

LAKE PLAZA CONDOMINIUMS
REAL ESTATE SALES CONTRACT

BUYER: _____
ADDRESS: _____

SELLER: RBR - LAKE PLAZA, LLC
AGENCY: University Real Estate and Property Management LLC
ADDRESS: 817 19th Street,
Knoxville, TN 37916
(865) 673-6600 Fax: (865) 673-5982

THIS AGREEMENT constitutes an offer to purchase until accepted by the Seller. Acceptance shall only occur by written communication delivered between Buyer and Seller by hand-delivery or via express post to their respective addresses.

IN CONSIDERATION of the Earnest Money hereinafter set forth and other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, Seller and Buyer agree as follows:

1. PURCHASE PRICE: \$_____. Buyer agrees to pay Seller the sum of the Purchase Price adjusted (i) by a credit for the Earnest Money, and (ii) to include payment of closing costs and expenses, fees due the Association, prorations and any other amounts due Seller by Buyer agreed to by the parties in writing subsequent to the date of this Agreement. The Purchase Price shall be paid in full in cash or cash equivalent at Closing.

2. PROPERTY: Unit No.: _____, LAKE PLAZA CONDOMINIUMS, a proposed condominium project that shall be submitted to the Tennessee horizontal property regime, to be constructed on property located at or about the 1735 Lake Avenue, Knoxville, Knox County, Tennessee (the "Property"). The Property will consist of a condominium unit within the Lake Plaza Condominiums to be declared by Seller in accordance with Tennessee Code Annotated Section 67-27-101, et seq. (the "Act") and conveyance of title to the Property to Buyer shall be subject to and include as covenants running with title to the Property as binding obligations upon Buyer certain restrictions, terms, conditions, and provisions a Master Deed, Bylaws and other documents relating to Lake Plaza Condominiums (collectively herein the "Condominium Documents"). The Seller intends to record the Condominium Documents with the Register of Deeds for Knox County, Tennessee, in the future. Buyer acknowledges reviewing a specimen of the proposed Condominium Documents prior to execution of this Agreement. Seller reserves the exclusive right to modify, change or amend the Condominium Documents in any manner Seller deems appropriate and necessary at the sole discretion of Seller prior to closing the sale transaction contemplated by this Agreement.

3. EARNEST MONEY. Buyer delivers to and for the account of Seller the sum of Twenty Thousand Dollars (\$20,000.00) as earnest money (the "Earnest Money") for the contractual understanding of the parties. The Earnest Money shall be applied as a credit to the balance of the agreed Purchase Price due at closing of the sale transaction.

4. FINANCING CONTINGENCY.

Buyer's purchase and performance is contingent on Buyer obtaining a loan to finance the purchase in the maximum amount of \$_____ over a term of no more than _____ years. Buyer shall have thirty (30) days from execution of this agreement to remove all financing contingencies. Buyer may cancel this Agreement by furnishing written proof to Seller not later than thirty (30) days from receipt of the Notice of Closing Date that Buyer is unable reasonably to obtain the above-required financing despite the best and good faith efforts of Buyer, in which event the Earnest Money shall be refunded by Seller to Buyer. Time is deemed to be of the essence to the removal of this financing contingency. In the event

Buyer fails to notify Seller in writing that the financing contingency has been removed, Seller, at its sole discretion, may elect to either: 1) cancel this Agreement and retain the Earnest Money as liquidated damages; or 2) proceed to Closing with Buyer under the assumption that Buyer has removed all financing contingencies, and Seller shall be entitled to specific performance, in addition to any other legal remedy, in the event Buyer fails to perform its obligations under this Agreement.

5. CLOSING AND POSSESSION. Closing shall be upon completion of construction of the Unit and issuance of a certificate of occupancy ("Certificate of Occupancy") by the City of Knoxville, Tennessee. Possession of the Unit shall be granted at closing of the sale transaction. The date for closing is tentatively set for April 15, 2009 (the "Tentative Closing Date"). Seller will exercise commercially reasonable efforts in good faith to cause construction of the Unit to be completed on or before the Tentative Closing Date. In the event Seller is unable to complete construction of the Unit and obtain a Certificate of Occupancy on or before the Tentative Closing Date, the term of this Agreement shall be extended automatically through and until December 2009 (the "Extended Term") to permit Seller an opportunity to complete construction and obtain issuance of the Certificate of Occupancy. If Seller is unable to deliver the completed Unit and the Certificate of Occupancy as of the expiration of the Extended Term, this Agreement shall terminate, Buyer and Seller shall be excused from completing the sale transaction, and Seller shall refund immediately to Buyer the Earnest Money without either party having liability for any damages or a right to demand specific performance.

6. COSTS AND PRORATIONS. Buyer shall pay all recording fees and taxes for the warranty deed and other recorded documents conveying title to or securing financing of the Unit, customary closing fees, title assurances or title insurance, survey, appraisal, inspection fees, and loan costs. Real property taxes and Association fees shall be prorated between the Buyer and Seller as of the date of Closing. Seller shall pay Seller's customary closing costs.

7. CONDOMINIUM ASSOCIATION; MEMBERSHIP. Buyer acknowledges that, as a unit owner within the Lake Plaza Condominiums, Buyer will be a member of the Lake Plaza Condominium Association (the "Association"). Buyer further acknowledges Buyer will be subject to the covenants, restrictions, terms, conditions and provisions recorded for the condominium regime and that Buyer is aware that maintenance, Association fees, and other assessments will be charged to all unit owners.

8. CONDITION OF THE PROPERTY.

A. **SELLER'S WARRANTY.** Seller warrants that the improvements on the Property are or will be free from material structural defects as of the date of closing. This warranty is in lieu of all other warranties from Seller, expressed or implied, of any nature or type whatsoever. Seller shall assign all manufacturer's warranties, if any, applicable to equipment or appliances within the Unit to Buyer at closing.

B. **CONDITION DISCLOSURE STATEMENT.** Since the Unit will constitute new construction, Buyer acknowledges that Seller will not provide to Buyer a Property Condition Disclosure Statement under the Tennessee Residential Property Condition Disclosure Act.

C. **FINAL INSPECTIONS.** Buyer is eligible to inspect the Property at anytime prior to closing during normal business hours by making an appointment with the Seller. Buyer may obtain, at Buyer's expense, an inspection of the Property by any qualified and licensed third party which must be completed, evaluated, and removed as a contingency of this Agreement by Buyer within seven (7) days prior to the date of Closing.

9. TITLE. Seller agrees to deliver to Buyer at closing a general warranty deed conveying marketable title to the Property, subject to the covenants, restrictions, easements, terms, conditions and provisions of the Condominium Documents of Lake Plaza Condominiums. Buyer may purchase, at Buyer's expense, title insurance for the Property.

10. CANCELLATION. In addition to any other provision in this Agreement regarding cancellation: A. **CANCELLATION BY SELLER.** If SELLER does not construct or complete Lake Plaza Condominiums and does not record the Condominium Documents with the Knox County Register of Deeds for any cause whatsoever, Seller may terminate this Agreement unilaterally by returning the Earnest Money to Buyer, in which event the parties shall be excused from their respective unperformed obligations under this Agreement without liability for damages or the right to demand specific performance. Additionally, if

Buyer fails to perform any obligation or duty of Buyer under the provisions of this Agreement, including those of good faith and due diligence, Seller may terminate this Agreement and retain the Earnest Money.

B. CANCELLATION BY BUYER. Buyer may cancel this Agreement, in which event Seller shall refund only the Earnest Money to Buyer as full liquidated damages, if (1) Seller is unable to commence or complete construction, (2) the improvements on the Property are substantially destroyed and cannot be reconstructed before Closing, (3) Seller is unable to deliver marketable title to the Property herein-described, or (4) Seller fails to perform a material obligation or duty of Seller under the provisions of this Agreement for any reason beyond the reasonable control of Seller. Buyer agrees to sign a receipt and release of this Agreement in the event the Earnest Money is refunded.

11. CONTRACT DAMAGES. Seller and Buyer agree to affirm that contract damages shall be and the same are limited to a refund of the Buyer's earnest money deposit to Buyer or the retention of the earnest money deposit by Seller. Any settlement of this Agreement other than by a closing of the contract of sale shall be evidenced only by a written settlement agreement signed by both the Seller and Buyer.

12. MISCELLANEOUS. This Agreement is subject to the following additional terms: (1) time is of the essence; (2) paragraph titles or captions are for convenience only; (3) this Agreement contains the entire understanding between the Seller and Buyer, and there are not any prior or contemporaneous written or oral agreements pertaining to the subject matter of this Agreement; (4) this Agreement shall be governed by and construed under the laws of the State of Tennessee; (5) if any provision is held invalid, the other provisions shall remain unaffected, valid, and enforceable as though the invalid portion is not a part of this Agreement, and said remaining provisions shall be construed so as to give effect to the original intentions of the parties as expressed in this Agreement; (6) this Agreement may be amended only in writing signed by both the Seller and Buyer; (7) this Agreement may not be assigned without the non-assigning party's written consent; (8) singular references include plural where appropriate; (9) this Agreement is binding on the parties, their respective successors, assigns, heirs, executors, and personal representatives; (10) if any provision of this Agreement must be performed after Closing, that provision shall survive Closing; (11) if any party resorts to litigation to enforce this Agreement, the prevailing party shall be entitled to reimbursement of litigation costs and reasonable attorney fees from the other party; and (12) the party demanding satisfaction of a contingency shall, upon request, execute a release when that contingency is satisfied in full.

13. MODIFICATIONS, ALTERATIONS AND CHANGES TO MASTER PLAN AND DEVELOPMENT IMPROVEMENTS. For and in consideration of Seller agreeing to sell the Property to Buyer, Buyer acknowledges and agrees that Seller reserves the right and prerogative to modify, change and alter the scheme, plan and style of development to fit the topographical, engineering, and contingencies of the site, consumer demand, availability, and market for the units within the property regime of Lake Plaza Condominiums without the prior consent of Buyer as long as proposed modifications, changes and alterations are consistent with the continuity of the Lake Plaza Condominiums; provided that any final decision as to any proposed modifications, changes and alterations shall be within the sole discretion and prerogative of the Seller, Seller's successors, assigns, attorneys, and agents. Seller further reserves the discretion and prerogative to substitute materials of a similar kind, type, and style for inclusion in the construction and completion of any respective Unit within the Property as long as such substitution does not effect an increase in pricing to the Buyer to which Buyer has not agreed in writing. Seller modifications, changes and alterations can occur without notice to prospective purchasers or Buyer. Buyer understands that Seller reserves the right to substitute, modify or change the brand, make, model or manufacturer of the appliances, equipment, and fixtures without prior approval of Buyer as long as the substitution, modification or change does not increase the Purchase Price and the function thereof is comparable with the original specification.

14. ADDITIONAL TERMS.

A. Buyer warrants that Buyer has not engaged or employed any real estate agent or broker to assist Buyer in this transaction, and that no commissions or fees shall be due from Seller to any third party for real estate agency or brokerage services.

B. Rick Gentry is a member of both RBR - Lake Plaza, LLC and University Real Estate and Property Management LLC, and is licensed to sell real estate in the State of Tennessee.

C. One (1) parking space shall be assigned to the Property by Seller. The location of such space shall be assigned to the Property in Seller's sole discretion. The parking space assigned by Seller shall be appurtenant to and run with the Property, and may not be severed therefrom.

D. The development will have a limited number of additional parking spaces for sale at \$20,000 each. These additional spaces will be sold only on a first-come, first-serve basis.

$$\frac{\text{\# of spaces}}{\text{\# of spaces}} \times \$20,000 = \frac{\text{Total}}{\text{Total}} \frac{\text{Buyer Initial}}{\text{Buyer Initial}}$$

$$\frac{\text{Buyer Initial}}{\text{Buyer Initial}}$$

$$\frac{\text{Seller Initial}}{\text{Seller Initial}}$$

If spaces are available, the purchase price on Page 1 will increase by the total amount.

THE TRANSACTION CONTEMPLATED IN THIS AGREEMENT WILL NOT BE REGISTERED UNDER ANY FEDERAL OR STATE LAW OR REGULATION APPLICABLE TO INVESTMENT OR LAND SALES. BUYER ACKNOWLEDGES, COVENANTS, REPRESENTS AND WARRANTS TO SELLER THAT, IN THE EVENT BUYER IS NOT ACQUIRING THE PROPERTY FOR BUYER'S PERSONAL, HOUSEHOLD OR FAMILY USE, THE PROPERTY MAY BE AN ILLIQUID INVESTMENT, THERE MAY BE NO PRESENT MARKET FOR THE RESALE OF THE PROPERTY, AND NO RATE OF APPRECIATION OR RETURN OF OR ON BUYER'S INVESTMENT HAS BEEN PROMISED OR SHALL BE ANTICIPATED.

SELLER BELIEVES THAT THE CONDOMINIUM DEVELOPMENT DESCRIBED IN THIS AGREEMENT IS EXEMPT FROM REGISTRATION UNDER THE INTERSTATE LAND SALES FULL DISCLOSURE ACT (15 USC 1701). THE CONTRACT RIGHTS VESTED IN BUYER PURSUANT TO THE PROVISIONS OF THIS AGREEMENT ARE NOT ASSIGNABLE OR OTHERWISE TRANSFERABLE BY BUYER. THE CONTRACT RIGHTS HEREUNDER ARE NOT MARKETABLE AND HAVE NO VALUE. THE REAL PROPERTY HEREIN DESCRIBED IS INCOMPLETE CONSTRUCTION. THIS AGREEMENT CONSTITUTES A PRE-SALE OF UNCOMPLETED IMPROVEMENTS TO REAL PROPERTY, WHEN ACCEPTED THIS AGREEMENT BECOMES A LEGAL CONTRACT.

Buyer acknowledges reading and understanding the foregoing, and desires to execute this Agreement with Seller as evidenced by the parties' signatures below.

BUYER(S):

SELLER:

(Signature of Buyer)

RBR - LAKE PLAZA, LLC

(Print Buyer's Name)

By: _____

Bob Latimer

Its: Chief Manager

DATE: _____

DATE: _____