

COPY

OPTION AGREEMENT

THIS OPTION AGREEMENT ("Agreement") made and entered into as of this ^{18th} day of ~~July~~ ^{SEPT.} 2012, by and between Real Estate Advisors, LLC, an Iowa limited liability company (Buyer), and Miroballi Properties, LLC ("Seller").

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RECITALS:

A. Seller is the owner of a tract of land commonly known as the former "Bowling Alley" at 3636 11th Street, Rock Island, Illinois and parcel number South Rock Island Township 234 & 235-5 ("Premises") described in Exhibit "A" attached hereto and made a part hereof;

B. Buyer desires to obtain from Seller and Seller desires to grant to Buyer an option to purchase the Premises in accordance with the following terms and conditions:

NOW THEREFORE, the parties agree as follows:

1. In consideration of the sum of Five Thousand (\$5,000.00) (the "Option Fee"), to be deposited in escrow by Buyer within five (5) days following last execution of this Agreement, Seller hereby gives and grants unto Buyer the exclusive right, privilege, and option to purchase (the "Option") the Premises which are also outlined in red on the plot plan attached hereto and made a part hereof and marked Exhibit "B" including all improvements and appurtenances belonging or affixed thereto, together with all right, title and interest of Seller in and to any land lying in the right of way of any street in front of or adjoining the Premises to the center line thereof. If there is a discrepancy between the area outlined in red on Exhibit "B" and the description in Exhibit "A", then the outline in red shall control. Escrow Agent (hereinafter defined) shall deposit Buyer's earnest money into an interest bearing account with interest accruing thereon inuring to the benefit of Buyer.

2. The Option shall be exercisable on or before 12:01 a.m. on December 31, 2012 (the "Option Period"). Buyer shall have the right to extend the Option for two (2) additional periods of ninety (90) days each, upon payment of an additional Option Fee of Five Thousand Dollars (\$5,000.00) for each additional option period, which additional Option Fee is to be deposited in escrow by Buyer within five (5) days following the exercise of the applicable extension period. The Option shall be exercisable and each election to extend the Option shall be made by written notice from Buyer, to be delivered personally, by certified mail, to Seller at the address shown below or by email to Seller at the email address shown below. If delivery is by certified mail, then the Option or election to extend the Option shall be deemed to have been timely exercised if the notice thereof is posted no later than midnight of the last day on which the Option is exercisable or if the email is sent before expiration of the Option Period. If the last day of the original Option Period or any extended Option Period shall fall on a Saturday, Sunday or legal holiday, then the Option Period shall be extended to the next day which is not a Saturday, Sunday or legal holiday.

3. If Buyer exercises the Option, then this Agreement shall constitute an Agreement of Purchase and Sale, subject to the terms and conditions hereof. The purchase price for the Premises shall be (\$450,000.00) Four Hundred Fifty Thousand Dollars, payable in cash upon Closing (hereinafter defined). The payment for the Option, including all additional Option Fees, shall be applied by Seller against the purchase price for the Premises. Closing of this transaction shall take place, provided all the terms and conditions of this Agreement have been complied with, as provided for in this Agreement, sixty (60) days after the date of the exercise of the Option. The term "Closing" means the date upon which the funds shall be transferred and the deed of title to the Premises recorded. The Closing shall be scheduled to coincide with the Buyer's acquisition of adjoining or nearby properties and Seller agrees to cooperate with the Buyer to schedule the Closing to enable the near simultaneous closing of such adjacent or nearby properties with the Closing of this transaction.

4. Buyer may order a metes and bounds survey of the Premises (the "Survey"), showing the Premises, which Survey shall be prepared by a surveyor licensed in Illinois ("Surveyor"). The Survey shall be made in accordance with the "Minimum Standard Detail Requirements for ALTA/ACSM Land Title Surveys" adopted by the American Land Title Association and the American Congress on Surveying and Mapping in 1992 and shall include items 1, 2, 3, 4, 6, 7, 8, 10, 11, 13 and 16 of Table A thereof. Seller will deliver to Buyer upon the execution hereof a copy of any survey of the Premises that is in the possession of Seller. Buyer shall pay for any additional survey endorsements that may be required.

5. During the period that this Option is in effect, and until the transfer of title, Seller will permit and provide access to Buyer and Buyer's designees to conduct and obtain such inspections, studies, tests and analyses of the Premises, and of adjacent property within Seller's control, as Buyer deems necessary or appropriate, including but not limited to engineering and site use studies, topographical and boundary surveys, surface and subsurface soil tests, soil borings, groundwater tests, inspections and audits as to the environmental or other condition of the Premises, and adjacent property within Seller's control. Buyer shall indemnify and hold Seller harmless from and against all claims for death or injury to persons or property arising from or as a result of Buyer, its agents, representatives or designees going upon the Premises and/or as a result of any tests or surveys conducted on the Premises by or through Buyer. Buyer shall promptly restore the Premises after all such tests to its condition on the date hereof. If any testing discloses Contamination (as defined in paragraph 13(h) hereof) is present or if Buyer or Seller otherwise determine prior to Closing that Contamination is present, the Buyer shall have the option to terminate this Agreement, clean up the Premises as Seller's expense or at Buyer's request Seller shall be responsible to correct or to make arrangements for the correction of such Contamination prior to Closing, to the reasonable satisfaction of Buyer, and in accordance with all Federal, State and Local laws, procedures and standards at the sole cost of Seller, provided, however, that Seller shall not be required to pay an amount in excess of the purchase price for the Premises for such correction. If Seller has any environmental tests, audits or inspection reports in its possession, then it shall deliver same to Buyer on the day following the date it executes this Option Agreement.

6. Seller hereby grants Buyer or Buyer's designee the right to seek, at Buyer's or Buyer's designee expense, all necessary approvals and permits (including without limitation, zoning, use, building, drainage, erosion and sedimentation, curb cuts, sanitary sewer, water taps and all other permits and approvals; permits and approvals required by virtue of the Illinois and Federal environmental protection acts as now or hereafter amended or any similar statute, regulation or requirement whether Federal, State, or Local; and such other permits and approvals which may be required to be issued by any Local, State, or Federal governmental body or division thereof having jurisdiction over the Premises), licenses and other approvals, certificates, exceptions, authorizations, zoning changes, zoning variances, special exceptions and the like (the "Permits") deemed necessary by Buyer for the lawful construction, installation, maintenance and operation on the Premises of such improvements as Buyer shall desire for use for the purposes set forth in paragraph 14(a) hereof. Seller shall cooperate with Buyer in obtaining the Permits and shall sign all documents necessary therefor.

7. Buyer shall provide and pay for an owner's policy of title insurance (ALTA Form 2006) for the Premises issued by Rock Island County Abstract and Title Guaranty Company for Chicago Title Insurance Company or other title company selected by Buyer ("Title Company"), in an amount equal to the Purchase Price, assuring that title to the Premises is in the condition required by Paragraph 9 hereof, with all so-called "survey exceptions" and "mechanic's lien" exceptions and other printed exceptions deleted (the "Title Policy"). Buyer shall obtain a commitment for the Title Policy (the "Commitment") from the Title Company, which shall include an exact copy of all covenants, conditions, restrictions and easements of record and which Commitment shall agree to insure complete contiguity of all parcels comprising the Premises. Buyer shall have fifteen (15) days after receipt of the Commitment to advise Seller that Buyer either accepts the condition of title as stated therein or that the condition of title is unacceptable to Buyer. If Buyer notifies Seller that the condition of title is unacceptable, then Seller shall have thirty (30) days within which to cure those conditions which are unacceptable to Buyer, provided, however, that Seller shall be required to discharge any mortgages, liens, judgments or the like affecting the Premises which can be discharged by the payment of money, and further provided that Seller shall be required to use reasonable

efforts to remove or cure, at Buyer's request, and at Seller's cost any non-monetary title defect. If Seller fails to cure such conditions within such period, then (i) Buyer may elect to receive the return of the Option Fee and additional Option Fees and this Agreement shall terminate without further liability of the parties hereunder or (ii) Buyer may accept such title as Seller is able to convey without reduction of the purchase price. Seller shall not, after the execution hereof, create any easement, lien or right of any third party affecting the Premises without the prior consent of Buyer.

8. All documents pertaining to the purchase of the Premises shall be deposited in escrow with the Rock Island County Abstract and Title Guaranty Company as escrow agent (the "Escrow Agent") at least five (5) days, prior to Closing. Closing of this transaction shall take place pursuant to Paragraph 3 hereof if and when (i) the Title Company will issue the Title Policy (ii) the conditions precedent in Paragraph 14 hereof have been satisfied or waived in writing by Buyer, and (iii) all the other terms and conditions of this Option have been satisfied, as provided for in this Option. This Option shall serve as escrow instructions, subject to the Escrow Agent's usual conditions of acceptance where not contrary to any of the terms hereof. The Escrow Agent is hereby authorized to close the transaction and to make all prorations and allocations that, in accordance with this Option, are to be made between the parties hereto.

9. At least five (5) days prior to the date of closing, Seller shall deposit in escrow a general warranty deed conveying to Buyer the absolute fee simple ownership of the Premises, free and clear of all liens, conditions, easements, claims, restrictions and encumbrances whatsoever, except general real estate taxes not then due and payable, and any covenant, condition, restriction or easement of record or survey exception to which Buyer does not object. Simultaneously with Seller's depositing the deed in escrow, Seller shall deliver to Buyer an exact copy thereof. The obligation to obtain any necessary subdivision of the Premises or any governmental approvals of the deed shall be solely that of Seller and any costs in connection therewith shall be paid by Seller.

10. All real estate taxes shall be apportioned as of the date of transfer of title according to the calendar year, using the last available Rock Island County Collector's information according to the standard practices of the Rock Island County Bar Association. If the tax bill covers a larger tax lot of which the Premises is a portion, the Escrow Agent shall prorate the tax amount for the Premises based on the ratio that the number of acres comprising the Premises bears to all of the acres in such tax lot. Any assessments, reassessed assessments and/or respread taxes upon the Premises shall be paid out of Seller's funds at Closing.

11. The full and exclusive possession of the Premises, unencumbered, and untenanted so as to permit immediate construction, shall be delivered by Seller to Buyer upon the transfer of title.

12. If there has been any construction on the Premises within the period provided by law for the filing of mechanic's liens, Seller shall furnish evidence satisfactory to Buyer and the Title Company of the payment in full for all labor and materials, and if there has been no such construction done by or at the request of Seller, its agents or employees, Seller shall provide an appropriate affidavit to the Title Company confirming the same so that, in any event, the Title Policy shall contain no exception for mechanic's liens unless due to work done by Buyer, its agents or employees.

13. Seller hereby represents, and warrants to and agrees with Buyer as follows:

- (a) that Seller is the owner of the Premises in fee simple and the same are free and clear of all liens, claims, easements, restrictions, conditions and encumbrances, and all leases have been terminated and the leasehold property has been vacated by any tenants, except taxes not yet due and payable and except for those items referred to in Paragraph 7 above to which Buyer does not object and non-delinquent mortgages not in excess of the Purchase Price.
- (b) that Seller has the full right and authority to enter into this Agreement and to convey the Premises to Buyer;

- (c) that the Premises have access at the perimeter thereof to the following public utilities: storm and sanitary sewer systems, electricity, gas and water lines, and the same are free of any state, county or municipal tax assessments in connection with such improvements;
- (d) that there are no gas wells, or other wells (whether or not capped) on or about the Premises, and if there are any such wells, at Buyer's election such wells shall be capped by Seller at its expense to Buyer's satisfaction prior to Closing at Seller's cost and that there are not now nor have there ever been any underground storage tanks on the Premises;
- (e) that there are no condemnation proceedings or eminent domain proceedings of any kind pending or, to Seller's knowledge, contemplated against the Premises, and that if prior to the date of transfer of title such proceedings shall be commenced, then at the option of Buyer: (i) this Option may be terminated and upon such termination the parties hereto shall be relieved of all further liability hereunder and any monies deposited or held hereunder shall be returned to Buyer; or (ii) this Agreement shall continue without adjustment in the Purchase Price and all awards under such proceedings shall become the property of Buyer, Seller hereby assigning to Buyer any claim or interest therein;
- (f) that to the knowledge of Seller, the Premises is not contaminated by any hazardous or toxic substances whatsoever, and is free of wetlands (is not and has not been a wetland) including, but not limited to, any contamination of the Premises by any regulated, hazardous or toxic substance or waste subject to removal or remediation under Environmental Law (the "Contamination"). As used in this Subparagraph 14(h) "Environmental Laws" shall mean and include the Resource Conservation and Recovery Act, 42 U. S. C. 6901 the Comprehensive Environmental Response, Compensation and Inability Act, 42 U.S.C. 9601 et seq. the Clean Water Act, 33 U.S.C. 1251 et. seq., and all the federal, state and local environmental, health and safety laws, ordinances, rules and regulations now existing relating to regulation and control of hazardous substances. In the event of a breach of the aforesaid warranty by Seller, Seller shall indemnify Buyer because of such breach for any costs or expenses suffered by Buyer by reason of the "Contamination" or wetlands actually known, including costs or expenses for response, removal or remedial actions required under the Environmental Laws. If any such Contamination is made known to Seller at any time between the execution of this Agreement and the Closing, the Seller will disclose such condition immediately to the Buyer.
- (g) Seller has received no written notice from any governmental authority asserting that the Premises or any activity carried on at the Premises are in violation of, or in conflict with any applicable law, rule, regulation or ordinance, whether Federal, State or Local.
- (h) Seller is not delinquent or in default on any mortgage, deed of trust or other consensual lien.

14. The following conditions precedent must have been satisfied and evidence thereof satisfactory to Buyer, deposited in escrow or submitted to Buyer by the Closing date.

- (a) The Premises shall be finally and effectively zoned without further right of appeal or review, and in full compliance with all planning boards and other governmental authorities, so that the Premises, may be used to Buyer's sole discretion.
- (b) All necessary governmental authorizations must have been issued, or Buyer must be satisfied that they will be issued, including building permits, required or appropriate to permit the lawful erection of buildings of the type specified in Paragraph 14(a), and Buyer must be satisfied that it will be able to obtain the necessary and acceptable permits within an acceptable time period from appropriate governmental agencies including, but not limited to, the Illinois Environmental Protection Agency, to operate the facility which Buyer intends to construct on the Premises.

- (c) There must be, in the sole judgment of Buyer, adequate utilities including, without limitation, water, gas, electricity and storm and sanitary sewer lines available and accessible at the perimeter of the Premises in order to construct, maintain and operate any building of the type described in Paragraph 14(a), the cost of obtaining the right to use, tying into and/or using such utilities must not be uneconomical, as determined by Buyer, acting reasonably; all streets abutting the Premises must be open to the public, duly dedicated, fully paved, and contiguous to the Premises, no gas wells or other wells shall exist on or about the Premises unless the same have been capped, at Buyer's election, to Buyer's sole satisfaction and no underground storage tanks shall exist on the Premises.
- (d) If, in Buyer's reasonable opinion, tests made by Buyer pursuant to Paragraph 5 hereof or the Survey indicate adverse conditions for any part of the development it proposes on the Premises or that the cost of development would be uneconomical, then Buyer shall have the right any time prior to closing to terminate this Agreement as hereinafter set forth in the following Paragraph 15.
- (e) The Premises shall have been granted real and personal property tax abatement within the applicable city or county guidelines for the same and on terms acceptable to Buyer.
- (f) The Premises consist of several parcels that are apparently contiguous whereby there shall be complete contiguity along the entire apparent common boundaries between said parcels.
- (g) The Premises are not located in a flood plain zone or a wetlands area.
- (h) Buyer shall have made arrangements satisfactory to it for financing construction of the buildings described in paragraph 14(a).
- (i) Buyer shall have received from counsel acceptable to it an Opinion that Seller has the right and authority to enter into this Agreement and to carry out the provisions hereof.
- (j) All warranties and representations in paragraph 13 have been complied with by Seller.

15. If Seller breaches this Agreement or if, upon expiration of the option period referred to in Paragraph 3, all of the conditions precedent to the Closing of this transaction have not been satisfied as set forth in this Agreement (to the extent Buyer does not waive such satisfaction, in writing), and if it appears reasonable that such conditions can be satisfied within one hundred (100) days after the expiration of such period, then Buyer shall then have the right to extend the time of Closing from time to time (but in no event shall Buyer have the right to extend the time of Closing beyond three hundred ninety (390) days after the date of exercise of the Option), without diminishing or relieving Seller of its obligation to convey such title and to cure any of its defaults; or Buyer may, notwithstanding any such extension, notify Seller and the Escrow Agent that Buyer elects to terminate this Agreement at any time after the initially scheduled Closing date and be released and relieved of all liability hereunder. Buyer shall have the right to have any liens or charges constituting a defect in title paid by the Escrow Agent out of Seller's funds at Closing. In the event of such termination, in addition to any other remedies in law or in equity available to Buyer, Buyer shall be entitled to the immediate return of any monies deposited or held hereunder including the earnest money and all interest thereon.

16. Seller and Buyer warrant and represent to each other that no real estate broker initiated or otherwise brought about the sale of the Premises except Buyer may enter into a commission agreement with QC Iowa Realty. Buyer shall be responsible for and hereby agrees to pay real estate commissions payable in connection with this transaction per such separate agreement with QC Iowa Realty. Such commission shall be payable at the Closing by the Escrow Agent out of funds otherwise due Seller. QC Iowa Realty shall represent the Buyer and not the Seller. The manager and member of the Buyer is a licensed real estate broker in the state of Illinois.

17. Any notification provided for herein to Seller or Buyer shall be deemed to have been given

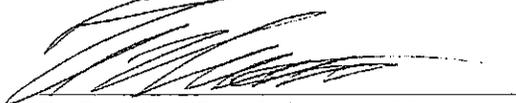
Seller's deed required hereunder.

25. Upon execution hereof, the parties shall execute a separate "Option Contract" containing reference to this Agreement which Buyer may cause to be recorded in the Office of the Rock Island County Recorder for the purpose of providing notice of this Option Agreement and its terms, covenants and conditions.

26. The terms of this Agreement shall be kept strictly confidential by the Seller prior to Closing and Seller shall not disclose the terms and conditions of this Agreement to another person or entity without the Buyer's prior, written approval; however, Buyer may disclose the terms of this Agreement to Seller's attorney and accountant to obtain advice and service in conjunction with this transaction.

27. Seller shall be entitled to assign this Agreement to a qualified intermediary to effectuate a like kind exchange under section 1031 of the Internal Revenue Code and Buyer agrees to cooperate with Seller to effectuate such like kind exchange.

Real Estate Advisors, LLC, Buyer



By Frederick "Ted" Rebitzer, its Manager

Miroballi Properties, LLC

 Seller

Exhibit "B"

Note: aerial photo prior to building being razed. No building improvements as part of the sale

