

## EXCLUSIVE OPTION FOR THE PURCHASE OF REAL PROPERTY

FOR AND IN CONSIDERATION of the granting of this Option, the payment of a non-refundable Option Fee of Ten Thousand nine hundred thirty five dollars (\$10,935.00) paid to, Lakes Area Home Buyers, Inc. agent for Johnson Ave Family Trust Marc T. Hoffmann as Trustee (hereinafter called "Optionor/Seller"), the Seller grants and gives to Bob Jones, Nancy Jones (hereinafter called "Optionee/Buyer") the exclusive right and option to purchase that certain real property commonly known as, 15964 Two Island Ave N St. Paul MN 55038 which is more particularly described in Exhibit A, attached hereto, and incorporated herein by reference (hereinafter the "Property").

This Option is given and granted by the Optionor/Seller to the Optionee/Buyer, subject to the following terms and conditions:

1. Term. This Option shall expire at midnight on November 30 2007 unless extended as set forth hereinbelow, in which event it shall expire at midnight on the last day of such extension.
2. The purchase price for said property shall be \$278700 (hereinafter called the "Purchase Price"), which shall be paid to the Optionor/Seller at closing in cash, or its equivalent. Any Option Fee monies paid hereunder, including the aforementioned non-refundable Option Fee, shall be applied against the Purchase Price at closing should Optionee/Buyer exercise said Option.

Commencing, \_\_\_\_\_ the Purchase Price shall increase by \_\_\_\_\_ per month until such time as Purchaser shall exercise this option or this Option expires.

3. Extension of Term. At the termination of the Option Period, Optionee/Buyer shall have the right to extend the Option Period for a period of 12 months, provided that for such extension Optionee/Buyer shall pay Optionor/Seller \$5000.00 such payment and notice of extension to be sent to the Optionor/Seller in accordance with the terms and conditions hereof.
4. Exercise of Option. The Optionee/Buyer shall exercise this Option by giving thirty (30) days written notice of same to the Optionor/Seller in accordance with the terms and conditions as set forth herein; provided that Optionee/Buyer shall not exercise this option before May 1<sup>st</sup> 2007.
5. Contract. Upon the exercise of Optionee/Buyer's Option, Optionor/Seller and Optionee/Buyer shall enter into a binding Purchase and Sale Agreement upon which the Optionee/Buyer shall be responsible for all closing costs. This Agreement will be in a form to be provided by Optionor/Seller, for the purchase of the Property, and such Agreement shall incorporate and reflect the terms of this Option. Provided, that notwithstanding the foregoing, should Optionee/Buyer and Optionor/Seller not enter into such separate Purchase and Sale Agreement, this Option shall ripen into a binding sales contract, and the terms of this Option shall automatically become the terms of said contract without the execution of any further instruments. The closing shall take place at the Attorney or Title Company of Optionor/Seller's choice.
6. Title. If this Option is exercised, Optionor/Seller agrees to convey by warranty deed a good and marketable title to the Property, free and clear of all liens and encumbrances, except as hereinafter set forth. Optionee/Buyer shall have a reasonable time after the exercise of this Option in which to examine the title to said property. If Optionee/Buyer finds any legal defects to the title, Optionor/Seller shall be furnished with a written statement thereof and be given a reasonable time in which to correct same. If the Optionor/Seller shall fail to correct or satisfy such legal defects within a reasonable time, then Optionee/Buyer shall have a choice of accepting said property with such legal defects or declining to do so, such choice to be exercised by written notice to Optionor/Seller. If Optionee/Buyer shall decline to accept said property subject to such legal defects, then the contract for the sale of such property shall be null and void. Notwithstanding the foregoing, the Property shall be conveyed subject to:
  - a. All valid restrictions of record; and
  - b. Existing zoning ordinances and regulations.

Notwithstanding the above, it is expressly understood by both the Optionee/Buyer and Optionor/Seller that **NO EQUITABLE INTEREST** in the property is created in or to Optionee/Buyer by this Agreement, and that full ownership interest is retained by the Optionor/Seller until such time as Optionee/Buyer exercises his option as set forth herein.

7. Condition of Property. Optionor/Seller warrants that when the contemplated sale is consummated, the Property shall be purchased in its PRESENT AS-IS CONDITION. Risk of loss or damage to the Property for any reason except through fault of Optionee/Buyer prior to the consummation of the sale shall be borne by the Optionor/Seller with the exception of personal contents inside the property.
8. Non-exercise of option; Return of Option Payments. If this Option is not exercised by the Optionee/Buyer for any reason whatsoever, including, but not limited to, expiration of the term hereof or default by Optionee/Buyer or Optionor/Seller, the consideration paid by Optionee/Buyer hereunder shall be forfeited by the Optionee/Buyer to the Optionor/Seller, who shall retain all of said Option money as liquidated damages.
9. Default; Cross-Default. Should Optionee/Buyer not make any payment as contemplated herein as and when due, then Optionee/Buyer shall be in default hereunder, and any and all monies paid to Optionor/Seller hereunder shall be forfeited to Optionor/Seller. Additionally, any default by Optionee/Buyer under any separate agreement concerning the Property, including, but not limited to any leases for the possession thereof, shall be deemed a default under this Option, and any monies paid to Optionor/Seller hereunder shall immediately be forfeited to Optionor/Seller.
10. Property Insurance. Until such time as Optionee/Buyer exercises this Option, Optionor/Seller shall keep the Property insured against loss by fire or other casualty, and shall maintain such insurance in an amount equal to the replacement value of the Property, as such as determined by Optionor/Seller's property insurance carrier.
11. Alterations and Repairs. Optionee/Buyer shall not make, nor allow to be made any material alterations to the Property without Optionor/Seller's written consent. Notwithstanding the foregoing, Optionee/Buyer shall be responsible for the everyday maintenance and upkeep of the Property, and shall be solely responsible for any and all repairs to the Property; provided, that Optionor/Seller shall be responsible for any single repair in excess of \$500.00. Optionee/Buyer agrees to pay up to this amount directly to any repair person or supplier at the time of repair or purchase. As the future purchasers of the Property, Optionee/Buyer(s) further waive any and all rights they may have under repair provisions under applicable Minnesota law regarding the landlord being responsible for all repairs. Any repairs in excess of \$100.00 done by Optionee/Buyer shall be reported to Optionor/Seller in writing prior to any work being done. It is also further agreed that all alterations or repairs performed or completed including, without limitation, any items affixed to the property, shall become the property of Optionor/Seller upon termination of this agreement.
12. Assignment. It is understood and agreed by the Optionor/Seller and the Optionee/Buyer that the Optionee/Buyer may not assign Optionee/Buyer's interest herein to any individual or individuals, corporation, syndicate or other business association, before or after the exercise of this Option without the express written consent of Optionor/Seller.
13. Binding Effect. This agreement shall bind, and inure to the benefit of, the parties hereto, their heirs, administrators, executors, successors and assigns.
14. Representation and Warranties.
  - a. Optionor/Seller represents and warrants that it is the owner of the Property, and the officers or agents who sign this Option warrant that they have authority to sign same on Optionor/Seller's behalf;
  - b. Optionee/Buyer represents and warrants that he suffers from no legal disability that would prevent Optionee/Buyer's fulfillment of his duties and covenants as set forth herein.

15. Miscellaneous.

- a. Entire Agreement. This Agreement constitutes the sole and entire agreement between the parties hereto, and no modification shall be binding unless set forth in writing, properly attested, and attached hereto and signed by the parties hereto;
- b. Governing Law. This Agreement shall be interpreted in accordance with the laws of the State of Minnesota;
- c. Time. Time is of the essence of this Agreement;
- d. Captions. The captions in this Agreement are included for convenience only and do not constitute a part hereof;
- e. Counterparts. This Agreement may be signed in any number of counterparts, each of which shall be deemed an original, with the same effect as if the signatures thereto were upon the same instrument;
- f. Rights and Remedies. The rights and remedies provided herein shall be cumulative and not exclusive of any rights or remedies provided by law.
- g. Severability. If any provision of this Agreement, or part thereof, is held invalid, illegal or unenforceable, such provision shall be modified or deleted as to the extent to render the same valid, legal and enforceable. The validity, legality or enforceability of the remaining provisions hereof shall not, in any way, be affected thereby.

16. Notice. All notices required by this agreement shall be given in writing and shall be delivered by Registered Mail directed to the parties at the addresses given below. Said notices shall become effective as of the date of mailing as evidenced by the official receipt of the United States Postal Service:

As To Optionor/Seller: PO BOX 283, Forest Lake, MN 55025.

As To Optionee/Buyer: 15964 Two Island Ave N St. Paul MN 55038.

17. Special Stipulations. The following stipulations, if in conflict with any of the preceding, shall control:

- A.) The Optionee/Buyer has agreed to finish and repair the deck.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be duly executed and their seals affixed, effective as of the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
Optionee/Buyer

\_\_\_\_\_  
Optionee/Buyer

\_\_\_\_\_  
Optionor/Seller

**Exhibit A**

CREEKVIEW PRESERVE 2ND ADDITION LOT-002 BLOCK-003