by Seller that are to be delivered to Buyer at the Closing are, or on the Closing Date will be, duly authorized, executed, and delivered by Seller and are, or at the Closing Date will be, legal, valid, and binding obligations of Seller, and do not, and on the Closing Date will not, violate any provision of any agreement or judicial order to which Seller is a party or to which Seller or the Property is subject. No consent of any partner, shareholder, creditor, investor, judicial or administrative body, government agency, or other party is required for Seller to enter into or to perform Seller's obligations under this Agreement, except as has already been obtained.

5.1.2. No Violation of Law. To Seller's knowledge, Seller has received no written notice of any currently outstanding violations of any federal, state, county, or municipal law, ordinance, order, regulation, or requirement affecting the Property.

5.1.3. Litigation. To Seller's knowledge, Seller has not received any written notice of any existing or threatened litigation or arbitration involving the Property.

5.1.4. Seller Materials. To Seller's knowledge, the Seller Materials constitute all books, records, documents, agreements, contracts, reports, and other materials related to the Property that are in Seller's possession or control. To Seller's knowledge, the Seller Materials are true, correct, and complete copies of what they purport to be.

5.1.5. No Condemnation. To Seller's knowledge, Seller has received no written notice of any presently pending or contemplated special assessments or proceedings to condemn or demolish the Property or any part of it, or any proceedings to declare the Property or any part of it a nuisance.

5.1.6. Hazardous Wastes. To Seller's knowledge, Seller has received no written notice of any Hazardous Materials located on, under, or about the Property, except as disclosed in the Seller Materials.

5.1.7. Foreign Person. Seller is not a foreign person and is a "United States Person" as that term is defined in §7701(a)(30) of the Internal Revenue Code of 1986, as amended.

5.1.8. Seller's Knowledge. As used in this Agreement, the phrase "Seller's knowledge" will be limited to the actual knowledge of Aaron Magagna without duty of inquiry or investigation into the matter so qualified. "Seller's knowledge" will not be construed to refer to the knowledge of any other agent or employee or principal of Seller.

5.2. Buyer's Representations and Warranties. Despite anything to the contrary in this Agreement, Buyer hereby warrants and represents that each of the following is true as of the Effective Date and the Closing Date:

5.2.1. Due Authorization. This Agreement and the performance of Buyer's obligations under it and all the documents executed by Buyer that are to be delivered to Seller at the Closing are, or on the Closing Date will be, duly authorized, executed, and delivered by Buyer and are, or at the Closing Date will be, legal, valid, and binding obligations of Buyer, and do not, and on the Closing Date will not, violate any provisions of any agreement or judicial order to which Buyer is a party or to which Buyer or the Property is subject. No consent of any partner, shareholder, creditor, investor, judicial or administrative body, government agency, or other party is required for Buyer to enter into or to perform Buyer's obligations under this Agreement, except as has already been obtained.

5.2.2. USA Patriot Act Representation.

5.2.2.1. Neither Buyer nor its partners, members, officers, directors, investors, or shareholders, nor any of their respective affiliates, is in violation of any federal or state anti-money laundering and anti-terrorism laws.

5.2.2.2 Neither Buyer nor its partners, members, officers, directors, investors, or shareholders, nor any of their respective affiliates, is acting, directly or indirectly, on behalf of terrorists, terrorist organizations, or narcotics traffickers, including those persons or entities designated as a Specially Designated National pursuant to Executive Order 13224 of the President of the United States, dated September 23, 2001 ("**Executive Order**"), as amended, or that appear on the Annex to the Executive Order, or are included on any relevant lists maintained by the Office of Foreign Assets Control of U.S. Department of Treasury, U.S. Department of State, or other U.S. government agencies, all as may be amended from time to time ("**Government List**").

5.2.2.3. Neither Buyer nor its partners, members, officers, directors, investors, or shareholders, nor any of their respective affiliates, in any capacity in connection with the purchase of Property (a) conducts any business or engages in making or receiving any contribution of funds, goods, or services to or for the benefit of any person included in a Government List, (b) deals in, or otherwise engages in any transaction relating to, the Property or interests in property blocked pursuant to the Executive Order, or (c) engages in or conspires to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any anti-money-laundering and anti-terrorism laws.

5.2.2.4. Neither Buyer, nor any person controlling or controlled by Buyer, is a country, territory, individual, or entity named on a Government List, and, to Buyer's actual knowledge, the monies used in connection with this Agreement and amounts committed with respect to this Agreement were not and are not derived from any activities that contravene any applicable anti-money-laundering or anti-bribery laws and regulations (including funds being derived from any person, entity, country, or territory on a Government List or engaged in any unlawful activity defined under 18 USC §1956(c)(7)).

5.3. Effect of Representations and Warranties. Each representation and warranty in this Article 5: (a) is material and being relied on by the party to which the representation and warranty is made; (b) is true in all respects as of the Effective Date; (c) must be true in all respects on the Closing Date; and (d) will survive the Closing, except as otherwise provided in this Agreement.

5.4. “As Is” Purchase. Subject to the approval or waiver of the Contingencies in Article 3, Seller’s preclosing obligations under Article 4, the closing conditions in Article 6, and as a material inducement to Seller’s execution and delivery of this Agreement and performance of its duties under this Agreement: EXCEPT AS OTHERWISE PROVIDED IN THIS AGREEMENT, BUYER HAS AGREED TO ACCEPT POSSESSION OF THE PROPERTY ON THE CLOSING DATE ON AN “AS IS” BASIS. SELLER AND BUYER AGREE THAT THE PROPERTY WILL BE SOLD “AS IS, WHERE IS, WITH ALL FAULTS” WITH NO RIGHT OF SET-OFF OR REDUCTION IN THE PURCHASE PRICE, AND SUCH SALE WILL BE WITHOUT REPRESENTATION OR WARRANTY OF ANY KIND, EXPRESS OR IMPLIED (INCLUDING, WITHOUT LIMITATION, WARRANTY OF INCOME POTENTIAL, OPERATING EXPENSES, USES, MERCHANTABILITY, OR FITNESS FOR A PARTICULAR PURPOSE), AND SELLER DISCLAIMS AND RENOUNCES ANY SUCH REPRESENTATION OR WARRANTY. Explain “As Is” because the Land is to be purchased cleared off, vacant, free of all debris, etc. as presently the property

5.5. Release. Effective from and after the Closing, Buyer hereby waives, releases, acquits, and forever discharges Seller, and Seller’s agents, directors, officers, and employees to the maximum extent permitted by law, of and from any and all claims, actions, causes of action, demands, rights, liabilities, damages, losses, costs, expenses, or compensation whatsoever, direct or indirect, known or unknown, foreseen or unforeseen, that it now has or that may arise in the future because of or in any way growing out of or connected with this Agreement and the Property (including without limitation the condition of the Property), except matters arising from Seller’s fraud or intentional misrepresentation. BUYER EXPRESSLY WAIVES ITS RIGHTS GRANTED UNDER CALIFORNIA CIVIL CODE §1542, AND ANY OTHER PROVISION OF LAW THAT PROVIDES A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT BUYER DOES NOT KNOW OR SUSPECT TO EXIST IN ITS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY IT MUST HAVE MATERIALLY AFFECTED ITS AGREEMENT TO RELEASE SELLER.

Seller and Buyer have each initialed this section 5.5 to further indicate their awareness and acceptance of each and every provision of this Agreement. The provisions of this section 5.5 will survive the Closing.

Seller’s Initials: _____

Buyer’s Initials: _____

ARTICLE 6

CLOSING CONDITIONS

6.1. Buyer’s Closing Conditions. All obligations of Buyer under this Agreement are subject to the fulfillment, before or at the Closing, of each of the following conditions (“**Buyer’s Closing Conditions**”). Buyer’s Closing Conditions are solely for Buyer’s benefit and any or all of Buyer’s Closing Conditions may be waived in writing by Buyer in whole or in part without prior notice.

6.1.1. Title. As of the Closing, the Title Company shall be irrevocably committed to issue the Owner’s Policy to Buyer an ALTA ([B1970 Form, as amended/June 1, 1987, Form]) Owner’s Extended Coverage Policy of Title Insurance with liability in the full amount of the Purchase Price, insuring title to the Real Property in Buyer, subject only to the Permitted Exceptions, together with such endorsements described below or as may be

reasonably requested by Buyer (“**Title Policy**”). The Title Policy must also include such endorsements or guaranties as Buyer may request. Seller must deliver to the Title Company such instruments, documents, releases, and agreements and must perform such other acts as Title Company may reasonably require in order to issue the Title Policy. Indemnification of the Title Company to induce it to insure any otherwise unpermitted exception to title will not be allowed except with Buyer’s prior written consent after full disclosure to Buyer of the nature and substance of such exception and indemnity, which consent will not be unreasonably withheld by Buyer for exceptions not material to marketable title to the Real Property.

6.1.2. The Parties shall enter into and simultaneously close on a purchase agreement (the “**LLC Purchase Agreement**”) for purchase by Buyer from the Seller of one hundred percent (100%) of the membership interests (the “**Membership Interest**”) of 2018FMO, LLC, a California limited liability company, in the form attached hereto as Exhibit C.

6.1.3. Financing. The financing that Buyer must obtain as described in section 3.6, above, will be ready to close, and the lender that has committed to provide such financing (“**New Lender**”) must be ready to disburse the funds into Escrow as described in section 7.4, subject to no conditions other than conveyance of the Property and the Membership Interest by Seller to Buyer.

6.1.4. Approval of Contingencies. Buyer must have acknowledged its approval or waiver of all contingencies as required under Article 3.

6.1.5. Closing Documents. Seller must have delivered to Escrow the documents and funds it is required to deliver through Escrow at Closing.

6.2. Seller’s Closing Conditions. Seller’s obligation to sell the Property is expressly conditioned on the fulfillment of each condition precedent at or before the Closing (“**Seller’s Closing Conditions**”). Seller’s Closing Conditions are solely for Seller’s benefit and any of Seller’s Closing Conditions may be waived in writing by Seller in whole or in part without prior notice.

6.2.1. Approval of Contingencies. It is a Seller’s Closing Condition that Buyer must have acknowledged its approval or waiver of all contingencies as required under Article 3.

6.2.2. Purchase Price. Buyer must have delivered the Purchase Price to Escrow.

6.2.3. Delivery of Closing Documents and Funds. Buyer must have delivered to Escrow the documents and funds specified in section 7.4

6.3. Termination for Failure of a Condition. If Buyer’s Closing Conditions or Seller’s Closing Conditions, as the case may be, have not been previously approved or waived, this Agreement may be terminated by the party in whose favor the Closing Condition runs by written notice to the other. If Buyer has not terminated this Agreement prior to the Contingency Date, then the Deposit shall thereafter be nonrefundable to Buyer. If Buyer terminates this Agreement prior to the Contingency Date, then then Escrow Holder shall return to Buyer the Deposit and any interest earned thereon in Escrow, and neither Party will have any further obligations under this Agreement, except for the Surviving Obligations. Any cancellation fee or other costs of the Escrow Holder and Title Company will be borne equally by Seller and Buyer and each party will pay its own expenses.

ARTICLE 7

CLOSING

7.1. Escrow. The Escrow will be opened with the Escrow Holder on the execution of this Agreement. Buyer and Seller will promptly on the Escrow Holder's request execute such additional Escrow instructions as are reasonably required to consummate the transaction contemplated by this Agreement and are not inconsistent with this Agreement.

7.2. Closing Definitions.

7.2.1. Definition. The “**Closing**” means the exchange of money and documents as described in this Article 7 and will be deemed to have occurred when Seller's Deed to Buyer has been recorded, the Escrow Holder holds and can record and deliver the remaining documents described in this Article 7, the Title Company is irrevocably and unconditionally committed to issue the Title Policy, and Buyer has delivered the Purchase Price in immediately available funds to Escrow Holder.

7.2.2. Closing Date. Seller and Buyer agree that the Closing will occur on the “**Closing Date**.” The Closing Date will be a date mutually agreeable to Buyer and Seller that is no later than thirty (30) days after the Contingency Date. If the Closing has not occurred within thirty (30) days after the Contingency Date, then subject to section 6.3, either party may elect to terminate this Agreement, the Deposit will be paid to Seller, and neither party will have any obligations to the other except for the Surviving Obligations (defined in section 2.3.3), or on account of any breach of this Agreement. The Closing will be at the offices of Escrow Holder or such other place as the parties may agree.

7.3. Seller's Deposit of Documents and Funds. Seller must deposit into Escrow the following documents duly executed by Seller in form and substance reasonably satisfactory to Buyer:

7.3.1. Deed. The duly executed and acknowledged grant deed in the form attached to this Agreement as Exhibit D (“**Deed**”) conveying the Property to Buyer subject only to the Permitted Exceptions;

7.3.2. Bill of Sale. A duly executed bill of sale, in the form attached to this Agreement as Exhibit E, conveying the Personal Property to Buyer free and clear of liens, encumbrances, and restrictions of every kind and description (“**Bill of Sale**”);

7.3.3. Nonforeign Certification. Certificates required by §1445 of the Internal Revenue Code of 1986, and the California Revenue and Taxation Code §18662, executed by Seller and in a form satisfactory to Buyer (“**Nonforeign Certification**”), to relieve Buyer of any potential transferee's withholding liability under such statutes;

7.3.4. A duly executed copy of the LLC Purchase Agreement; **{Determine why buying the LLC versus just transferring the name of license –is this the way it must be done to ensure transfer?}**

7.3.5. Additional Documents. Such additional documents, including written Escrow instructions consistent with this Agreement, as may be necessary or desirable to convey the Property in accordance with this Agreement.

7.4. Buyer's Deposit of Documents and Funds. Buyer must deposit into Escrow the following funds and documents duly executed by Buyer in form and substance reasonably satisfactory to Seller:

7.4.1. Purchase Price. The Purchase Price in accordance with Article 2, plus or minus prorations as provided in section 7.7 (including funds, if any, to be provided by the New Lender as described in section 3.6);

7.4.2. New Lender Financing Documents. Duly executed loan and security documents as the New Lender may require with respect to the financing described in section 3.6;

7.4.3. Conveyance Documents. Such documents, including written Escrow instructions consistent with this Agreement, as may be necessary or desirable for conveyance of the Property in accordance with this Agreement.

7.5. Closing. When the Escrow Holder receives all documents and funds identified in sections 7.3 and 7.4, and the Title Company is ready, willing, and able to issue the Title Policy, then, and only then, the Escrow Holder will close Escrow by:

7.5.1. Recording the Deed;

7.5.2. Intentionally omitted. {off the shelf Agreement}

7.5.3. Recording the documents Seller requires to be recorded under section 2.5 with respect to Seller Financing;

7.5.4. Recording any documents required to be recorded by the New Lender with respect to financing described in section 3.6;

7.5.5. Issuing the Title Policy to Buyer;

7.5.6. Delivering to Buyer the Bill of Sale, the Nonforeign Certification, the fully executed LLC Purchase Agreement, copies of all recorded documents related to the transfer or encumbering of the Property, and a copy of Seller's Escrow instructions; and

7.5.8. Paying the Purchase Price to Seller, plus or minus prorations under section 7.7.

7.5.9. Thereafter, Escrow Holder will deliver signed closing statements showing all receipts and disbursements to Buyer and Seller and will file with the Internal Revenue Service (with copies to Buyer and Seller) the reporting statement required under Internal Revenue Code §6045(e).

7.7.5. Property Taxes. All real and personal property ad valorem taxes and special assessments, if any, whether payable in installments or not, including without limitation all supplemental taxes attributable to the period before the Closing Date for the calendar year in which the Closing occurs will be prorated to the Closing Date, based on the latest available tax rate and assessed valuation.

7.7.6. Utility Charges. Charges for utilities, including water, sewer, electric, and gas, will be prorated within thirty (30) days after the Closing Date based on the then most recent bills for such services. Seller must pay for all utility services to the Property for all periods before the Closing and Buyer must pay for all utility services to the Property for the Closing Date and all periods thereafter. {Are there any expenses being paid presently or should be but the current owner is merely paying them because of the land that he owns adjacent to the property?}

7.8. Closing Costs. Closing costs will be allocated as follows:

7.8.1. Seller will pay the cost of a standard title policy;

7.8.2. Buyer shall pay additional costs for an ALTA policy and any ALTA survey requested;

7.8.3. Escrow costs will be shared equally by Seller and Buyer;

7.8.4. Buyer will pay the cost of recording the Deed;

7.8.5. Buyer and Seller shall split equally the attorney fees for the drafting of this agreement (the “**PSA Attorney Fees**”). **Seller shall pay Seller’s portion of the PSA Attorney Fees out of Escrow at the time of Closing.**

7.8.6 Buyer and Seller will each pay their own attorney fees and costs other than the PSA Attorney Fees (the “**Other Attorney Fees**”). **Seller shall pay its Other Attorney Fees out of Escrow at the time of Closing.**

Seller shall pay Seller’s portion of attorneys’ fees out of escrow at the time of the closing. Buyer and Seller will each pay their own attorney’s fees and costs;

7.8.6. Buyer will pay costs associated with obtaining the financing described in section 3.6 from the New Lender;

7.8.7. Buyer will pay any sales tax; and

7.8.8. Seller will pay the transfer tax and any documentary and municipal transfer tax.

7.9. Broker’s Commission; Indemnity. Under separate agreement, Seller must pay _ **[name]** _ (“**Broker**”) for its services as broker in this transaction. Neither party has had any contact or dealings regarding the Property, or any communication in connection with the subject matter of this transaction, through any licensed real estate broker or person, other than the Broker, who can claim a commission or finder’s fee as a procuring cause of the sale contemplated in this Agreement. If any other broker or finder perfects a claim for a commission or finder’s fee based on any contract, dealings, or communication with a party (“**Indemnifying Party**”), then the Indemnifying Party must indemnify, defend, and hold the other party (“**Nonindemnifying Party**”) harmless from all costs and expenses (including reasonable attorney fees and costs of defense) incurred by the Nonindemnifying Party in connection with such claim.

7.10 Possession. Seller will deliver exclusive right of possession of the Property to Buyer on the Closing Date.

ARTICLE 8

RISK OF LOSS

8.1. Condemnation. If before the Closing Date any action or proceeding is commenced for the condemnation or exercise of the rights of eminent domain of the Property or any portion of it, or if Seller is notified by the duly authorized officer of a duly empowered condemning authority of the intent to commence such action or proceeding (“**Condemnation**”) and if such Condemnation would materially and adversely affect the use or operation of the Property, have the effect of decreasing the square footage of the Improvements, or reduce or eliminate access to the Property, then Buyer may either (a) terminate this Agreement or (b) proceed with the Closing without modifying the terms of this Agreement and without reducing the Purchase Price, on the condition that Seller must assign and turn over, and Buyer will be entitled to keep, all awards for the Condemnation that accrue to Seller. Seller may not negotiate, resist, or stipulate to any Condemnation without Buyer’s written consent. Seller must notify Buyer of any notice of Condemnation of all or any portion of the Property within five (5) days after the receipt of this notice, and Buyer must exercise its option(s) as provided in this section 8.1 within ten (10) days after receipt of such notice. If necessary, the Closing Date will be extended to give Buyer the full 10-day period to make such election.

8.2. Damage and Destruction. If before the Closing Date any damage or destruction of the Property, or any portion of it, will have occurred that results in an Uninsured Loss of Five Hundred Thousand Dollars (\$500,000.00) or less, then at the Closing Seller must assign to Buyer the right to collect any Insurance

Proceeds with respect to such loss and give Buyer a credit against the Purchase Price in the amount of such Uninsured Loss. If such damage or destruction results in an Uninsured Loss of more than Five Hundred Thousand Dollars (\$500,000.00), then within five (5) days after determination of the amount of the Insurance Proceeds Seller must elect either (a) to give Buyer a credit for the entire amount of such Uninsured Loss and assign to Buyer the right to collect any Insurance Proceeds with respect to such loss, or (b) to terminate this Agreement. Despite any such damage or destruction, the Purchase Price for the Property will not be reduced except by the credits referred to above. For purposes of this section 8.2, Uninsured Loss is the difference between (i) the sum of the actual cost necessary for the Seller to fully repair such damage and destruction, as determined by a qualified insurance adjuster selected by the insurance carrier providing insurance for the Property, and (ii) the total amount of Insurance Proceeds, which are the proceeds from any and all insurance with respect to the Property and/or to such loss, including without limitation fire and casualty and liability insurance. Uninsured Losses may arise because of self-insurance, deductible amounts under policies, proceeds of policies insufficient to cover the loss, risks not insured for, or otherwise. If any damage to or destruction of the Property occurs, the Closing Date will be extended until the amount of the Insurance Proceeds is determined and Seller has made any election permitted under this section 8.2.

ARTICLE 9

REMEDIES FOR DEFAULT

9.1. Buyer's Default. Buyer will be deemed to be in default under this Agreement (1) if Buyer fails, for any reason other than Seller's default under this Agreement or the failure of a condition precedent to Buyer's obligation to perform under this Agreement, to meet, comply with, or perform any covenant, agreement, or obligation required on its part within the time limits and in the manner required in this Agreement, or (2) if a material breach of any representation or warranty (made by Buyer) has occurred by reason of Buyer's actual fraud or intentional misrepresentation; provided, however, that no such default will be deemed to have occurred unless and until Seller has given Buyer written notice of this Agreement, describing the nature of the default, and Buyer has failed to cure such default within five (5) days after the receipt of such notice (but in any event before the Closing Date, unless such default occurs after Closing).

9.2. REMEDIES FOR BUYER'S DEFAULT. IF THE CLOSING FAILS TO OCCUR BECAUSE OF BUYER'S DEFAULT UNDER THE TERMS OF THIS AGREEMENT, BUYER WILL BE RESPONSIBLE FOR ALL CANCELLATION CHARGES REQUIRED TO BE PAID TO ESCROW HOLDER AND ANY ESCROW CHARGES. IN ADDITION, THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES WILL TERMINATE AND ANY DEPOSITS NOT YET DISBURSED WILL BE IMMEDIATELY DELIVERED BY ESCROW HOLDER TO SELLER ON SELLER'S REQUEST. THE DEPOSITS WILL BE DEEMED LIQUIDATED DAMAGES FOR BUYER'S NONPERFORMANCE AS SELLER'S SOLE AND EXCLUSIVE REMEDY AGAINST BUYER (INCLUDING, WITHOUT LIMITATION, SELLER'S RIGHTS TO SEEK SPECIFIC PERFORMANCE OF THIS AGREEMENT AND TO RECEIVE DAMAGES) FOR BUYER'S FAILURE TO PURCHASE THE PROPERTY, WHICH SUMS WILL BE PRESUMED TO BE A REASONABLE ESTIMATE OF THE AMOUNT OF ACTUAL DAMAGES SUSTAINED BY SELLER BECAUSE OF BUYER'S BREACH OF ITS OBLIGATION TO PURCHASE THE PROPERTY. FROM THE NATURE OF THIS TRANSACTION, IT IS IMPRACTICABLE AND EXTREMELY DIFFICULT TO FIX THE ACTUAL DAMAGES THAT SELLER WOULD SUSTAIN IF BUYER BREACHES SUCH OBLIGATION. THE IMPRACTICABILITY AND DIFFICULTY OF FIXING ACTUAL DAMAGES IS CAUSED BY, WITHOUT LIMITATION, THE FACT THAT THE PROPERTY IS UNIQUE. GIVEN THE FOREGOING FACTS, AMONG OTHERS, BUYER AND SELLER AGREE THAT LIQUIDATED DAMAGES ARE PARTICULARLY APPROPRIATE FOR THIS TRANSACTION AND AGREE THAT SAID LIQUIDATED DAMAGES MUST BE PAID IN THE EVENT OF BUYER'S BREACH OF ITS OBLIGATION TO PURCHASE THE PROPERTY, DESPITE ANY

WORDS OR CHARACTERIZATIONS PREVIOUSLY USED OR CONTAINED IN THIS AGREEMENT IMPLYING ANY CONTRARY INTENT. THE PAYMENT OF SUCH AMOUNT AS LIQUIDATED DAMAGES IS NOT INTENDED AS A FORFEITURE OR PENALTY WITHIN THE MEANING OF CALIFORNIA CIVIL CODE §3275 OR §3369 BUT IS INTENDED TO CONSTITUTE LIQUIDATED DAMAGES TO SELLER UNDER CALIFORNIA CIVIL CODE §§1671, 1676, AND 1677. NOTHING IN THIS AGREEMENT WILL, HOWEVER, BE DEEMED TO LIMIT BUYER'S LIABILITY TO SELLER FOR DAMAGES OR INJUNCTIVE RELIEF FOR BREACH OF BUYER'S INDEMNITY OBLIGATIONS UNDER SECTION 3.5.2, OR FOR ATTORNEY FEES AND COSTS AS PROVIDED IN SECTION 10.10.

WE ACKNOWLEDGE THIS LIQUIDATED DAMAGES PROVISION:

SELLER'S INITIALS: _____ BUYER'S INITIALS: _____

9.3. Seller's Default. Seller will be deemed to be in default under this Agreement (1) if Seller fails, for any reason other than Buyer's default under this Agreement or the failure of a condition precedent to Seller's obligation to perform under this Agreement, to meet, comply with, or perform any covenant, agreement, or obligation required on its part within the time limits and in the manner required in this Agreement, or (2) if a material breach of any representation or warranty (made by Seller) has occurred because of Seller's actual fraud or intentional misrepresentation; provided, however, that no such default will be deemed to have occurred unless and until Buyer has given Seller written notice of the default, describing its nature, and Seller has failed to cure such default within FIVE (5) days after receipt of such notice (but in any event before the Closing Date, unless such default occurs after Closing).

9.4. WAIVER OF RIGHT TO SPECIFIC PERFORMANCE. IF SELLER FAILS TO CONVEY THE PROPERTY TO BUYER IN ACCORDANCE WITH THE PROVISIONS OF THIS AGREEMENT, AND SUCH FAILURE CONSTITUTES A DEFAULT UNDER THIS AGREEMENT, THEN BUYER WILL BE ENTITLED TO THE RETURN OF THE DEPOSIT AND ALL INTEREST ACCRUED ON THAT DEPOSIT WHILE IN ESCROW, BUT BUYER WILL NOT HAVE THE RIGHT TO RECEIVE ANY EQUITABLE RELIEF, INCLUDING WITHOUT LIMITATION THE RIGHT TO RECORD A LIS PENDENS AGAINST THE PROPERTY UNDER APPLICABLE LAW OR TO PURSUE THE SPECIFIC PERFORMANCE OF THIS AGREEMENT, BUT BUYER WILL HAVE THE RIGHT TO PURSUE AN ACTION FOR DAMAGES AGAINST SELLER RELATIVE TO SUCH DEFAULT. SELLER AND BUYER ACKNOWLEDGE THAT THEY HAVE READ AND UNDERSTAND THIS SECTION 9.4 AND BY THEIR INITIALS IMMEDIATELY BELOW AGREE TO BE BOUND BY ITS TERMS.

SELLER'S INITIALS: _____ BUYER'S INITIALS: _____

9.5. Resolution of Disputes. Controversies or claims between Seller and Buyer that arise from (a) this Agreement (including any modifications to this agreement), (b) any document, agreement, or procedure related to or delivered in connection with this Agreement or the Property, (c) any violation of this Agreement, or (d) any claims for damages resulting from any business conducted between Seller and Buyer, including claims for injury to persons, property, or business interests (torts) (collectively, "**Arbitrable Disputes**") will be resolved under this section 9.5, which will survive termination of this Agreement. Wherever this Agreement refers to arbitration as the means of resolving disputes between the parties, the parties agree to follow the procedure described immediately below before commencing arbitration procedures. The filing of a judicial action during the term of this Agreement to enforce the other party's performance under this Agreement, *e.g.*, for an order of attachment, injunction, or other remedy, will not constitute a waiver to the filing party's right or breach of the filing party's obligation to arbitrate; provided, however, that in no circumstances following the termination of this Agreement will Buyer be entitled to record a notice of pending action (lis pendens) or take other action or

seek other remedies that would have the effect of clouding Seller's title or restricting Seller's ability to convey or encumber the Property, free of any claim by Buyer to the Property.

9.5.1. Arbitration of Disputes.

(a) General. Any controversies or claims between Seller and Buyer that arise from Arbitrable Disputes will be settled by arbitration in the City of San Diego, California, in accordance with the Commercial Arbitration Rules (Rules of the American Arbitration Association ("AAA")) if not inconsistent with other provisions of this Agreement, and judgment on the award rendered by the arbitrators may be entered in any court having jurisdiction. The parties submit to the jurisdiction of the Superior Court of the State of California, County of San Diego, for purposes of confirming any such award and entering judgment. The parties further agree that, despite anything to the contrary that may now or hereafter be contained in the Rules of the AAA, this section 9.5.1 will control.

(b) Appointment. Within ten (10) days after receipt of a notice of arbitration (Demand) from the other party, each party will appoint one person to hear and decide the dispute. The two persons so chosen will, within ten (10) days after their appointment, appoint a third impartial arbitrator (who must be an attorney at law licensed to practice in California), and the final majority decision of the three arbitrators will be final and conclusive on the parties to this Agreement. Each appointment of an arbitrator will be deemed complete on delivery by the appointing party of written notice of appointment of that arbitrator to the San Diego Regional Office of the AAA. If either Seller or Buyer fails to designate its arbitrator within the specified period after receipt of the Demand, then the arbitrator designated by the other party will sit as the sole arbitrator and will be deemed to be the single, mutually approved arbitrator to resolve the Arbitrable Dispute. If the party-appointed arbitrators are unable to appoint an impartial arbitrator, the impartial arbitrator will be appointed under the Rules of the AAA. If the parties cannot agree on a rate of compensation for the arbitrators, they will be compensated for their services at a rate to be determined by the AAA.

(c) Costs. Except as provided in this section 9.5.1, each party will bear its own costs and expenses of arbitration, including, but not limited to, filing fees, attorney fees, the fees of the arbitrator appointed by the party, and costs of transcripts, and each party agrees to pay half of the compensation to be paid to the neutral arbitrator in the arbitration. The arbitrators will not have the power or competence to allocate between the parties in their award any costs, expenses, fees, or share of arbitrators' compensation.

(d) Written Opinion. The arbitrators must, on the request of either Seller or Buyer, issue a written opinion of their findings of fact and conclusions of law. On receipt by the requesting party of this written opinion, the party will have the right to file with the arbitrators a motion to reconsider, and the arbitrators must then reconsider the issues raised by this motion and either confirm or change their majority decision, which will then be final and conclusive on the parties.

(e) Applicability of Code of Civil Procedure. It is specifically contemplated and agreed by the parties that California Code of Civil Procedure §1283.05, as it may be amended from time to time, will be incorporated into, made a part of, and made applicable to the arbitration agreement in this section 9.5.1.

(f) Power of Arbitrators. The arbitrators will have the authority to issue any judgment or order, including punitive damages and equitable relief; provided, however, that the arbitrators' power to provide equitable relief or specific performance will be limited to disputes in connection with the administration of this agreement and will not preclude or restrict implementation of the termination provisions of this Agreement.

(g) Statute of Limitations. For purposes of the statute of limitations, the filing of an arbitration under this section 9.5.1 is the equivalent of the filing of a lawsuit, and any claim or controversy that may be arbitrated under this section 9.5.1 is subject to any applicable statute of limitations. The arbitrators will have the authority

to decide whether any such claim or controversy is barred by the statute of limitations, and, if so, to dismiss the arbitration on that basis.

(h) Disagreement on Arbitrability. If the parties disagree on whether a dispute is an Arbitrable Dispute, the issue of arbitrability will be resolved by litigation unless both parties in their sole discretion agree to make the issue of arbitrability an issue to be decided by the arbitrators under this section 9.5.1.

9.5.2. Statutory Notice. NOTICE: BY INITIALING IN THE SPACE BELOW, YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THE “ARBITRATION OF DISPUTES” PROVISION DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. BY INITIALING IN THE SPACE BELOW, YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS THOSE RIGHTS ARE SPECIFICALLY INCLUDED IN THE “ARBITRATION OF DISPUTES” PROVISION. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY.

THE UNDERSIGNED HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE “ARBITRATION OF DISPUTES” PROVISION TO NEUTRAL ARBITRATION.

SELLER’S INITIALS: _____

BUYER’S INITIALS: _____

ARTICLE 10

GENERAL

10.1. Notices. Any notices relating to this Agreement must be given in writing and will be deemed sufficiently given and served for all purposes when delivered (i) personally, in which case it will be deemed to be received on delivery; (ii) by generally recognized next-business-day courier service, in which case it will be deemed delivered on the next business day if timely delivered to such service for next-day delivery, postage pre-paid; (iii) by facsimile (provided that sender retains a printed confirmation of delivery to the facsimile number provided below), in which case it will be deemed delivered based on the time shown in the confirmation; (iv) by electronic mail, in which case it will be deemed delivered on the date sent or the next business day after the date sent; or (v) _ _ [e.g., 3] _ _ days after deposit in the United States mail certified or registered, return receipt requested, with postage prepaid, addressed as follows:

SELLER:

Aaron Magagna
3639 Midway Dr., Suite B #132
San Diego, CA 92110
Email: aaronmagagna@gmail.com

BUYER:

Charla Barbieri Heimer
3539 Ticonderoga Street
San Diego, CA 92117
Email: char@csquarednvestments.com

ESCROW HOLDER:

Orange Coast Title

[address] _ _

Att'n: _ _ [name] _ _

Fax No.: _ _ [number] _ _

E-mail: _ _ [e-mail address] _ _

Either party may change its address by written notice to the other given in the manner set forth above.

10.2. Entire Agreement. This Agreement and all exhibits and agreements referred to in this Agreement constitute the complete, exclusive, and final statement of the terms of the agreement with respect to the sole property between buyer and seller and may not be contradicted by evidence of any prior or contemporaneous agreement. This Agreement specifically supersedes any prior written or oral agreements between the parties. The language in all parts of this Agreement will be construed as a whole in accordance with its fair meaning and without regard to California Civil Code §1654 or similar statutes. Neither party has been induced to enter into this Agreement by, and neither party is relying on, any representation or warranty outside those expressly set forth in this Agreement.

10.3. Amendments and Waivers. No addition to or modification of this Agreement will be effective unless it is made in writing and signed by the party against whom the addition or modification is sought to be enforced. The party benefited by any condition or obligation may waive the same, but such waiver will not be enforceable by another party unless it is made in writing and signed by the waiving party.

10.4. Invalidity of Provision. If any provision of this Agreement as applied to either party or to any circumstance is adjudged by a court of competent jurisdiction to be void or unenforceable for any reason, this fact will in no way affect (to the maximum extent permissible by law) any other provision of this Agreement, the application of any such provision under circumstances different from those adjudicated by the court, or the validity or enforceability of this Agreement as a whole.

10.5. No Merger. This Agreement, each provision of it, and all warranties and representations in this Agreement will survive the Closing and will not merge in any instrument conveying title to Buyer. All representations, warranties, agreements, and obligations of the parties will, despite any investigation made by any party to this Agreement, survive Closing, and the same will inure to the benefit of and be binding on the parties' respective successors and assigns.

10.6. References. Unless otherwise indicated, (a) all article and section references are to the articles and sections of this Agreement, and (b) except where otherwise stated, all references to days are to calendar days. Whenever under the terms of this Agreement the time for performance of a covenant or condition falls on a Saturday, Sunday, or California state holiday, such time for performance will be extended to the next business day. "Business Days" means days other than Saturday, Sunday, and California state holidays. The headings used in this Agreement are provided for convenience only and this Agreement will be interpreted without reference to any headings. The date of this Agreement is for reference purposes only and is not necessarily the date on which it was entered into.

10.7. Governing Law. This Agreement will be governed by the laws of the State of California applicable to contracts made by residents of the State of California and to be performed in California.

10.8. Confidentiality and Publicity. In connection with this Agreement, the Parties have obtained information the Parties consider confidential and/or proprietary including, but not limited to: (i) the names of the Parties and the Parties' agents, attorneys, and consultants; (ii) the fact that Seller may sell the Property and Buyer is a potential purchase of the Property; (iii) information regarding the negotiations, offers, counteroffers, and drafts

of this Agreement; (iv) information about the Property or Seller discovered by Buyer; and (v) any documents received from one another (collectively, the “**Confidential Information**”). The Parties agree to keep the Confidential Information confidential, except to the extent necessary to (a) comply with applicable law and regulations or (b) carry out the obligations set forth in this Agreement. Any such disclosure to third parties must indicate that the information is confidential and should be so treated by the third party. Before the Closing, no press release or other public disclosure may be made by either Party or any of its agents concerning this transaction without the other Party’s prior written consent.

10.9. Time. Time is of the essence in the performance of the parties’ respective obligations under this Agreement.

10.10. Attorney Fees. In the event of any action or proceeding to enforce a term or condition of this Agreement, any alleged disputes, breaches, defaults, or misrepresentations in connection with any provision of this Agreement or any action or proceeding in any way arising from this Agreement, including any interpleader of the Deposit by the Escrow Holder, the prevailing party in such action, or the nondismissing party when the dismissal occurs other than by a settlement, will be entitled to recover its reasonable costs and expenses, including without limitation reasonable attorney fees and costs of defense paid or incurred in good faith. The “prevailing party,” for purposes of this Agreement, will be deemed to be that party who obtains substantially the result sought, whether by settlement, dismissal, or judgment.

10.11. Assignment. This Agreement will inure to the benefit of and be binding on the parties to this Agreement and their respective successors and assigns. Buyer will have the right to assign all or any portion of its interest in this Agreement, provided that Buyer gives written notice of such assignment to Seller before the Closing Date.

10.12. No Third Party Beneficiaries. Nothing in this Agreement, express or implied, is intended to confer any rights or remedies under or by reason of this Agreement on any person other than the parties to it and their respective permitted successors and assigns, nor is anything in this Agreement intended to relieve or discharge any obligation of any third person to any party to this Agreement or give any third person any right of subrogation or action over against any party to this Agreement.

10.13. Remedies Cumulative. The remedies set forth in this Agreement are cumulative and not exclusive to any other legal or equitable remedy available to a party.

10.14. Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

10.15. Tax-Deferred Exchange. Seller may use the proceeds from the sale of the Property to effect one (or more) tax-deferred exchange(s) under Internal Revenue Code §1031. Buyer agrees to accommodate Seller in effecting such tax-deferred exchange. Seller will have the right, expressly reserved here, to elect such tax-deferred exchange at any time before the Closing Date. Seller and Buyer agree, however, that consummation of the purchase and sale of Property under this Agreement is not conditioned on such exchange. If Seller elects to make a tax-deferred exchange, Buyer agrees to execute such additional escrow instructions, deeds, documents, agreements, or instruments to effect this exchange, provided that Buyer must incur no additional costs, expenses, or liabilities in this transaction as a result of or in connection with this exchange. Seller agrees to hold Buyer harmless of any liability, damages, or costs, including reasonable attorney fees, that may arise from Buyer’s participation in such exchange.

10.16. Interpretation. Throughout this Agreement, (a) the plural and singular numbers will each be considered to include the other; (b) the masculine, feminine, and neuter genders will each be considered to include the

others; (c) “shall,” “will,” “must,” “agrees,” and “covenants” are each mandatory; (d) “may” is permissive; (e) “or” is not exclusive; and (f) “includes” and “including” are not limiting.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date.

SELLER:

Aaron Magagna

Date: _____

BUYER:

Charla Barbieri Heimer

Date: _____

CONSENT OF ESCROW HOLDER

Orange Coast Title Company (“**Escrow Holder**”) accepts the foregoing Purchase and Sale Agreement and Joint Escrow Instructions as escrow instructions, agrees to act as escrow holder and agrees to be bound by their provisions applicable to it as Escrow Holder.

Orange Coast Title Company

Date: _____

By:

Its:

TABLE OF EXHIBITS

EXHIBIT	TITLE
A	Description of Property
B	CUP
C	LLC Purchase Agreement
D	Form of Grant Deed
E	Bill of Sale
F	Form of Note for Seller Financing
G	Form of Deed of Trust for Seller Financing

MEMBERSHIP INTEREST SALE AND PURCHASE AGREEMENT

This MEMBERSHIP INTEREST SALE AND PURCHASE AGREEMENT (this “**Agreement**”) is made as of the date executed (“**Effective Date**”), by and between AARON MAGAGNA (the “**Seller**”) and CHARLA BARBIERI HEIMER (the “**Buyer**”). The Seller and the Buyer are also referred to herein individually as a “**Party**” and collectively as the “**Parties**”.

RECITALS:

WHEREAS, Seller **owns one hundred percent (100%) of the membership interest** (the “**Membership Interest**”) of 2018FMO, LLC (the “**Company**”), a California limited liability company, and desires to sell the Membership Interest to the Buyer; and

WHEREAS, Company has been issued and currently holds a conditional use permit (“**CUP**”) number 2114346 issued by the City of San Diego to operate a marijuana outlet (retail, medicinal or combination), where marijuana, marijuana products, and marijuana accessories are **{to be sold}** sold to the public. CUP 2114346 is attached hereto as Exhibit A; and

WHEREAS, Company has been issued and currently holds a State of California Adult-Use and Medicinal-Retail Temporary License number C10-18-0000211-TEMP (“**State License**”), attached hereto as Exhibit B; and

WHEREAS, the **CUP and the State License are the sole assets** of the Company; and

WHEREAS, the Seller has agreed to sell, and the Buyer has agreed to buy the Membership Interest, and the Parties desire to set forth the terms and conditions governing the purchase and sale of the Membership Interest.

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

AGREEMENT

1. Agreement to Sell and Purchase the Membership Interest. In consideration of, and in express reliance upon, the representations and warranties of the Seller and the Buyer in this Agreement, the Seller hereby agrees to irrevocably transfer and convey the Membership Interest to the Buyer and withdraw from the Company for a purchase price of two million dollars (\$2,000,000.00) (the “**Purchase Price**”). Buyer agrees to pay, or cause to be paid, the balance of the Purchase Price to Seller through the Escrow by depositing cash or a certified or cashier’s check payable to the Escrow Holder, or by electronic transfer of federal funds, **which must be delivered to the Escrow Holder at least three (3) business days before the Closing Date.**

2. Due Diligence. Buyer has provided copies of the Company Articles of Organization, the Operating Agreement, and all permits and licenses in the Company’s name (the “**Licenses**”), which Licenses are the sole assets of the business (the “**Inspection Materials**”). Buyer’s obligation to purchase the Membership Interest is expressly conditioned on its approval, in its sole discretion, of the matters disclosed in Inspection Materials. Buyer will have the period from the Effective Date until the date that is twenty-five (25) days after the Effective Date (“**Contingency Date**”) to review the Inspection Materials and to decide whether to approve the matters disclosed in the Inspection Materials. On or before the Contingency Date, Buyer must deliver written notice to Seller either accepting the matters disclosed in the Inspection Materials or terminating this Agreement. **{Modify section to say >>> Buyer must notify Seller of approving and waiving all contingencies or it is assumed that after the inspection period is over if no contingencies were removed, the contract is canceled and Buyer receives earnest deposit back. If Buyer, puts in writing that all contingencies are accepted then the earnest deposit goes non-refundable upon contingencies being removed}** If Buyer fails to give such notice on or before the Contingency Date, Buyer will be deemed to have “**NOT**” accepted the matters disclosed in the Inspection Materials. By its acceptance of the contingencies set forth in this Section 2, Buyer

will be deemed to have acknowledged that (a) Seller has provided Buyer with access to the Inspection Materials and (b) Buyer has had ample opportunity to review and inspect the Inspection Materials and to make such independent factual, physical, and legal examinations and inquiries as Buyer deems necessary or desirable with respect to matters disclosed in the Inspection Materials.

3. Opening of Escrow. Within three (3) business days after the Effective Date, Buyer and Seller shall open an escrow (“**Escrow**”) with Orange Coast Title Company (“**Escrow Holder**”) as the escrow holder by delivering a copy of this Agreement signed by each of Buyer and Seller. Escrow Holder shall acknowledge receipt of such items by signing and dating the signature page of this Agreement, and Escrow Holder shall return a fully signed copy of this Agreement, signed and dated by Escrow Holder, to each of Buyer and Seller. **Escrow Holder shall also prepare its required escrow instructions**, if any, for the transactions contemplated by this Agreement, and shall deliver such escrow instructions to Buyer and Seller for execution. The escrow instructions shall be on the standard form of Escrow Holder for transactions like those contemplated herein and shall incorporate this Agreement. If there is any inconsistency between this Agreement and the escrow instructions, then this Agreement shall control unless the intent to amend this Agreement is clearly stated in such escrow instructions.

4. Closing. The date of the closing of the purchase and sale of the Membership Interest under this Agreement (the “**Closing Date**”) shall occur simultaneously with the purchase agreement for the purchase by the Buyer from the Seller of that certain real property located at 6220 1/3 Federal Boulevard, San Diego, CA (the “**Real Property**”) (the “**Real Estate PSA**”).

5. Withdrawal. The **Company operating agreement dated March 19, 2019** (“**Operating Agreement**”), attached as Exhibit C, provides for withdrawal of a member prior to the dissolution and winding up of the Company by transferring all of its membership interests to any other person. The Parties acknowledge and agree that, by operation of the Operating Agreement Article 7, Seller’s withdrawal as a member of the Company, and Buyer’s admission as a member of the Company, are each effective upon the sale of the Membership Interest to the Buyer on the Closing Date.

6. Statement of Information. Within seven (7) business days of the Closing Date, Seller shall submit to the California Secretary of State a Statement of Information in the form attached hereto as Exhibit D, showing Buyer as the member/manager of the Company and updating the address and agent for service of process of the Company.

7. Representations and Warranties of Seller. The Seller represents and warrants to the Buyer as follows:

(a) **The Seller has good, valid and marketable title** to the Membership Interest free and clear of all mortgages, liens, pledges, security interests, charges, claims and other encumbrances and defects of title of any nature whatsoever.

(b) No person has any right or other claim against Seller for any commission, fee or other compensation as a finder or broker in connection with the transaction contemplated by this Agreement.

8. Representations and Warranties of Buyer. The Buyer represents and warrants to the Seller as follows:

(a) No person has any right or other claim against the Buyer for any commission, fee or other compensation as a finder or broker in connection with the transaction contemplated by this Agreement.

(b) The Buyer is financially capable of bearing the risk of loss of the entire investment represented by the Membership Interest and is able to bear the economic risk of investment in the Membership Interest for an indefinite period of time. **{I don’t want this section in there}.**

9. Conditions to Purchase. All obligations of the Buyer and Seller to consummate this Agreement are subject to the fulfillment, **prior to or on the Closing Date**, of each of the following conditions, except in the event the parties hereto shall all waive one or more of such conditions in writing: **{Prefer changing from prior to closing date instead to prior to earnest deposit going non-refundable.}**

(a) The Parties shall have **simultaneously entered into and closed on the Real Estate PSA; {Why the need for two contracts versus one? Has Seller sought Title Insurance?}**

(b) The representations and warranties of the Seller contained in this Agreement shall be true and correct in all material respects, on and as of the Closing Date, with the same force and effect as though made on and as of such date.

(c) As of the **Closing Date** the Seller shall have performed and satisfied, in all material respects, each and every obligation to be performed and satisfied under this Agreement on or prior to the time specified herein for such performance or satisfaction. **{Prefer to change to “As of the Date of Execution of this document vs. as of the Closing Date}**

(d) The representations and warranties of the Buyer contained in this Agreement shall be true and correct in all material respects, on and as of the Closing Date, with the same force and effect as though made on and as of such date.

(e) As of the **Closing Date**, the Buyer shall have performed and satisfied, in all material respects, each and every obligation to be performed and satisfied under this Agreement on or prior to the time specified herein for such performance or satisfaction.

10. Covenants.

(a) Except or unless otherwise contemplated herein, between the date hereof and the Closing Date, Seller agrees to not cause the Company to: i) issue any membership interests in the Company; ii) issue or grant any options, warrants, or other rights to purchase membership interests in the Company; iii) take any action materially and adversely affecting this Agreement or the transactions contemplated hereby or the Company's financial condition (present or prospective), business, properties, or operations; iv) dispose of any Company assets; or, v) amend its Articles of Organization or Operating Agreement.

(b) **After the closing, Seller shall have no function with or responsibility to the Company or to Buyer. Company's ability to maintain or renew the Licenses or obtain any other government licenses**, authorizations, or permits (“**Government Authorizations**”) to operate the Company shall be entirely Buyer's responsibility. Buyer and Buyer's heirs, successors, or assigns (the “**Buyer Parties**”) shall hold Seller harmless for any inability of Buyer or the Buyer Parties to cause Company to obtain any Government Authorizations. **{Can there be any certain period of time to ensure we bought something of actual value and have license?}**

11. Miscellaneous.

(a) This Agreement contains all of the promises, agreements, conditions, terms, understandings, warranties and representations of the Parties with respect to the transactions and business relationships contemplated thereby and herein, and there are no other promises, agreements, conditions, understandings, warranties or representations, oral or written, express or implied, among them other than as set forth in this Agreement. This Agreement supersedes all prior agreements and understandings among the Parties with respect to its subject matter.

(b) This Agreement and all amendments, modifications, authorizations or supplements to this Agreement and the rights, duties, obligations and liabilities of the Parties under such document will be determined in accordance with the applicable provisions of the laws of the State of California, without reference to its doctrines or principles of conflicts of laws.

(c) This Agreement will be binding upon and inure to the benefit of the Parties, their personal

and legal representatives, guardians, successors and assigns.

(d) Neither Party may assign this Agreement or any of the rights, interests, or obligations hereunder without the prior written approval of the other Party.

(e) This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original and all of which counterparts when taken together shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the Parties have executed and delivered this Agreement as of the dates set forth below.

Buyer

CHARLA BARBIERI HEIMER

Seller

AARON MAGAGNA

Charla Barbieri Heimer

Aaron Magagna

CONSENT OF ESCROW HOLDER

Orange Coast Title Company (“**Escrow Holder**”) accepts the foregoing Purchase and Sale Agreement and Joint Escrow Instructions as escrow instructions, agrees to act as escrow holder and agrees to be bound by their provisions applicable to it as Escrow Holder.

Orange Coast Title Company

Date: _____

By: _____

Its:

DRAFT

Exhibit A

San Diego CUP 2114346

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**RECORDING REQUESTED BY
CITY OF SAN DIEGO
DEVELOPMENT SERVICES
PERMIT INTAKE, MAIL STATION
501**

**WHEN RECORDED MAIL TO
PROJECT MANAGEMENT
PERMIT CLERK
MAIL STATION 501**

INTERNAL ORDER NUMBER: 24007747

SPACE ABOVE THIS LINE FOR RECORDER'S USE

**CONDITIONAL USE PERMIT NO. 2114346
FEDERAL BOULEVARD MARIJUANA OUTLET PROJECT NO. 598124
PLANNING COMMISSION**

This Conditional Use Permit No. 2114346 ("Permit") is granted by the Planning Commission of the City of San Diego to John Carl Ek and Edith Phyllis Ek, co-trustees of the Ek Family Trust, dated January 5, 1994, Owner, and 2018FMO, LLC, a California Limited Liability Company, Permittee, pursuant to San Diego Municipal Code [SDMC] section 126.0305. The 0.11-acre site is located at Assessor's Parcel Number (APN) 543-020-0400 on Federal Blvd. in the CO-2-1 Zone within the Encanto Neighborhoods Community Plan area. The project site is legally described as: The Northeasterly 50 feet of Lot 24 of Map No. 2121, in the City of San Diego, County of San Diego, State of California, filed in the Office of the County Recorder of San Diego County, on July 20, 1928.

Subject to the terms and conditions set forth in this Permit, permission is granted to Owner and Permittee to operate a Marijuana Outlet described and identified by size, dimension, quantity, type, and location on the approved exhibits [Exhibit "A"] dated December 6, 2018, on file in the Development Services Department.

The project shall include:

- a. Construction of a two-story, 1,682 square-foot building;
- b. Operation of Marijuana Outlet in a two-story, 1,682 square-foot building at Assessor's Parcel Number (APN) 543-020-0400 on Federal Boulevard;
- c. Landscaping (planting, irrigation and landscape related improvements);
- d. Off-street parking; and
- e. Public and private accessory improvements determined by the Development Services Department to be consistent with the land use and development standards for this site in accordance with the adopted community plan, the California Environmental Quality Act

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Exhibit B

State of California Adult-Use and Medicinal-Retail Temporary License number
C10-18-0000211-TEMP



Bureau of Cannabis Control
(833) 768-5880

Adult-Use and Medicinal - Retailer Temporary License

LICENSE NO:
C10-18-0000211-TEMP

VALID:
12/24/2018

LEGAL BUSINESS NAME:
2018FMO LLC

EXPIRES:
7/22/2019

PREMISE:
6220 1/3 FEDERAL BLVD
SAN DIEGO, CA 92114




Non-Transferable

*Prominently display this license
as required by Title 16 CCR § 5039*

Exhibit C
2018FMO LLC Operating Agreement

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Exhibit D
Form of Statement of Information to be Submitted to the California Secretary of State

	Secretary of State Statement of Information (Limited Liability Company)	LLC-12
<p>IMPORTANT — This form can be filed online at bizfile.sos.ca.gov. Read instructions before completing this form. Filing Fee – \$20.00 Copy Fees – First page \$1.00; each attachment page \$0.50; Certification Fee - \$5.00 plus copy fees</p>		
<i>Above Space For Office Use Only</i>		
1. Limited Liability Company Name (Enter the exact name of the LLC. If you registered in California using an alternate name, see instructions .)		
2. 12-Digit Secretary of State Entity (File) Number	3. State, Foreign Country or Place of Organization (only if formed outside of California)	
4. Business Addresses		
a. Street Address of Principal Office - Do not list a P.O. Box	City (no abbreviations)	State Zip Code
b. Mailing Address of LLC, if different than item 4a	City (no abbreviations)	State Zip Code
c. Street Address of California Office, if item 4a is not in California - Do not list a P.O. Box	City (no abbreviations)	State CA Zip Code
5. Manager(s) or Member(s) <small>If no managers have been appointed or elected, provide the name and address of each member. At least one name and address must be listed. If the manager/member is an individual, complete items 5a and 5c (leave item 5b blank). If the manager/member is an entity, complete items 5b and 5c (leave item 5a blank). Note: The LLC cannot serve as its own manager or member. If the LLC has additional managers/members, enter the name(s) and address(es) on Form LLC-12A.</small>		
a. First Name, if an individual - Do not complete item 5b	Middle Name	Last Name Suffix
b. Entity Name - Do not complete item 5a		
c. Address	City (no abbreviations)	State Zip Code
6. Service of Process (Must provide either Individual OR Corporation.)		
INDIVIDUAL – Complete items 6a and 6b only. Must include agent's full name and California street address.		
a. California Agent's First Name (if agent is not a corporation)	Middle Name	Last Name Suffix
b. Street Address (if agent is not a corporation) - Do not enter a P.O. Box	City (no abbreviations)	State CA Zip Code
CORPORATION – Complete item 6c only. Only include the name of the registered agent Corporation.		
c. California Registered Corporate Agent's Name (if agent is a corporation) – Do not complete item 6a or 6b		
7. Type of Business Describe the type of business or services of the Limited Liability Company		
8. Chief Executive Officer, if elected or appointed		
a. First Name	Middle Name	Last Name Suffix
b. Address	City (no abbreviations)	State Zip Code
9. The Information contained herein, including any attachments made part of this document, is true and correct.		

Date _____ Type or Print Name of Person Completing the Form _____ Title _____ Signature _____

LLC-12 (REV 01/2018)

[Clear Form](#)

[Print Form](#)

2018 California Secretary of State
bizfile.sos.ca.gov

PROPERTY DETAILS & HIGHLIGHTS

6230 FEDERAL BLVD
SAN DIEGO, CA 92114

Property Name:	San Diego Marijuana Retail Outlet
Property Address:	6230 Federal Blvd, San Diego, CA 92114
APN:	543-020-05
Lot Size:	0.14 AC
Building Size:	1,800 SF
Rail Access:	N/A
Cross Streets:	Martin Luther King Jr Fwy & Federal Blvd
Year Built:	2019
Number of Stories:	2
Number of Units:	1

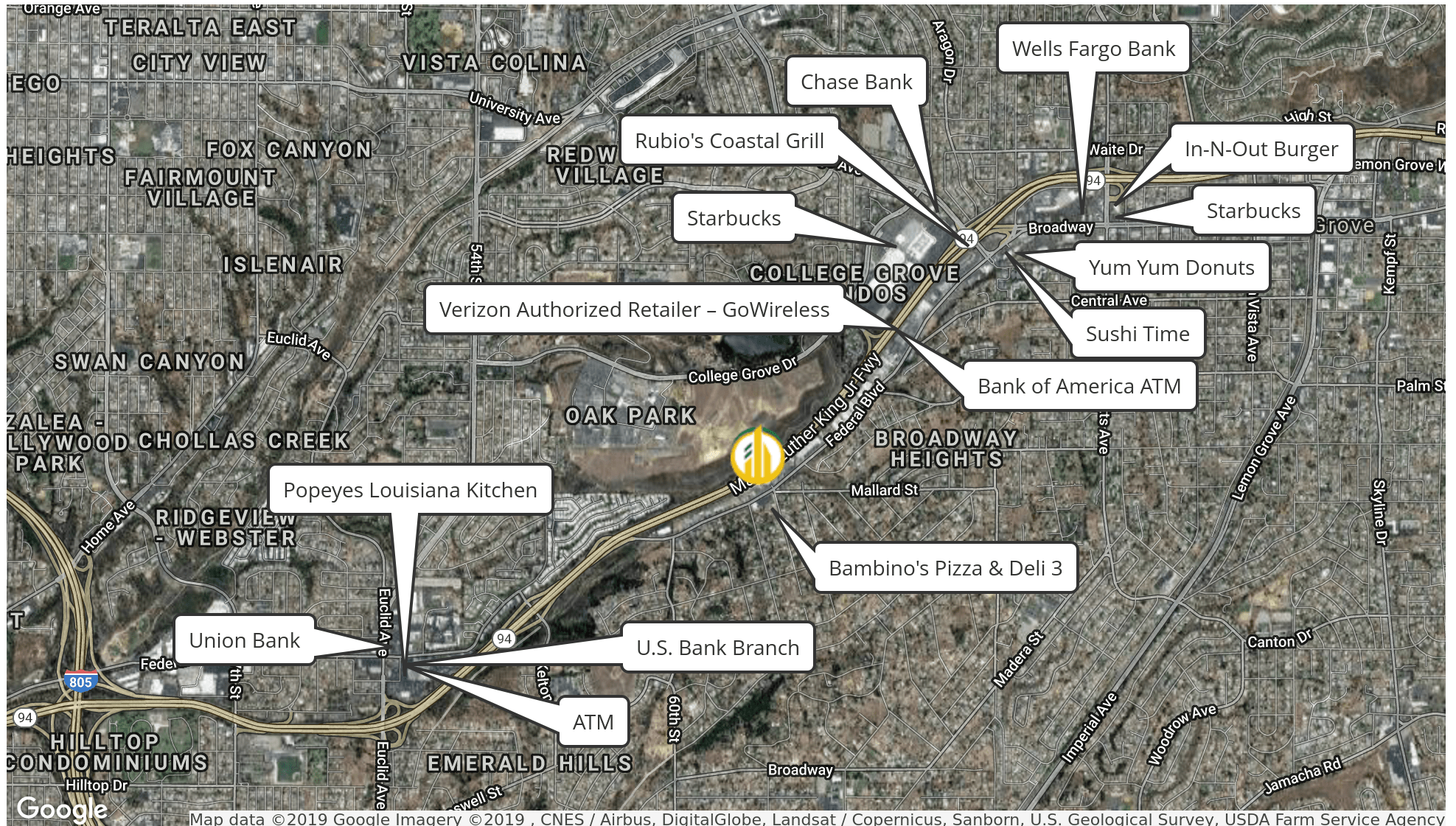
LOCATION OVERVIEW

Located in the heart of the City of San Diego, this location boasts freeway visibility and a plentiful traffic count. Currently, there are only 15 licensed retail Marijuana Outlets (MO) in the City of San Diego. The entire county of San Diego has 18 municipalities and the only one that currently allows for Adult Use retail is the City of San Diego. That means that the entire county population of 3,500,000 people are limited to 15 locations where they can buy cannabis for Adult Use. Although the City of La Mesa and Lemon Grove are also allowing retail locations, they are limited to medical only. Chula Vista will be allowing retail, but they are projected to be at least a year away from even beginning to approve applications, and then they will have to begin construction and the development process. The City of Vista and Oceanside are also going to be allowing retail cannabis locations, but Vista is medical only and Oceanside will only be allowing medical delivery. For all these reasons, the City of San Diego retail Marijuana Outlets (MO) are considered to be one of the most sought after cannabis businesses in the entire State of California and even the United States.



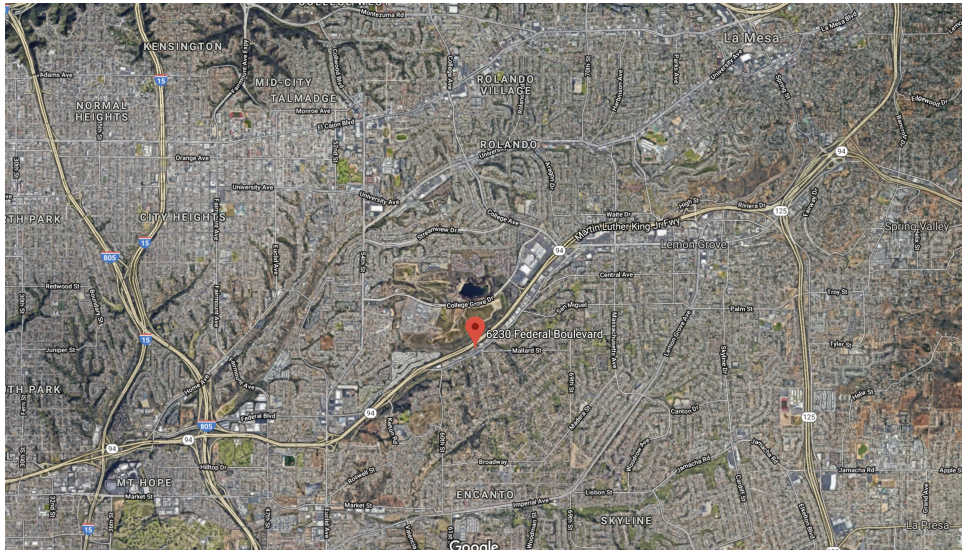
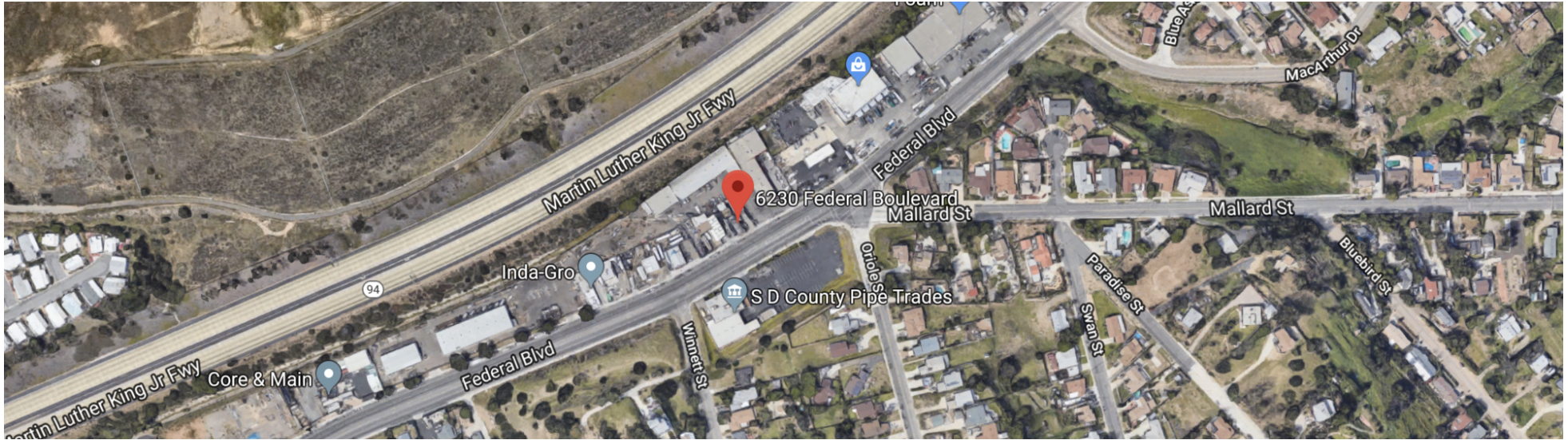
SALE HIGHLIGHTS

- Fully entitled vacant lot ready for construction of 1,800 SF cannabis dispensary built to suit
- Purchase includes real estate and all local and state licenses from the City of San Diego and California Bureau of Cannabis Control (BCC)
- Highly sought after location due to high traffic counts and easy freeway access
- Currently approved for retail and delivery in the City of San Diego and all surrounding areas within the region
- Estimated to generate at least \$12mm in revenue annually

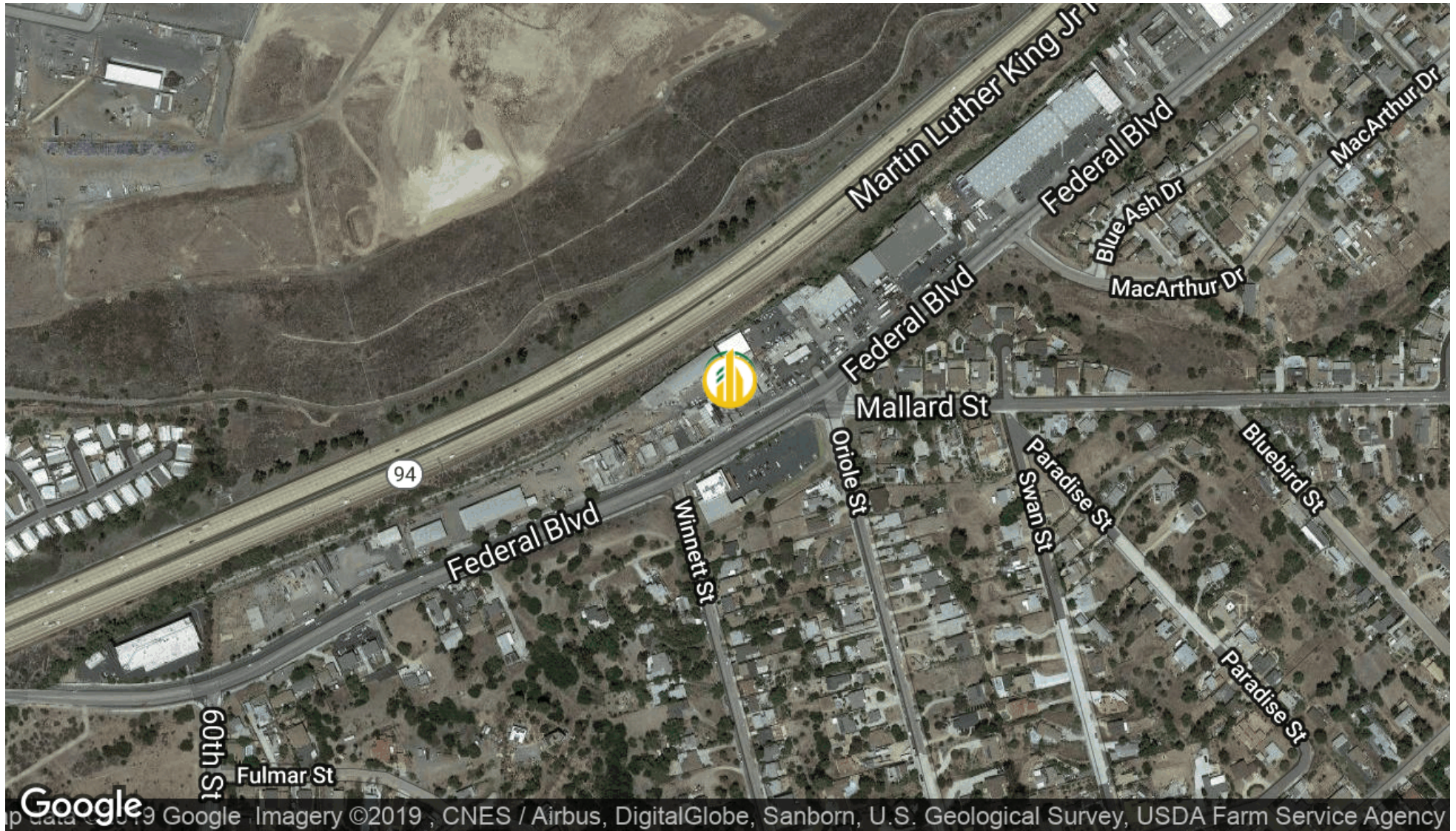


ADDITIONAL PHOTOS

6230 FEDERAL BLVD
SAN DIEGO, CA 92114



6230 FEDERAL BLVD
SAN DIEGO, CA 92114





POPULATION	1 MILE	3 MILES	5 MILES
Total population	15,304	237,119	622,695
Median age	33.7	31.7	32.8
Median age (Male)	32.6	31.2	31.7
Median age (Female)	35.5	32.2	33.8
HOUSEHOLDS & INCOME	1 MILE	3 MILES	5 MILES
Total households	5,014	74,194	207,205
# of persons per HH	3.1	3.2	3.0
Average HH income	\$57,756	\$57,426	\$60,730
Average house value	\$354,134	\$389,161	\$456,518