



P.O. BOX 13458  
GRAND FORKS, ND 58208-3458  
(701) 775-0653 · FAX (701) 792-3533

## PURCHASE AGREEMENT

1. **PARTIES.** This Purchase Agreement (hereinafter the “Agreement”) is executed on the day and date below, by and between Brownstone Development, LLP (SELLER), and \_\_\_\_\_, (BUYER).

2. **OFFER/ACCEPTANCE.** Buyer offers to purchase and Seller agrees to sell real property (the “Property”) legally described as:

Unit \_\_\_\_ of the Brownstone Condominium Development located on Lot 1 of North Fork Creek Subdivision, situated in the SE quarter (SE ¼) of Section 35 Township Six South (T6S), Range Three East (R3E), P.M.M. Gallatin County, Montana, described in the official records in said County; together with \_\_\_\_\_ percent of the undivided interest in the Common Elements designated by the Brownstone Condominium Declaration, including those areas reserved as Limited Common elements appurtenant to the Unit and such other rights to use the Common Elements which have been specifically assigned to the Unit in any other manner.

3. **PERSONAL PROPERTY AND FIXTURES INCLUDED IN THE SALE.** All fixtures and improvements attached to the above described condominium unit are included in this sale limited to those fixtures and improvements located within the site of the above described unit within the condominium development.

4. **CONDOMINIUM DOCUMENTS.** The Condominium Declaration, the Bylaws of the Brownstone Condominium Homeowners’ Association (BCHA), the Bylaws of the Big Sky Homeowners’ Association and the Restricted Covenants are called “Documents.”

\_\_\_\_\_ (1) Buyer has received a copy of the Documents. Buyer is advised to read the Documents before signing the contract.

\_\_\_\_\_ (2) Buyer has not received a copy of the Documents. Seller shall deliver the Documents to Buyer within 20 days after the effective date of this contract. Buyer may cancel this contract within 5 days after receipt of the Documents by written notice to the Seller by certified mail.

Buyer understands and agrees that pursuant to the restricted covenants Buyer must belong to the Big Sky Ownership Association hereinafter referred to as the "association" or as the "BSOA") and shall be bound by the Articles and Bylaws of said association which are incorporated herein by reference. Buyer further understands and agrees that pursuant to the restricted covenants Buyer shall also belong to, and be member of The Brownstone Condominium Homeowner's Association (hereinafter referred to as the "BCHA") and shall be bound by the Articles and Bylaws of said association which are incorporated herein by reference.

5. **PRICE AND TERMS.** The purchase price for personal property (the "Purchase Price") shall be \_\_\_\_\_ \$\_\_\_\_\_. The purchase price less the Earnest Money (defined below) shall be paid in cash or immediately available funds to seller at closing (as defined below).

6. **EARNEST MONEY.**

**6.1 Deposit of Earnest Money.** Upon execution of this agreement by Seller and Buyer, Buyer shall deliver to \_\_\_\_\_ (hereinafter referred to as the "Title Company ") the sum of be \_\_\_\_\_ \$\_\_\_\_\_ (the "Earnest Money"). If the sale contemplated by this Agreement is consummated, the Earnest Money shall be applied against the Purchase Price. If the sale is not consummated, the Earnest Money shall be paid to Seller or refunded to Buyer in accordance with the terms of this agreement.

**6.2 Dispute Between Parties.** It is agreed that the Earnest Money deposit is made for the accommodation of the parties hereto. In the even any litigation arises between the parties to this agreement concerning the deposit, then the parties hereto do severally and jointly agree to indemnify and save harmless the title Company from payment of any cost or other expense that may be involved in such litigation. In the event of a dispute, the Title Company's only obligation shall be to retain the deposit until: a final determination has been issued to pay the deposit into a court of competent jurisdiction, a court order issues decreeing payment of the deposit, or a joint agreement of the parties.

**6.3 Delivery of Earnest Money.** The Title Company shall deliver the Earnest Money to Seller or Buyer, as the case may be, on the following conditions:

- (A) Deliver to Seller upon consummation of the closing;
- (B) Deliver to Seller upon receipt of demand therefore signed by Seller stating that Buyer has defaulted in the performance of its obligations under this Agreement; provided however, that the Title Company shall not honor such demand until at least 30 days after the date on which the title Company shall have mailed a copy of such demand to Buyer; nor thereafter if the Title Company shall have received a notice of objection from Buyer given in accordance with the provisions of this paragraph.
- (C) Deliver to Buyer upon receipt of demand therefore signed by Buyer stating that either Seller has defaulted in the performance of its obligations under this Agreement or that Buyer is otherwise entitled the refund of the Earnest Money

pursuant to the terms of this Agreement; provided, however, that the Title Company shall not honor such demand until at least 30 days after the date on which the Title Company shall have mailed a copy of such demand to Seller, nor thereafter following 30 day period if the Title Company shall have received a notice of objection from Seller given in accordance with the provisions of the paragraph.

**6.4 Holding of Earnest Money Pending Resolution.** If the title Company shall received a notice of objection as provide in this Paragraph 2 within the time herein prescribed ,then the title Company shall continue to hold the Earnest Money until the Title Company receives either: (1) a written notice signed by other parties direction the disbursement of the Earnest Money; or (ii) a final and nonappealable order by a court of competent jurisdiction, entered in a proceeding in which the parties and the Title Company are named as parties, directing the disbursements of the Earnest Money on accordance with such direction. The Title Company shall not be or become liable in any way or to any person for its refusal to comply with any such claims and demands unless it has received such direction. Upon compliance with such direction, the Title Company shall be released of and from all liability hereunder.

**6.5 Affirmative Action of Title Company.** Notwithstanding the foregoing, the Title Company may, on notice to the parties, take such affirmative steps as it may, at its option, elect in order to terminate its duties hereunder, including, but not limited to, the deposit of the Earnest Money with a court of competent jurisdiction and the commencement of an action of interpleader, the costs of which shall be borne by which ever of the parties is the losing party. Upon the taking by the Title Company of the action described above, the Title Company shall be released of and from all liability hereunder.

**6.6 Reimbursement of Title Company.** Except as otherwise provided herein, the parties shall equally reimburse the title Company for all reasonable costs and expenses incurred in performing its duties hereunder, including, but not limited to, reasonable attorneys' fees and disbursements, either paid to retained attorneys or in an amount representing the fair value of legal services rendered to itself.

**7. WARRANTIES AND REPRESENTATIONS OF SELLER.** To induce Buyer to enter into this Agreement, Seller makes the following warranties and representations, all of which (a) shall also be true and correct as of the date of Closing and (b) shall survive the Closing of this Agreement:

**7.1 Good and Marketable Title to Property.** Seller now has and will have at Closing good and indefeasible title in fee simple to the Property and no party, except as herein set forth, has or shall have any right in, or to acquire, the Property.

**7.2 Free of Encumbrances.** At the Closing, the Property shall be free and clear of all encumbrances except Permitted Encumbrances (hereinafter defined).

**7.3 No Actions or Suits.** There are no actions, suits, claims, assessments, or proceedings pending or, to the knowledge of Seller, threatened that could materially adversely affect the ownership, operation, or maintenance of the Property or Seller's ability to perform hereunder.

**7.4 Authority of Seller.** Seller has full right, power, and authority to execute, deliver, and perform this Agreement without obtaining any further consents or approvals from, or the taking of any other actions with respect to, any third parties and this Agreement, when executed and delivered by Seller and Buyer, will constitute the valid and binding agreement of Seller, enforceable against Seller in accordance with its terms.

**7.5 Existence of Security Interest.** No uncured breach or default, whether declared or not, including, without limitation, nonpayment of any sum or nonperformance of any obligation, exists under, or with regard to, any obligation of Seller that is secured by a lien on the Property.

**7.6 No Violation of Applicable Law.** The location, construction, occupancy, operation, and use of the Property does not violate any applicable law, statute, ordinance, rule, regulation, order, or determination of any governmental authority or any board of fire underwriters (or other body exercising similar functions), or any restrictive covenant or deed restriction (recorded or otherwise) affecting the Property, including, without limitation, all applicable zoning ordinances and building codes, flood disaster laws, and health and environmental laws and regulations (hereinafter sometimes collectively called "Applicable Laws").

**7.7 No Environmental Permits Required.** Seller has not obtained, and is not required to obtain, and Seller has no knowledge of any reason Buyer or Seller will be required to obtain, any permits, licenses, or similar authorizations to construct, occupy, operate, or use any buildings, improvements, fixtures, and equipment forming a part of the Property by reason of any Environmental Laws.

**7.8 Mortgages.** The unpaid balance of the note and Mortgage, if any, are not now in default nor will they be at the Closing; that true copies of such note and Mortgage, if any, have been delivered by Seller to Buyer, which delivery Buyer hereby acknowledges, and that the same have not been further modified or amended.

**7.9 No Special Assessments or Other Taxes.** There are, and will be, no special taxes or assessments for any improvements, made or installed on the Property prior to the Closing; to the best of Seller's knowledge, all storm and sanitary sewers; the paving of roads and streets; all curbs and gutters; all traffic signals; the widening of all roads and streets; and the installation of acceleration, deceleration, and stacking lanes, required by law or the Leases at the time of the Closing have been installed and paid for; in the event that any such item has not been paid for or in the event that any special assessments are now or hereafter imposed, levied, or fixed by reason of the installation of the foregoing, same will be paid by Seller whether or not the same are a lien at the time of closing.

**7.10 No Third-Party Contracts.** Subject to terms and provisions of the Documents, the reasonable rules of the BCHA and pursuant to Montana Statutes chapter 70-23, there will be no contracts for services or supplies on account of maintenance or repairs which expressly or impliedly will be binding upon the Buyer or upon the Property.

**7.11 Sewage Connections.** The Property is serviced by a public water system and either the public sewer system or the septic tanks, cesspools, and leaching fields, if any, are wholly contained within the boundaries of the Property.

**7.12 Utility Connections.** All utility lines (including sanitary and storm sewers) enter the Property through public streets or through dedicated rights of way or equivalent servitudes.

**7.13 No Zoning Violations.** Seller has no knowledge of any zoning or building violations or any action, suit, or proceeding pending or threatened against or affecting the Property or any portion thereof in any court or before or by any Federal, State, County, or Municipal department, commission board, bureau, or agency or other governmental instrumentality.

**7.14 Occupancy Permits.** All occupancy and use permits, licenses, and certificates necessary for the use of the Property contemplated by the Leases will have been duly issued by the appropriate authorities at the time of the Closing.

**7.15 No Liens.** Seller agrees to indemnify and hold Buyer harmless in respect to any mechanic's and materialmen's liens against the Property arising out of any work performed or materials furnished by or on Seller's behalf or request on or with respect to the Property.

**7.16 No Organized Labor Force.** At the time of the Closing, there will be no collective bargaining or union contracts affecting the Property for which Seller is obligated and there will be no full-time employees of Seller at the Property.

**7.17 No Condemnation.** To the best of Seller's knowledge, there is no condemnation threatened or pending against the Property, or any part thereof.

**7.18 No Structural Deficiencies.** To the best of Seller's knowledge at the time of the Closing, there will be no material defects with regard to any of the structural components of the buildings on the Property, the roof and exterior walls are free of leaks, and the electrical, mechanical, plumbing, and HVAC systems are in good working order.

**7.19 Viability of Insurance Coverage.** Seller has not received any notices from any insurance company of any defects or inadequacies in the Property or any part thereof which would materially and adversely affect the insurability of the Property or the premiums for the insurance thereof, and no notice has been given by any

insurance company which has issued a policy with respect to any portion of the Premises or by any board of fire underwriters (or other body exercising similar functions) requesting the performance of any repairs, alterations, or other work which has not been complied with.

**7.20 No Parties in Possession.** There are no parties in possession of any portion of the Property, whether as lessees, tenants at sufferance, trespassers, or otherwise, except for tenants and land subtenants under the hereinafter defined Leases.

**7.21 No Material Change in Property.** Seller shall immediately notify Buyer of any material change in respect to the Property or any information heretofore or hereafter furnished to Buyer with respect to the Property.

- 8. REAL ESTATE TAXES AND SPECIAL ASSESSMENTS.** Real estate taxes due and payable in and for the year before closing shall be paid by Seller. Real estate taxes due and payable in the year of closing shall be prorated to the date of closing. Buyer shall pay real estate taxes due and payable in the year following the closing and thereafter and any unpaid special assessments payable therewith and thereafter, the payment of which is not otherwise provided herein. Seller makes no representation concerning the amount of future real estate taxes or of future special assessments.
- 9. CASUALTY LOSS.** If any part of the Unit which Seller is solely obligated to maintain and repair is substantially damaged or destroyed by fire or other casualty, Seller shall restore the same to its previous condition as soon as reasonably possible, but in any event by the Closing Date. If Seller fails to do so due to factors beyond Seller's control, buyer may (a) extend the time for performance up to 15 days and the Closing Date will be extended as necessary and thereafter if restoration is not made terminate this Agreement and the Earnest Money will be refunded to Buyer; or (c) accept the Property in its damaged condition with an assignment of insurance proceeds and receive credit from Seller at closing in the amount of the deductible under the insurance policy. If any part of the Common Elements or Limited Common Elements appurtenant to the Unit is damaged or destroyed by fire or other casualty loss, buyer will have 7 days from receipt of notice of such casualty loss within which to notify Seller in writing that the Agreement will be terminated unless Buyer receives written confirmation from the BCHA that the damaged condition will be restored to its previous condition within a reasonable time at no cost to Buyer. Unless Buyer gives such notice within such time, Buyer will be deemed to have accepted the Property without confirmation of such restoration. Seller will have 15 days from the date of receipt of Buyer's notice within which to cause to be delivered to Buyer such confirmation. If required by Buyer and written confirmation is not delivered to Buyer as required above, Buyer may extend the time for performance up to 15 days and the Closing Date will be extended as necessary and thereafter if restoration is not made terminate this Agreement and the Earnest Money will be refunded to Buyer.

**10. CLOSING.**

**10.1 Time and Date of Closing.** The conveyance of the Property pursuant to this Agreement shall be consummated (the "Closing") at the offices of the Title Company on or before \_\_\_\_\_, or such earlier time as Buyer and Seller shall designate (the "Closing Date"). Time shall be of the essence of this Agreement.

**10.2 Seller to Convey by General Warranty Deed.** At the closing, seller shall deliver to Buyer a general warranty deed, with the usual covenants of title, conveying the above-described property to Buyer.

**10.3 Delivery of Title Insurance Policy.** Seller further covenants and agrees to deliver to Buyer, at Closing, a form of Owner's Policy of Title Insurance ("Owner's Title Policy") issued by the Title Company, in the full amount of the Purchase Price, insuring Buyer's indefeasible fee simple title to the Real Property, subject only to the Permitted Encumbrances and the printed exceptions contained in the standard form of Owner's Title Policy.

**10.4 Buyer's Payment Obligations.** At Closing, Buyer shall pay for: (A) all charges for the recordation of the instruments conveying title to the Property; (B) one half of the escrow fees charged by the Title Company; (C) one half of the premium for the Owner's Title Policy; and (D) Buyer's attorneys' fees.

**10.5 Seller's Payment Obligations.** At Closing, Seller shall pay for: (A) one half of the premium for the Owner's Title Policy; (B) all charges for the preparation and recording of any instruments required to clear Seller's title for conveyance in accordance with the provisions of this Agreement; (C) Seller's attorneys' fees; and (D) one-half of the escrow fees charged by the Title Company.

**10.6 Delivery of Purchase Price.** Buyer covenants and agrees to deliver to Seller, at Closing, the Purchase Price in cash or immediately available funds.

**10.7 Documents to Be Satisfactory to Both Parties.** All documents to be executed at Closing shall be in a form reasonably acceptable to Buyer and Seller.

**10.8 Delivery of Title to Property.** Seller shall deliver exclusive possession of the Property to Buyer upon payment of the Purchase Price.

**11. CONDITION OF PROPERTY.** Buyer shall have the rights to have inspections for the property conducted prior to the closing. Other than the representations made herein, the property is sold "AS IS" with no express or implied representations or warranties by Seller as to physical conditions, quality of construction, workmanship, or fitness for any particular purpose.

**12. POSSESSION.** Seller shall deliver possession of the property not later than 5:00 P.M. Mountain Standard Time on the date of closing. All charges for utilities

accrued prior to the date of closing shall be the responsibility of the Seller; and all charges after the date of closing shall be the responsibility of the Buyer. Buyer shall be responsible for notifying the local utility companies of the change in ownership.

**13. TITLE COMMITMENT AND UTILITY VERIFICATION.**

**13.1 Title and Lien Documents.** Within 20 days after the date of this Agreement, Seller shall deliver or cause to be delivered to Buyer the following:

(A) A Commitment for Title Insurance (the "Title Commitment") issued by the Title Company setting forth the status of the title of the Real Property and Improvements and showing all liens, security interests, claims, encumbrances, easements, rights of way, encroachments, reservations, restrictions, and any other matters affecting the Real Property and Improvements (the "Encumbrances");

(B) True, complete, and legible copies of all documents referred to in the Title Commitment;

(C) Searches of the appropriate Uniform Commercial Code records showing title to any personal property to be free and clear of all security interest(s), liens, and encumbrances.

**13.2 Notice of Objections.** Within 20 days after the receipt of all of the items referred to in Section 14.1 hereof, Buyer shall give Seller written notice ("Buyer's Objection Notice") of all Encumbrances of any overlaps, encroachments, easements, or encumbrances that constitute, in Buyer's sole opinion, objections to title (hereinafter referred to as the "Objectionable Encumbrances"). If Buyer's Objection Notice is not timely delivered, then all of the items reflected on the Title Commitment and Survey shall be considered to be Permitted Encumbrances (as hereinafter defined).

**13.3 Seller to Obtain Releases.** Seller covenants and agrees, at Seller's sole cost and expense, to obtain releases, at or prior to Closing, for any and all liens affecting the Property as of the date of Closing. In addition, Seller covenants and agrees to use its best efforts, at Seller's sole cost and expense, to cure or remove all other Objectionable Encumbrances. Within 20 days after the receipt of Buyer's Objection Notice, Seller shall give Buyer written notice ("Seller's Title Notice") specifying the Objectionable Encumbrances that have been removed or cured, with evidence acceptable to Buyer and the Title Company of such removal or cure.

**13.4 Failure to Deliver Title Notice.** If Seller fails to deliver Seller's Title Notice or if Seller is unable to cure or remove the Objectionable Encumbrances to the satisfaction of Buyer within 20 days after Buyer's Objection Notice was delivered, Buyer shall have the right prior to Closing to terminate this Agreement by giving

Seller written notice thereof. Upon the receipt of such notice, the Earnest Money shall be refunded to Buyer immediately and thereupon neither party shall have any further rights, duties, or obligations hereunder. In the event Buyer elects not to terminate this Agreement and to proceed with the Closing, then all Objectionable Encumbrances that have not been cured or removed shall be deemed waived. All Encumbrances to which no objection is made and all Objectionable Encumbrances which are subsequently waived are hereinafter referred to as the "Permitted Encumbrances."

**14. DEFAULT.** If Buyer fails to comply with this Agreement, Buyer will be in default, and Seller may (a) enforce specific performance, seek such other relief as may be provided by law, or both, or (b) terminate this contract and receive the Earnest Money as liquidated damages thereby releasing both parties from this contract. If, due to factors beyond Seller's control, Seller fails within the time allowed to make any non-casualty repairs or deliver the Commitment, if require of Seller, Buyer may (a) extend the time for performance 15 days and the Closing Date will be extended as necessary and thereafter if still in default terminate this contract as the sole remedy and receive the Earnest Money. If Seller fails to comply with this Agreement for any other reason, Seller will be in default and Buyer may (a) enforce specific performance, seek such other relief as may be provided by law or both, of (b) terminate this contract and receive the Earnest Money, thereby releasing both parties from this contract.

**15. NOTICES.** All notices required herein shall be in writing to be delivered personally, mailed or faxed to:

SELLER	BUYER
Randy R. Brown	_____
Brownstone Development, LLP	_____
1168 12 <sup>th</sup> St. NE	_____
P.O. Box 13458	_____
Grand Forks, ND 58208-3458	_____
Fax: (701) 775-9587	_____

Notices are effective as of the date of personal delivery, mailing or the time of faxing.

**16. MONTANA MOLD DISCLOSURE.** There are many types of mold. Inhabitable properties are not, and cannot be, constructed to exclude mold. Moisture is one of the most significant factors contributing to mold growth. Information about controlling mold growth may be available from your county extension agent or health department. Certain strains of mold may cause damage to property and may

adversely affect the health of susceptible persons, including allergic reactions that may include skin, eye, nose, and throat irritation. Certain strains of mold may cause infections, particularly in individuals with suppressed immune systems. Some experts contend that certain strains of mold may cause serious and even life-threatening diseases. However, experts do not agree about the nature and extent of the health problems caused by mold or about the level of mold exposure that may cause health problems. The Centers for Disease Control and Prevention is studying the link between mold and serious health conditions. The seller, landlord, seller's agent, buyer's agent, or property manager cannot and does not represent or warrant the absence of mold. It is the buyer's or tenant's obligation to determine whether a mold problem is present. To do so, the buyer or tenant should hire a qualified inspector and make any contract to purchase, rent, or lease contingent upon the results of that inspection. A seller, landlord, seller's agent, buyer's agent, or property manager who provides this mold disclosure statement, provides for the disclosure of any prior testing and any subsequent mitigation or treatment for mold, and discloses any knowledge of mold is not liable in any action based on the presence of or propensity for mold in a building that is subject to any contract to purchase, rent, or lease."

17. **MONTANA LAW.** This contract shall be governed by the laws of the State of Montana.
18. **ENTIRE AGREEMENT.** This purchase agreement, any attached exhibits and any addenda or amendments signed by the parties, shall constitute the entire agreement between Seller and Buyer, and supersedes any other written or oral agreements between Seller and Buyer. THIS PURCHASE AGREEMENT CAN BE MODIFIED ONLY IN WRITING SIGNED BY THE SELLER AND THE BUYER.

The right of enforcing the specific performances of this contract exists for the Buyer and the Seller, unless this contract shall be terminated as above, and provided that the action to enforce such specific performance shall be commenced within six (6) months after the date of this contract.

TIME IS OF THE ESSENCE FOR ALL PROVISIONS OF THIS CONTRACT.

THIS IS A LEGALLY BINDING CONTRACT, IF NOT UNDERSTOOD CONSULT AN ATTORNEY.

(Signatures to follow on next page)

Brownstone Development, LLP agrees to sell the property for the price and terms and conditions set forth above.

BROWNSTONE DEVELOPMENT, LLP

Dated:

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

We, \_\_\_\_\_ and \_\_\_\_\_, agree to purchase the property for the price and terms and conditions set forth above.

Dated:

\_\_\_\_\_  
, Buyer

\_\_\_\_\_  
, Buyer

STATE OF MONTANA    )  
                                  ) SS  
COUNTY OF            )

The foregoing instrument was acknowledged this \_\_\_\_\_ day of \_\_\_\_\_, 2008, before me, a Notary Public, by \_\_\_\_\_ Authorized signatory of Brownstone Development, LLP.

\_\_\_\_\_  
Notary Public

STATE OF MONTANA    )  
                                  ) SS  
COUNTY OF            )

The foregoing instrument was acknowledged this \_\_\_\_\_ day of \_\_\_\_\_, 2008, before me, a Notary Public, by \_\_\_\_\_ and \_\_\_\_\_, Buyer.

\_\_\_\_\_  
Notary Public