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**UNITED STATES DISTRICT COURT
DISTRICT OF NEVADA**

SECURITIES AND EXCHANGE
COMMISSION;

Plaintiff,

vs.

CAPSOURCE, INC., *et al.*

Defendants.

CASE NO. 2:20-cv-02303-RFB-DJA

**ORDER AUTHORIZING THE SALE
OF REAL PROPERTY LOCATED AT
135 CENTURY AVENUE,
MAPLEWOOD, MINNESOTA 55119**

The following Order relates to the sale of the real property located at 135 Century Avenue, Maplewood, Minnesota 55119, with tax identification number 01-28-22-11-0021, and bearing the legal description appended hereto as **Exhibit A** (the “Property”).

1. On August 26, 2022, the Court issued its Order Appointing Receiver, in which the Court appointed Geoff Winkler as receiver of Defendant CapSource, Inc. *See* ECF No. 17 (“Appointment Order”).

2. JC Minnesota LLC, a Nevada limited liability company (“JC Minnesota” or “Seller”) operated by Receivership Defendant CapSource, Inc. (“CapSource”), is the owner of

1 fee simple title to the real property in Ramsey County, Minnesota known as 135 Century Avenue,
2 Maplewood, Minnesota 55119, and legally described as parts of Lots 27, 28, and 29, Block 6,
3 Brower Park, according to the plat thereof, as more fully set forth on Ramsey County Certificate
4 of Title No. 629784, in the office of the Registrar of Titles in and for Ramsey County, Minnesota
5 (the “Property”). The property tax identification number for the Property is 01-28-22-11-0021.
6 The Property is the same “JC Commercial” land identified in ECF Docket Nos. 21 and 48 as a
7 used car lot in Minneapolis, Minnesota.

8 3. In or around July 2020, JC Minnesota entered into a Lease Agreement with
9 Jackson Auto Group LLC (“Jackson Auto”), a Minnesota limited liability company, under which
10 Jackson Auto agreed to lease the Property for a minimum term of five (5) years with two options
11 to renew (the “Lease Agreement”). The Lease Agreement also provides Jackson Auto, and/or its
12 assigns, the Right of First Refusal on the purchase of the Property.

13 4. As of the date of this Order, Jackson Auto remains at the Property as a tenant under
14 the Lease Agreement.

15 5. Jackson Auto is an affiliate of Jackson Land Holdings LLC (“Jackson Land” or
16 “Buyer”), a Minnesota limited liability company, who has agreed to purchase the Property with
17 good and marketable title subject to this Court’s approval of a purchase agreement related to the
18 same.

19 6. In the Appointment Order, the Court took “exclusive jurisdiction and possession
20 of the assets, of whatever kind and wherever situated, of CapSource Inc. (“Receivership
21 Defendant”).” *See* Appointment Order ¶ 1. These assets necessarily included all of Receivership
22 Defendant’s right, title, and interest in and to JC Minnesota, including its sole and exclusive right
23 to manage the affairs of CapSource. *See also* Appointment Order ¶6(A) (defining “Receivership
24 Property” to include “all property interests of Receivership Defendant, including . . . lands,
25 premises, leases . . . of whatever kind, which the Receivership Defendant own[s], possess[es],
26 ha[s] a beneficial interest in, or control[s] directly or indirectly . . .”)

27 7. Indeed, among other things, the Appointment Order dismissed the directors,
28 officers, and managers of Receivership Defendant, and provided the Receiver with all “powers

1 authorities, rights and privileges heretofore possessed by the officers, directors, managers” of
2 Receivership Defendant, pursuant to 28 U.S.C. §§ 754, 959 and 1692, and Fed.R.Civ.P. 66. *See*
3 Appointment Order ¶¶ 3-6. Pursuant to Article 5 of the Operating Agreement of JC Minnesota,
4 the manager of the Nevada limited liability company is CapSource, Inc., and the Receiver thus
5 acquired control of JC Minnesota by way of the Appointment Order. *See Ex. B*, Operating
6 Agreement, ¶¶ 5.2.

7 8. The Appointment Order requires the Receiver to take custody, control and
8 possession of all Receivership Property (which includes the Property), and to use the Receivership
9 Property for the benefit of the Receivership Estates. *See* Appointment Order ¶ 6. As such, and
10 in furtherance of his obligations under the Appointment Order, the Receiver has identified
11 Jackson Land as the Buyer for the Property that will maximize the benefit to the Estate, based on
12 the information known to the Receiver, and has worked to finalize a purchase agreement subject
13 to Court approval.

14 9. Buyer has agreed to purchase the Property for \$650,000 in accordance with the
15 terms of a Real Estate Purchase and Sale Agreement, dated February 13, 2024, and any addenda
16 thereto (the “Purchase Agreement”), a copy of which is attached hereto as **Exhibit C**. Pursuant
17 to the Purchase Agreement, Buyer has deposited \$20,000.00 into an escrow account established
18 at Stewart Title Company (the “Escrow”), to be held in accordance with an Escrow Agreement
19 regarding the same.

20 10. The Receiver and Buyer agree and acknowledge that all net proceeds after closing
21 costs of the foregoing sale shall be transmitted from Escrow to the Receiver, via wire transfer,
22 immediately upon the closing of the sale of the Property. It is anticipated that the sale will close
23 within 30 days of the Court’s approval of this Order.

24 11. The Receiver has determined, in his reasonable business judgment, that Buyer’s
25 offer represents a fair market value for the Property given its current condition, the Receiver’s
26 review of similar properties in the area, and a valuation provided by a broker.

27 12. The Receiver acknowledges that the amount received from the proposed sale will
28 result in a shortfall to investors. The estimated closing costs and buyer credits related to the

1 transaction are \$27,000 which will result in \$623,000 in funds for the Receivership Estate and a
2 short fall of \$500,000. However, the original loan entered by CapSource was for an amount
3 substantially higher than the value of the Property, making it nearly impossible for the loan to
4 have performed as investors were promised. Additionally, the current lease on the property is
5 below market value and includes the option for the current tenant (and proposed buyer) to extend
6 the lease until 2035, and a right of first refusal to purchase the Property. Given the contrast
7 between the property value and the income generated by the lease, it is unlikely another buyer
8 will be forthcoming. Moreover, the carrying costs of the property and additional repairs that will
9 likely be required do not justify the Receiver retaining the property long term as doing so will
10 further drain receivership resources.

11 13. The Receiver is seeking to close the sale via stipulation in lieu of
12 soliciting overbids and filing a separate sale motion as contemplated by the August 2,
13 2023, order establishing the procedure for sales of real property because of the unique aspects
14 of the Property and Buyer's relation thereto. As noted above, Buyer, by way of its affiliate
15 entity Jackson Auto, is the current tenant at the Property wherein Buyer operates its business, an
16 automotive dealership. In the Receiver's reasonable business judgment, entering into the
17 Purchase Agreement with the current tenant of the Property represents the best opportunity to
18 maximize the Receivership's return on the sale of the Property. As reflected by the terms of
19 the Purchase Agreement, Buyer, as the current tenant of the Property, is acutely aware of, and
20 generally accepts, the condition of the Property, thereby minimizing any potential delays
21 from inspections, requested repairs, or other contingencies that may arise in a transaction with
22 an unrelated third party, each of which may or may not disrupt any potential sale. Moreover,
23 Buyer has indicated a desire to close as soon as practicable after this Court's approval of the
24 Purchase Agreement and has funding in place to immediately do so. Notably, due to the
25 changing interest rate environment, buyers funding mechanism will expire on June 30,
26 2024, thus furthering the need for an expedited process to facilitate the sale.

27 14. Moving forward in this manner will also minimize Receivership efforts and
28 maximize the ability of the Receiver to efficiently recover assets of the Receivership Estate. The

1 result is that the Receiver believes an approval of the sale of the Property, via stipulation,
2 serves the best interests of the Receivership Estate and will generate more net cash flow than if
3 the Property were to be presented through overbid procedures within the strict parameters of 28
4 U.S.C. § 2002.

5 15. Accordingly, in light of the unique facts and circumstances surrounding the
6 Property as set forth herein, the Commission and the Receiver each believe this Stipulation is
7 necessary and in the best interest of all parties and the Estate and therefore request the Court’s
8 approval to proceed with the transfer by the Receiver to the Buyer of a fee simple interest in the
9 Property at closing, as contemplated in the Purchase Agreement, *see Ex. C* at ¶ 5(a), with good
10 and marketable title, insurable except to the extent of any “Permitted Encumbrances,” as defined
11 in the Purchase Agreement.

12 Dated this 4th day of June, 2024

Dated this 4th day of June, 2024

13 **GREENBERG TRAURIG, LLP**

**SECURITIES & EXCHANGE
COMMISSION**

14
15 */s/ Kyle A. Ewing*

/s/ Terry Miller

16 KARA B. HENDRICKS,
17 Nevada Bar No. 07743
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*Attorneys for Plaintiffs Securities and
Exchange Commission*

Attorneys for Receiver Geoff Winkler

IT IS SO ORDERED.



UNITED STATES DISTRICT COURT JUDGE

Date: June 6, 2024

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INDEX OF EXHIBITS	
EXHIBIT	DESCRIPTION
Exhibit A	Legal Description
Exhibit B	JC Minnesota Operating Agreement
Exhibit C	Purchase and Sale Agreement

EXHIBIT A

EXHIBIT A

Legal Description

EXHIBIT "A"
LEGAL DESCRIPTION

That part of Lot 27, Block 6, Brower Park, Ramsey County, Minnesota, described as follows: Beginning at the Northeast corner of Lot 27; thence West along the Northerly line of Lot 27, 70 feet to a point; thence South in a straight line to the Southwest corner of Lot 29; thence Northeasterly along the Easterly line of Lot 27 to the point of beginning,

Lot 28, Block 6, Brower Park, Ramsey County, Minnesota, which lies southwesterly of a line run parallel with and distant 50 feet Southwesterly of the following described line: From a point on the East line of Section 1, Township 28 North, Range 22 West, distant 125 feet South of the Northeast corner thereof, run Westerly at an angle of 90 degrees 13' with said East section line (when measured from South to West) for 348.43 feet; thence deflect to the left at an angle of 109 degrees 45' 53" for 746.20 feet to the point of beginning of the line to be described; thence deflect to the right on a 4 degree 00' curve (delta angle 19 degrees 33' 50") for 489.1 feet and there terminating.

Lot 29, Block 6, Brower Park, Ramsey County, Minnesota, which lies Southwesterly of a line run parallel with and distant 50 feet Southwesterly of the following described line: from a point on the East line of Section 1, Township 28 North, Range 22 West, distant 125 feet South of the Northeast corner thereof, run Westerly at an angle of 90 degrees 13' with said East section line (when measured from South to West) for 348.43 feet; thence deflect to the left at an angle of 109 degrees 45' 53" for 746.2 feet to the point of beginning of the line to be described; thence deflect to the right on a 4 degrees 00' curve (delta angle 19 degrees 33' 50") for 489.1 feet and there terminating.

Torrens Property
Certificate of Title No. 629784

EXHIBIT B

EXHIBIT B

JC Minnesota Operating Agreement

OPERATING AGREEMENT

OF

JC MINNESOTA, LLC

A Nevada Limited Liability Company

Dated April 09, 2019

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JC MINNESOTA, LLC

OPERATING AGREEMENT

The persons and entities whose signatures are attached to this document (following page 21), as Members of JC MINNESOTA, LLC ("Limited Liability Company" or "Company"), enter into this Operating Agreement ("Agreement") on April 09, 2019 ("Effective Date"):

ARTICLE 1 FORMATION AND PURPOSE OF LIMITED LIABILITY COMPANY

This Article addresses basic Company formation issues.

1.1 Formation of Limited Liability Company.

a. The parties to this Agreement agree to become Members and to form a Limited Liability Company pursuant to Nevada Revised Statutes ("NRS") Chapter 86.

b. Except as expressly modified in this Agreement, NRS Chapter 86 governs the Member's rights and duties, and the Company's administration and termination.

1.2 Limited Liability Company Name. The Company's Name is JC MINNESOTA, LLC

1.3 Company's Purpose and Scope.

a. The Company's organizational purpose is to engage in and do any lawful act concerning all lawful business, other than banking or insurance, for which a Company may be organized.

b. The Company's primary purpose is to own and manage second trust deed recorded against Real Property located in Ramsey County, Minnesota, parcel number **01-28-22-11-0021**. This Agreement does not prohibit any Member, individually, as a separate entity apart from the Company, to conduct any business or activity.

1.4 Articles of Organization. The Members have executed Articles of Organization ("Articles"). The Company's Organizer filed and recorded the Articles with the Nevada Secretary of State's office on April 09, 2019. The Members shall execute, acknowledge, file, record and/or publish, all other documents legally required for the Company's formation, preservation and operation.

1.5 Records Office.

a. The Company shall maintain its Records Office, as required by NRS 86.241, at Koch & Scow, LLC 11500 So. Eastern Avenue, Suite 210 Henderson, NV 89052. The Company shall keep at its Records Office the following:

- 1) A current list of each Member's and Manager's full name and last known business address, separately identifying the Members, identifying any Member class, and the Managers in alphabetical order;
- 2) A copy of the filed Articles of Organization and all amendments, together with executed copies of any powers of attorney pursuant; and
- 3) A current copy of the Company Operating Agreement.

b. Any Member, at that Member's own expense, may inspect and copy all records kept pursuant to this section during ordinary business hours.

c. The Company may keep records specified in this Section in electronic form.

1.6 Resident Agent. The Resident Agent's name and address for service of process is Koch & Scow, LLC, 11500 So. Eastern Avenue, Suite 210 Henderson, NV 89052.

1.7 Term of Limited Liability Company. The Company will exist perpetually or until a Liquidating Event, as described in Article 8, occurs.

1.8 Title. The Company shall hold title to its property and assets in its own name or the Company may hold title to property in the name of a Member if necessary to obtain financing or for other reasonable business purpose.

1.9 Definitions - General. Capitalized words and phrases used in this Agreement have the following meanings:

- 1) "Contribution" means any property a Member transfers to or any service the Member performs for the Company in connection with that Member's Interest;
- 2) "Member" means the owner of an interest in the Company, regardless of any class distinctions;
- 3) "Member's Interest" means his share of voting or nonvoting interests in the Limited Liability Company, and distributions of assets;
- 4) "Depreciation" means, for each fiscal year or other period, an amount equal to the depreciation, amortization or other cost recovery deduction allowable with respect to an asset for such year or other period;
- 5) "Code" means the Internal Revenue Code of 1986;
- 6) "Profits" and "Losses" mean, for each fiscal year, the Company's taxable income or loss as determined under the appropriate IRS Code provisions, with the following adjustments:

- i) All items of income, gain, loss or disallowed and any items required to be separately stated is to be included in taxable income or loss;
 - ii) Company's tax exempt income not otherwise taken into account in computing Profits or Losses under to this section is to be added to the Company's taxable income or loss;
- 7) "Regulations" mean the income tax regulations promulgated under the Code;
- 8) "Interest" means an ownership interest in the Company including any benefits provided to the holder by this Agreement, together with any obligations imposed on that holder; and
- 9) "Distribution Interest" means a Member's share of the economic interests in the Company, including profits and losses.
- 10) "Gross Asset Value" means, with respect to any asset, the asset's adjusted basis for federal income tax purposes, except as follows:
 - i) The initial Gross Asset Value of any asset contributed by a Member to the Limited Liability Company is the gross fair market value of such asset, as determined by the contributing Member and the Manager;
 - ii) The Manager shall adjust the Gross Asset Values of all Limited Liability Company assets equal their respective gross fair market values, as determined by the Manager whenever a Member acquires additional Membership Interest or a distribution is made to a Member; and
 - iii) The Gross Asset Value of any Company asset distributed to a Member is the gross fair market value of such asset on the date of distribution.
- 11) "Capital Account" means, with respect to any Member a capital account maintained as follows:
 - i) a Member's account increases by that Member's Capital Contributions, the Member's distributive share of income or gain that are attributable or specially allocated pursuant to Article 3 to that Member, and Company liabilities assumed by that Member or that are secured by any Company property distributed to that Member; and
 - ii) a Member's account decreases by the Gross Asset Value of any property distributed to that Member, the Member's distributive share of loss attributable or specially allocated pursuant to Article 3 to that Member, and of that Member's liabilities that the Company assumes or are attached to property that Member contributes to the Company.

ARTICLE 2 COMPANY CAPITALIZATION AND FINANCING

This Article discusses the Members' investment into the Company. Any fund or asset invested into the Company is either a Capital Contribution or a loan. This Article specifies restrictions on the addition and reduction of Capital Contributions.

2.1 Initial Capital Contribution. The initial capital contributions and percentage interests of each Member are set forth in Exhibit "A".

2.2 Additional Capital Contribution by Members.

a. Except as this Agreement provides in Article 8 or in this section, the Company shall not require any member to make additional contributions to the Company's capital. Manager, with at least 51% approval of the Voting Membership Interest, may request additional capital contributions from Members, in proportion to their Membership Interests, if necessary to meet the Company's obligations. This request is a "Capital Call".

b. If any Member does not pay that Member's entire share of the Capital Call by the 30th day after the Capital Call is made, Manager shall assess a 18% per year delinquency fee against that Member on the unpaid balance from the date of the call (this fee "Capital Call Delinquency Fee") and charge the Capital Call Delinquency Fee against any future distributions of proceeds to the delinquent Member.

2.3 Return of Contributions. Except as provided in Article 8, each Member may only look to the Company's assets for return of that Member's capital contributions. If the assets of the Company are insufficient to return such capital contributions, that Member has no recourse against any other Member for that purpose.

2.4 No Right to Withdraw Capital. No Member may withdraw any part of its capital contribution or receive any capital distributions from the Company except upon the Company's dissolution as this Agreement specifically provides.

2.5 Loans to Limited Liability Company.

a. If any Member becomes delinquent due to failure to pay its share of a Capital Call, Manager may solicit loans from any other Members up to the aggregate amount of the unmet Capital Call.

b. If a Member makes a loan to the Company due to other Members' delinquent Capital Contributions, these Loans constitute a Priority Return to the lending Member or Members that are covering the Delinquent Member's portion of their Capital Contribution including interest to the Member or Members. "Priority Return" in this context means that Lending Member or Members receive the Delinquent Member's share of profits, capital gains, or refinance proceeds until the Lending Members' loans are fully satisfied. Once these Loans are fully satisfied, the Delinquent Member may be deemed no longer delinquent and receive its proportionate share of any distributions.

c. Company shall repay such Member loans with 18% interest earned from the Capital Call Delinquency Fee charged against delinquent Members.

d. Member loans do not increase the lending Member's capital, and do not entitle the lending Member to an increased share of the Company's income, distributions or voting rights.

ARTICLE 3 PROFITS AND LOSSES; DISTRIBUTIONS

This Article discusses how the Company will allocate profits and losses among its Members.

3.1 Interest in Profits and Losses. Except as provided in Section 3.7, the Manager shall allocate the Company's profits and losses in proportion to the Members' respective Distribution Interests as set forth in Exhibit "B".

3.2 Determination of Net Income and Net Losses. The Manager shall determine the Company's profits or losses for each fiscal year as soon as practicable after the close of that fiscal year.

3.3 Proration Due to Transfer of Membership Interest. If a Member transfers any of its Member's Interest pursuant to Article 7, the Manager shall prorate the Company's net profit or net loss allocable to that transferred interest between the transferor and the transferee for the fiscal year that transfer occurs based on the number of days that each owned their interest during that fiscal year.

3.4 Tax, Allocations and Reports.

a. Unless the Manager decides otherwise, the Company shall use the tax depreciation method which will result in the largest deduction each year.

b. The Manager shall prepare, or cause to be prepared, in a timely manner, all legally required tax returns on the Company's behalf. The Company shall bear the preparation costs of these returns.

3.5 Limited Liability Company Expenses. The Company shall pay all Manager approved Company expenses from the Company's funds. These expenses include legal fees, accounting fees, marketing fees, promotional fees, consulting fees and other similar expenses reasonably incurred in connection with the Company's organization and operation.

3.6 Tax Allocations: Code Section 704(c). The Manager shall make any elections or other decisions relating to allocations under Code Section 704(c) and the applicable Regulations in a manner that reasonably reflects the purpose and intention of this Agreement. Such allocations are solely for purposes of federal, state and local taxes and do not affect, or in any way be taken into account in computing, any Member's Capital Account or share of Profits, Losses, other items or distributions pursuant to any provision of this Agreement.

3.7 Special Allocations. The Manager may allocate the Company's expenses, income, profits and losses in proportions varying from the Member's respective Distribution Interests as set forth in Exhibit "B". The Manager may vary the amounts allocated from year to year.

ARTICLE 4 ACCOUNTING

This Article addresses the Company's tax classification and how it will keep its accounting and bookkeeping records.

4.1 Tax Classification. The Company will initially be taxed as a **partnership**. The Voting Members may change the Company's tax classification at any time with 51% Ownership of the Voting Members Approval.

4.2 Fiscal Year; Accounting Method. The Company's fiscal year will be from January 1 to December 31, and it will report its income or losses on a **cash basis** for tax purposes.

4.3 Limited Liability Company Books.

a. The Company shall keep proper and complete accounting books of business at the Company's principal place of business or at any place the Manager designates. The Company shall maintain these books of account on a **cash basis** in accordance with Generally Accepted Accounting Principles, showing all items of income and expense.

b. Each Member may audit, examine, and copy the Company's books of account during usual business hours, at that Member's sole cost and expense. The Member may exercise this right through any agent or representative.

4.4 Annual Report. The Manager shall make available to each Member an annual report within 90 days after the Company's fiscal year end or within a reasonably longer period if necessary. This Manager shall include in this report at least:

- 1) a copy of the Limited Liability Company's federal income tax returns for that fiscal year, and
- 2) any additional information that the Members may require for the preparation of their federal and state income tax returns.

4.5 Tax Matters Partner. The Members shall designate from among its Managers a "Tax Matters Partner," who in accordance with IRC § 6231(a)(7), will communicate with the IRS on the Company's behalf and who will report to the Members on the progress and outcome of any communication with the IRS.

4.6 Capital Accounts. The Manager shall maintain an individual capital account for each Member, and the Manager shall determine the balance of that account in accordance with Section 1.9 above. Any transferee of Membership Interest succeeds to the transferor's Capital Account.

ARTICLE 5 ADMINISTRATION OF COMPANY BUSINESS

This Article discusses the Company's management and the Manager's powers and the duties.

5.1 Management Rights. No Member may manage the Company's day to day operations. The Voting Members and only Voting Members shall elect one Manager who shall manage the Company's day to day operations, make all Limited Liability Company business decisions and bind the Company in contracts. Election of a Manager requires a 51% Ownership Majority Vote.

5.2 Initial Manager. **CapSource, Inc., a Nevada Corporation** shall serve as the Company's Initial Managers.

5.3 Term of Office. Manager shall serve until replaced by election pursuant to Section 5.5.

5.4 Authority of Manager. Manager has independent authority to manage the Company's day to day operations to make decisions regarding the Company's business, and to bind the Company. All persons may rely conclusively upon the Manager's authority acting on the Company's behalf without inquiring into that Manager's authority to bind the Company.

5.5 Election. The Voting Members shall choose any succeeding Company Manager by 51% Ownership Majority Vote consent. Voting may only occur in the months of January and June with thirty (30) days advance notice requesting said vote.

5.6 Powers of Manager. Except as limited in this Article, the Manager may exercise these powers as necessary in the ordinary course of business:

- 1) Employ and dismiss from employment any employees, agents, independent contractors, real estate managers, brokers, attorneys, and accountants;
- 2) Execute any and all agreements, contracts, documents, certifications, and instruments necessary, convenient or incidental to managing the Company's affairs;
- 3) Be reimbursed for all expenses incurred in operating the Company business;
- 4) Deposit Company funds in accounts established in financial institutions (including any state or federally chartered bank or savings and loan association), and authorize withdrawals of those funds by such persons and amounts as the Manager may designate;
- 5) Accept deeds of partial interests in property described in Section 1.3b) from co-owners of the property who have not yet become members of the Company and to adjust Membership Interest accordingly;
- 6) Cause the Company to carry indemnification insurance on the Company, the Members, the Manager and any other persons entitled to indemnification by the Company;

- 7) Keep full and accurate records of all Company transactions;
- 8) Execute, acknowledge, and deliver any instruments to effectuate any of the foregoing actions.

5.7 Reports to Members. A Manager may prepare and deliver to the Members, in connection with distributions or otherwise, unaudited statements showing the results of Company's operations to the date of that statement.

5.8 Time to be Devoted to Business. Each Manager shall devote sufficient time to the Company's business as necessary to manage and supervise the Company's business and affairs in an efficient manner. The Manager may, at the Company's expense, employ an agent or third party to manage Company property or provide administrative services with 51% Ownership Majority Vote.

5.9 Contract with Members. The Company may contract for goods, services, or property with a Member Affiliated Party only if those services, goods or property obtained from the Member Affiliated Party are on arm's length terms. A "Member Affiliated Party" is a Member or an entity owned, managed or related to a Member.

5.10 Authority to Pay Certain Fees and Expenses. The Company shall reimburse a Manager for the reasonable out-of-pocket expenses that the Manager incurs on Company's behalf in connection with the Company's business. The Manager shall provide proper receipts and invoices for any requested reimbursement. Reimbursable expenses include, but are not be limited to, meals, travel, transportation, and entertainment.

ARTICLE 6 ROLE AND LIABILITY OF MEMBERS

This Article specifically limits the liability of any Member to their investment in the Company, and specifically protects a Member's personal assets from Company's liabilities.

6.1 Voting Capacity. A "Voting Member" is a Member that may vote on Company business decisions. "Non-Voting Members" is a Member that has no authority vote on Company business decisions.

6.2 Membership Classes. All Members are Voting Members. Voting is based on Percentage of Ownership.

6.3 Advisory Role. Each Member may provide an advisory annual report to the Manager containing recommendations for increasing profitability and increasing business efficiency.

6.4 Members' Liability to Creditors. As specifically provided under NRS § 86.371, no Member is individually liable for the debts or Company's liabilities beyond the Member's Capital Contribution.

6.5 Members' Liability to Company.

- a. As specifically provided under NRS § 86.391, a Member is liable to the Company:
- 1) For any difference between that Member's actual Capital Contributions and the Member's Capital Contributions stated in the Operating Agreement;
 - 2) For any unpaid Capital Contribution which the Member agreed to make in the Operating Agreement at a future date; and
 - 3) For any property the Member holds as trustee or on Company's behalf.

ARTICLE 7 SALE OR TRANSFER OF MEMBERSHIP INTEREST

This Article discusses the procedure of transferring Membership Interests. The Members intend that the restrictions on such transfers, the admission or non-admission of new members, and the buyout provisions protect the Company's operations from the interference outside parties.

7.1 Restriction on Transfer.

a. Except for a Retiring Member under Section 7.10, no Member may sell, exchange, assign, pledge, give, or otherwise transfer or encumber in any manner or by any means whatsoever, all or part of such Member's Interest in the Company, without complying with Section 7.5 and without obtaining the prior written consent of 51% Ownership Majority **Voting Members**.

b. If 51% Ownership Majority Voting Members approve the transfer in writing, the Transferee becomes a "Substituted Member." If a Member is a business entity, and ownership of that business entity changes by more than 50% from the ownership structure as of the date of signing of this Agreement, that change in ownership structure constitutes a transfer of this Company's Membership Interest and triggers all transfer related provisions of this Article.

7.2 Rights of Transferee. If 51% Ownership Majority Voting Members do not approve the proposed transfer or assignment, the transferee becomes an "Unapproved Transferee." No Unapproved Transferee may participate in Company management. No Unapproved Transferee may vote on any matters considered by the Company. An Unapproved Transferee may only receive the right to receive the transferor's profits, compensation, and contributions subject to the limitations that this Agreement provides including Capital Contributions.

7.3 Tax Opinion. The transferor of any Membership Interest shall provide an opinion of counsel, satisfactory to 51% Ownership Majority of the Members, that the proposed assignment, transfer or sale would not cause the Company to terminate for federal income tax purposes.

7.4 Right of First Refusal. Any Member may sell or relinquish any of its Interest upon a 45 day written notification to the Manager under the following terms and conditions:

- 1) Upon the selling Member's ("Selling Member") delivery of 45 day notice to the remaining Members ("Remaining Members"), the Remaining Members each have a first right of refusal to purchase the Selling Member's Interest pro rata, at a price and on terms and conditions no less favorable to the purchaser than specified in a bona fide written offer made to the Selling Member by a third party.
- 2) Upon the 45 day notice period's expiration, if the Remaining Members elect not to purchase the Selling Member's Interest, then the Selling Member may sell or assign its interest to any outside party subject to the provisions set forth in Section 7.2 and Section 7.7.
- 3) Upon the Selling Member's sale or relinquishment of Interest in the Company, the Company may release the Selling Member from any obligations arising after the transfer, as set forth within this Agreement. This release does not include any personal liabilities arising by the Selling Member's acts, omissions, and guarantees. The Selling Member shall also continue to comply with this Agreement, which the Members intend to survive the termination or sale.

7.5 Option Upon Involuntary Transfer.

a. If any a court or any operation of law transfers a Member's Interest (that transfer, "Involuntary Transfer") to any person other than the Company; the Remaining Members may exercise an option to purchase any Subject Interest so transferred.

b. Each Remaining Members' option lapses 60 days after the Company's receives actual notice of the Involuntary Transfer.

c. Involuntary Transfers include, but is not limited to, a transfer to: a Member's trustee in bankruptcy, a purchaser at any creditor's or court sale, the guardian or conservator of an incompetent Member, the transfer of a community property interest to a spouse pursuant to a divorce under Nevada community property law or a Member becoming subject to a charging order.

d. A Majority in Interest of Remaining Members shall appoint a licensed, qualified appraiser to determine the value that the Company or the Members shall pay for the Subject Interest. The Company shall bear the appraisal cost. The appraisal date will be the last day of the calendar month preceding the month in which any event requiring the sale occurs. The Members agree that the appraisal must take into account any applicable discounts including minority interest, lack of control and lack of marketability.

e. If the Involuntary Transfer occurs as a result of a Member's death, the parties shall determine the purchase price for the Subject Interest as follows: A Majority in Interest of Remaining Members shall appoint a licensed, qualified appraiser to determine the value that the Company or the Members shall pay for the Subject Interest. The Company shall bear the appraisal cost. The appraisal date will be the last day of the calendar month preceding the month in which any event requiring the sale occurs. The Members agree that the appraisal must take into account any applicable discounts including minority interest, lack of control and lack of marketability.

f. The Company's or the Members' failure to exercise the option under this Section 7.6 does not constitute approval of the Involuntary Transfer.

7.6 Substituted Member. No assignee or transferee of any portion of a Member's interest in the Company becomes a Substituted Member in place of its assignor unless 51% Ownership of the Voting Members approve the transfer in writing. A Substituted Member has all the rights, powers, restrictions, and liabilities of its transferor. Substitution of the Substitute Member does not release the transferor from liability to the Company, except as provided in Article 6.

7.7 Admission of New Members. Any new Member or Substituted Member who is admitted to the Company shall execute and be bound by a counterpart copy of this Operating Agreement.

7.8 Transfers for Business or Estate Planning. A Member may transfer its membership interest to a trust or other legal entity for business or estate planning purposes so long as Member's equitable interest does not change.

7.9 Retiring Member.

a. This section supersedes the remainder of this Article. A Member may assign its interest to the Company without consideration and without approval of other Members (that assigning Member, "Retiring Member").

b. A Member who elects to retire from the Company without consideration may do so by delivering an assignment of its interest to the Company. The Manager shall allocate the interest of the retiring member among the remaining Members in proportion to their Membership Interests.

ARTICLE 8 DURATION OF BUSINESS; DISSOLUTION

This Article discusses the procedures for terminating the Company's existence.

8.1 Duration. The Company will continue until any of the following "Liquidating Events" occur, at which time the Company shall dissolve and commence winding up and liquidating:

- 1) The written consent or affirmative vote of **51% Ownership of the Voting Membership Interest** to dissolve the Company;
- 2) The happening of any event that makes it unlawful, impossible or impractical to carry on the Company business; or
- 3) The entry of a decree of judicial dissolution pursuant to NRS § 86.495

8.2 Winding Up Upon Termination.

a. If the Company dissolves, the Managers shall:

- 1) wind up the affairs of the Company,
- 2) sell all the Company assets as promptly as is consistent with obtaining, insofar as possible, the fair market value;
- 3) after paying all legally enforceable liabilities and dissolution costs, set up cash reserves to meet short-term Company liabilities;
- 4) return all cash calls to Members;
- 5) divide the remainder in proportion to each Member's Membership Interest;
- 6) deduct interest charged provided for in Section 2.2b) from any Members with delinquent cash calls, and allocate the interest charge to Members who provided loans to the Company pursuant to Section 2.5b);
- 7) deduct delinquencies from Members whose cash calls are delinquent and allocate that total among all non-delinquent Members in proportion to their Membership Interest;
- 8) distribute to the Members the amounts resulting from the calculations above; and
- 9) distribute any Company assets not converted to cash, in kind to the Members pursuant to any other relevant provisions of this Agreement.

b. Upon the Company's dissolution or termination, the Company shall confine its business activities to those activities reasonably necessary to wind up.

c. The Managers shall publish a notice of dissolution in the manner required by Nevada law.

8.3 Rights and Liabilities of Members in Dissolution.

a. Each Member may look only to Company assets for the return of its Capital Contributions and no Member may demand or receive property other than Company assets.

b. No Member has priority over any other Member as to the return of its Capital Contribution, distributions, or allocations.

8.4 No Member May Resign or Withdraw. Except as provided in Section 7.10, any attempt to withdraw or resign is void. Until the Company dissolves and winding up is complete, no Member may withdraw its Capital Contribution or receive payment for the value of its Interest. Such a Member may continue receive distributions under this Operating Agreement.

8.5 Deficit Capital Accounts.

a. If any Member has a deficit balance in its Capital Account when the Company is liquidates, that Member shall pay the Company the amount of the deficit balance. That Member shall pay this amount to the creditors of the Company or distributed to the other Members in accordance with their positive Capital Account balances pursuant to Section 1.704-

1(b)(2)(ii)(b)(3) of the Treasury Regulations.

b. The Members intend that this section constitute an unconditional obligation to restore deficit Capital Account as described in Regulation § 1.704-1(b)(2)(ii)(b)(3) of the Treasury Regulations. These Regulations supersede any conflict any conflicting provisions of this Article 8.

8.6 Gains or Losses in Process of Liquidation.

a. Any gain or loss on disposition of Company property in the process of Tax Liquidation is to be credited or charged to the Members in the same proportions as their profit or loss interest as determined under Article 3.

b. Any property distributed in kind in the Tax Liquidation will be valued and treated as though the property sold and the cash proceeds distributed. The difference between the value of property distributed in kind and its book value is to be treated as a gain or loss on the sale of property and is to be credited or charged to the Members in the same proportions as their profit and loss interest as specified in Article 3.

ARTICLE 9 SECURITIES

This Article addresses certain Securities Law issues with respect to Company Interests. Federal and State securities laws require Company Interests to be registered with various government agencies unless an exemption applies. It is the Member's intention that the Company qualify for such an exemption.

9.1 Non-Registration of Securities. The Company Interests are not registered under the Securities Act of 1933 ("Securities Act") or the securities laws of any state and are being offered and sold in reliance on exemptions from the registration requirements of the Securities Act and state securities laws. Additionally, before any owner of Company Interests may resell, the Company shall either register the Company Interests under Federal and State securities laws or qualify the transaction for an exemption from such registration.

ARTICLE 10 MEETINGS AND VOTING

This Article discusses the procedures for meetings and the procedures for voting.

10.1 Regular Meetings. 51% Ownership of the Voting Members may prescribe the time and place for the holding of regular meetings by written resolution and may provide that the adoption of that resolution constitutes notice of such regular meetings. If the Voting Members do not prescribe the time and place for the holding of regular meetings, the Members shall meet at a time and place that the Manager specifies.

10.2 Special Meetings. 51% Ownership of Voting Membership Interest may call Special Meetings of Members, for any purpose.

10.3 Quorum.

a. At all Member meetings, a majority of Membership Interests represented in person or by proxy, constitutes a quorum.

b. If no quorum is present at the meeting, a majority of Membership Interests represented may adjourn the meeting until the meeting reaches a quorum.

c. Once a quorum is present, the Members may transact any business which the Members might have transacted at the meeting as originally notified.

10.4 Proxies. At all Member meetings, a Voting Member may vote by written Proxy, giving a representative the right to vote on behalf of that Member. The Voting Member shall file that written Proxy with the Manager before the meeting. No Proxy will be valid after three months from date of execution, unless the Proxy states otherwise.

10.5 Telephonic Meeting. Members may participate in any Member meeting by teleconference, web meeting or other similar communication if all participants can hear one another for the duration of meeting. Participating in a meeting pursuant to this Section 10.6 constitutes presence in person at such meeting for purposes of obtaining a quorum under Section 10.4.

10.6 Voting.

a. The following items require a vote by 51% Ownership of the Members:

- 1) Dissolution;
- 2) Selling or purchasing any real property;
- 3) Making any improvements to the Property;
- 4) Incurring any expense greater than \$5,000, other than for the payment of property taxes;
- 5) Incurring any additional debt;
- 6) Merging with another Company;
- 7) Acquiring another Company; or
- 8) Transferring Ownership Interests (except as provided in Section 7.10).

b. Except for Section 7.1, on any action on which Members vote, an affirmative majority more than 50% of the Voting Membership Interest is required to pass any resolution.

ARTICLE 11 MISCELLANEOUS

11.1 Indemnification. Each Member shall indemnify and hold harmless the Company and the other Members from any expenses and liability arising out of any negligence, misconduct, or breach of any provision of this Agreement by that Member or its agents or employees to the extent that the amount of such expense or liability exceeds the applicable insurance that the Company receives.

The Company shall promptly indemnify each Member for payments that a Member reasonably makes and personal liabilities reasonably that the Member incurs in the ordinary conduct of Company business, or for the preservation of Company business or property.

11.2 Arbitration.

a. If any dispute arises between the Members or the Company and the Members, the parties shall settle the dispute by arbitration before the American Arbitration Association ("AAA") in the State of Nevada.

b. Any party may serve upon the other party a written notice demanding that they resolve the dispute by arbitration. Within 30 days after the giving of that notice, each party shall nominate and appoint an arbitrator.

c. The parties shall instruct the two arbitrators to appoint a third arbitrator prior to addressing the issues at hand. The parties shall instruct the two initial arbitrators to appoint the "Third Arbitrator" within 15 days of the second arbitrator's appointment.

d. The parties shall keep each other informed as to the identity and business location of each of appointed arbitrator.

e. If the two initial arbitrators fail to appoint or agree upon a Third Arbitrator within the initial 15 day period, the parties themselves may with 51% Ownership of the Voting Members appoint a Third Arbitrator within a further period of 10 days.

f. If the parties do not appoint a Third Arbitrator within the time provided, then either party on behalf of both may request such appointment by the AAA.

g. For the arbitration to be binding, these arbitrators must be sworn faithfully and fairly to determine the question at issue. The three arbitrators must afford to the parties a hearing and the right to submit evidence, with the privilege of cross-examination, on the question at issue, and make their determination in writing and give notice to all parties.

h. The concurring determination of any two of three arbitrators will bind the parties, or, in case no two arbitrators render a concurring determination, then the Third Arbitrator's determination will bind the parties. The prevailing parties in such proceeding may recover from the losing parties their reasonable arbitration fees or costs as set by AAA. The prevailing party shall submit any award by the arbitrator to a court of competent jurisdiction and may seek a court order entering the arbitrator's award.

i. If any appointed arbitrator dies or become unable or unwilling to act, the parties shall appoint his successor in the same manner provided for the arbitrator's initial appointment.

j. This section does not limit any party's right to seek injunctive relief.

k. The losing party shall pay the prevailing party's attorney's fees.

11.3 Amendments. The Members may amend this Agreement by 51% Ownership of the Voting Members submittal of a written agreement to the Manager.

11.4 Notices.

a. The Members deem that any written notice required or permitted under this Agreement is duly given:

- 1) on the date of service, if personally served on the party to whom notice is to be given, or
- 2) on the second day after mailing, if mailed to the party to whom notice is to be given,

b. Mailed Notice is only effective if mailed by registered or certified mail, postage prepaid and addressed to the party at its last known address.

c. Members shall give similar notices to the Company, addressed to it at its principal place of business.

11.5 Governing Law. The Nevada law governs all issues arising out of this Agreement.

11.6 Severability. If any term, provision, covenant, or condition of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of this Agreement remains in full force and effect and is in no way be affected, impaired, or invalidated.

11.7 Entire Agreement. This Agreement contains the Members' entire agreement relating to the rights granted and obligations assumed under this Agreement. Any oral representations or modifications concerning this Agreement have no force or effect unless contained in a subsequent written modification signed by the Member to be charged.

11.8 Binding Effect. Except as this Agreement otherwise provides, every covenant, term and provision of this Agreement is binding upon and inures to the benefit of each Member and each Member's respective heirs, legatees, legal representatives, successors, transferees, and assigns.

11.9 Construction. Each Member shall construe every covenant, term and provision of this Agreement simply according to its fair meaning and not strictly for or against any Member.

11.10 Incorporation by Reference. This Agreement hereby incorporates by reference, every exhibit, schedule and other appendix attached to this Agreement and referred to within this

Agreement.

11.11 Variation of Pronouns. The Members deem that all pronouns and any variations refer to masculine, feminine or neuter, singular or plural, as the Person's or Persons' identity requires.

11.12 Waiver of Action for Partition. Each of Members irrevocably waives any right that they may have to maintain any action for partition with respect to any Company Property.

11.13 Counterpart Execution. The Members may execute this Agreement in any number of counterparts with the same effect as if all Members had signed the same document. All counterparts together which constitute one agreement.

11.14 Further Documents. Each Member agrees to perform any further acts and to execute and deliver any further documents reasonably necessary or proper to carry out the intent of this Agreement.

11.15 Attorneys' Fees. Except as provided in Section 1.11, if any action is instituted to enforce the provisions of this Agreement, the prevailing party or parties in such action will be entitled to recover from the losing party or parties its or their reasonable attorneys' fees and costs as set by the Court.

11.16 Elections Made by the Company. The Managers shall make all required or permitted Company tax elections in a manner that will, in the Managers' judgment, be most advantageous to a majority in Membership interest.

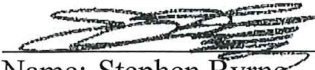
The Members sign this Operating Agreement as of the Effective Date specified in the introductory paragraph.

[SIGNATURE PAGES FOLLOW]

Manager

JC MINNESOTA TRUST


By:


Name: Stephen Byrne
Title: Trustee

Member



Horizon Trust Company Custodian FBO JoAnn M. Alexander IRA
By: Gregory P. Herlean, CEO


JoAnn Alexander
JoAnn Alexander (Oct 1, 2019)

JoAnn M. Alexander

Member



Horizon Trust Company Custodian FBO Peter Charles Barusic IRA
By: Gregory P. Herlean, CEO



Peter Charles Barusic
Peter Charles Barusic (Oct 1, 2019)

Peter Charles Barusic

Member



A handwritten signature in black ink, appearing to be 'G. Herlean'.

Horizon Trust Company Custodian FBO Patrice Beekley IRA
By: Gregory P. Herlean, CEO



A handwritten signature in blue ink, appearing to be 'Patrice J. Beekley'.

Patrice J Beekley (Sep 10, 2019)

Patrice Beekley


Member




Daniel Carney (Sep 9, 2019)

Daniel Carney




Angela Carney (Sep 9, 2019)

Angela Carney

Member



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Horizon Trust Company Custodian FBO Kenneth M. Caron Roth IRA
By: Gregory P. Herlean, CEO



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Kenneth M. Caron

Member



Horizon Trust Company Custodian FBO Ross Catlin IRA
By: Gregory P. Herlean, CEO



Ross A Catlin
Ross A Catlin (Sep 8, 2019)

Ross Catlin

Member



Provident Trust Group, LLC FBO James A. Cheaney IRA
By: Gregory P. Herlean, CEO



Jim Cheaney
Jim Cheaney (Oct 2, 2019)

James A. Cheaney

Member



David Clark
David Clark (Sep 10, 2019)

David Clark



Brenda Clark
Brenda Clark (Sep 10, 2019)

Brenda Clark

Member



A handwritten signature in black ink, appearing to be 'G. Herlean', written over a horizontal line.

Horizon Trust Company Custodian FBO Peggy Cruse IRA
By: Gregory P. Herlean, CEO

A handwritten signature in blue ink, appearing to be 'Peggy Cruse', written over a horizontal line.
Peggy Cruse (Sep 7, 2019)

Peggy Cruse

Member




Horizon Trust Company Custodian FBO Peggy Cruse Roth IRA
By: Gregory P. Herlean, CEO



Peggy A. Cruse (Sep 7, 2019)

Peggy Cruse

Member

 *Calvin Davy*

Calvin Davy

Member



Mainstar Trust FBO Beverly Dooley IRA

By: _____ of Mainstar Trust



Beverly Dooley
Beverly Dooley (Sep 12, 2019)

Beverly Dooley

Member



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Horizon Trust Company Custodian FBO Gail Duckett Roth IRA
By: Gregory P. Herlean, CEO



Gail L. Duckett
Gail L. Duckett (Sep 10, 2019)

Gail Duckett

Member



Horizon Trust Company Custodian FBO Mark Duckett IRA
By: Gregory P. Herlean, CEO



mark duckett
mark duckett (Sep 6, 2019)

Mark Duckett

Member



Horizon Trust Company Custodian FBO Melva L. Gifford IRA
By: Gregory P. Herlean, CEO



Melva Gifford
Melva Gifford (Sep 9, 2019)

Melva L. Gifford

Member



Matthew T Groskinsky
Matthew T Groskinsky (Sep 7, 2019)

Matthew Thomas Groskinsky

Member

 Patricia T Herbert
Patricia T Herbert (Sep 10, 2019)

Patricia T. Herbert, Trustee of the Patricia T. Herbert Living Trust dated 05/24/01

Member



A handwritten signature in black ink, appearing to be 'GPH', written over a horizontal line.

Horizon Trust Company Custodian FBO Glen S. Hughes Roth IRA
By: Gregory P. Heffernan, CEO

A handwritten signature in black ink, appearing to be 'Glen S. Hughes', written over a horizontal line.
Glen S Hughes (Sep 18, 2019)

Glen S. Hughes

Member





Horizon Trust Company Custodian FBO Lydia Jeffreys IRA
By: Gregory P. Herlean, CEO



Lydia Jeffreys
Lydia Jeffreys (Sep 18, 2019)

Lydia Jeffreys

Member

Horizon Trust Company Custodian FBO Darlene Lemmon IRA
By: Gregory P. Herlean, CEO



Darlene Lemmon (Sep 11, 2019)

Darlene Lemmon

Member




Horizon Trust Company Custodian FBO Mark Lodi IRA
By: Gregory P. Herlean, CEO



Mark Lodi
Mark Lodi (Sep 25, 2019)

Mark Lodi

Member

 *George Mentenjes*
George H. Metenjies, Trustee of the George H. Mentenjies
Family Trust dtd March 12, 2007

Member



Provident Trust Group, LLC FBO Nathan C. Moore IRA

By: _____ of Provident Trust Group



Nathan C Moore
Nathan C Moore (Sep 8, 2019)

Nathan C. Moore

Member



Horizon Trust Company Custodian FBO Kristin Myers Roth IRA
By: Gregory P. Herlean, CEO



Kristin Myers
Kristin Myers (Sep 10, 2019)

Kristin Myers



Member



Kristin Myers
Kristin Myers (Sep 10, 2019)

Kristin Myers

Member

Horizon Trust Company Custodian FBO Gail M. Redick IRA
By: Gregory P. Herlean, CEO


Gail M. Redick
Gail M. Redick (Sep 11, 2019)

Gail M. Redick

Member .



Susan C. Reeves
Susan C. Reeves (Jul 29, 2019)

Susan C. Reeves

Member



A handwritten signature in black ink, appearing to be 'G.P. Herlean'.

Horizon Trust Company Custodian FBO John Seibert SEP IRA
By: Gregory P. Herlean, CEO



john seibert
john seibert (Sep 10, 2019)

John Seibert

Member



A handwritten signature in black ink, appearing to be 'G.P.H.'.

Horizon Trust Company Custodian FBO Robert Shounick IRA
By: Gregory P. Herlean, CEO



A handwritten signature in blue ink, appearing to be 'R.L.S.'.
Robert L. Shounick (Sep 9, 2019)

Robert Shounick

Member



A handwritten signature in black ink, appearing to be 'G. Herlihan', written over a horizontal line.

Horizon Trust Company Custodian FBO Selby L. Smith IRA
By: Gregory P. Herlihan, CEO



Selby L. Smith
Selby L. Smith (Sep 9, 2019)

Selby L. Smith

Member

Horizon Trust Company Custodian FBO Donald Talladino IRA
By: Gregory P. Herfean, CEO

 
Donald Talladino (Sep 9, 2019)

Donald Talladino

Member


Sandra Tilley

My signature for
JC Commercial Investment

Member



Horizon Trust Company Custodian FBO Julie Timberlake IRA
By: Gregory P. Herlean, CEO



Julie Timberlake
Julie Timberlake (Sep 10, 2019)

Julie Timberlake

Member:



A handwritten signature in black ink, appearing to be 'LT' or similar initials.

Provident Trust Group, LLC FBO Laurel Tucker IRA

By:



Laurel Tucker
Laurel Tucker (Sep 6, 2019)

Laurel Tucker

Member



Horizon Trust Company Custodian FBO Erin M. Vehlow Roth IRA
By: Gregory P. Herlihan, CEO



Erin M. Vehlow
Erin M. Vehlow (Sep 22, 2019)

Erin M. Vehlow

Member



A handwritten signature in black ink, appearing to be 'GPH', written over a horizontal line.

Horizon Trust Company Custodian FBO Robert O. Von Kaenel IRA
By: Gregory P. Herlean, CEO



Robert O von Kaenel
Robert O von Kaenel (Sep 11, 2019)

Robert O. Von Kaenel

ARTICLE 12 EXHIBIT "A" - MEMBERS AND CAPITAL CONTRIBUTIONS

As of the Effective Date

<u>Member</u>	<u>Capital Contribution</u>	<u>Percentage Contribution</u>
Horizon Trust Company Custodian FBO JoAnn M. Alexander IRA	\$37,900.00	2.5099337748%
Horizon Trust Company Custodian FBO Peter Charles Barusic IRA	\$4,300.00	0.2847682119%
Horizon Trust Company Custodian FBO Patrice Beekley IRA	\$54,500.00	3.6092715232%
Daniel Carney and Angela Carney, as joint tenants with rights of survivorship	\$100,000.00	6.6225165563%
Horizon Trust Company Custodian FBO Kenneth M. Caron Roth IRA	\$22,000.00	1.4569536424%
Horizon Trust Company Custodian FBO Ross Catlin IRA	\$30,400.00	2.0132450331%
Provident Trust Group, LLC FBO James A. Cheaney IRA	\$83,500.00	5.5298013245%
David Clark and Brenda Clark, as joint tenants with rights of survivorship	\$200,000.00	13.2450331126%
Horizon Trust Company Custodian FBO Peggy Cruse IRA	\$40,600.00	2.6887417219%
Horizon Trust Company Custodian FBO Peggy Cruse Roth IRA	\$6,900.00	0.4569536424%
Calvin Davy, an Unmarried Man	\$75,000.00	4.9668874172%
Mainstar Trust FBO Beverly Dooley IRA	\$32,000.00	2.1192052980%
Horizon Trust Company Custodian FBO Gail Duckett Roth IRA	\$5,000.00	0.3311258278%
Horizon Trust Company Custodian FBO Mark Duckett IRA	\$40,000.00	2.6490066225%
Horizon Trust Company Custodian FBO Melva L. Gifford	\$20,000.00	1.3245033113%
Matthew Thomas Groskinsky, an Unmarried Man	\$200,000.00	13.2450331126%
Patricia T. Herbert, Trustee of the Patricia T. Herbert Living Trust dated 05/24/01	\$30,000.00	1.9867549669%
Horizon Trust Company Custodian FBO Glen S. Hughes Roth IRA	\$13,100.00	0.8675496689%
Horizon Trust Company Custodian FBO Lydia Jeffreys IRA	\$6,500.00	0.4304635762%
Horizon Trust Company Custodian FBO Darlene Lemmon IRA	\$34,000.00	2.2516556291%
Horizon Trust Company Custodian FBO Mark Lodi IRA	\$42,500.00	2.8145695364%
George H. Metenjies, Trustee of the George H. Mentenjies Family Trust dtd March 12, 2007	\$100,000.00	6.6225165563%
Provident Trust Group, LLC FBO Nathan C. Moore IRA	\$13,000.00	0.8609271523%
Horizon Trust Company Custodian FBO Kristin Myers Roth IRA	\$11,500.00	0.7615894040%
Kristin Myers, A Married Woman	\$50,000.00	3.3112582781%
Horizon Trust Company Custodian FBO Gail M. Redick IRA	\$20,000.00	1.3245033113%
Susan C. Reeves, An Unmarried Woman	\$30,000.00	1.9867549669%
Horizon Trust Company Custodian FBO John Seibert SEP IRA	\$30,000.00	1.9867549669%
Horizon Trust Company Custodian FBO Robert Shounick IRA	\$5,000.00	0.3311258278%
Horizon Trust Company Custodian FBO Selby L. Smith IRA	\$23,000.00	1.5231788079%
Horizon Trust Company Custodian FBO Donald Talladino IRA	\$9,300.00	0.6158940397%
Sandra Tilley, a Widow	\$25,000.00	1.6556291391%
Horizon Trust Company Custodian FBO Julie Timberlake IRA	\$16,300.00	1.0794701987%
Provident Trust Group, LLC FBO Laurel Tucker IRA	\$60,000.00	3.9735099338%
Horizon Trust Company Custodian FBO Erin M. Vehlow Roth IRA	\$22,500.00	1.4900662252%
Horizon Trust Company Custodian FBO Robert O. Von Kaenel IRA	\$16,200.00	1.0728476820%
	\$1,510,000.00	100.00%

The Members contribute their interest in

The real Property designated as APN 01-28-22-11-0021 located in Ramsey County, Minnesota,

ARTICLE 13 EXHIBIT "B" – CAPITAL INTEREST AND DISTRIBUTIONS

As of the Effective Date

<u>Member</u>	<u>Capital Contribution</u>	<u>Percentage Contribution</u>
Horizon Trust Company Custodian FBO JoAnn M. Alexander IRA	\$37,900.00	2.5099337748%
Horizon Trust Company Custodian FBO Peter Charles Barusic IRA	\$4,300.00	0.2847682119%
Horizon Trust Company Custodian FBO Patrice Beekley IRA	\$54,500.00	3.6092715232%
Daniel Carney and Angela Carney, as joint tenants with rights of survivorship	\$100,000.00	6.6225165563%
Horizon Trust Company Custodian FBO Kenneth M. Caron Roth IRA	\$22,000.00	1.4569536424%
Horizon Trust Company Custodian FBO Ross Catlin IRA	\$30,400.00	2.0132450331%
Provident Trust Group, LLC FBO James A. Cheaney IRA	\$83,500.00	5.5298013245%
David Clark and Brenda Clark, as joint tenants with rights of survivorship	\$200,000.00	13.2450331126%
Horizon Trust Company Custodian FBO Peggy Cruse IRA	\$40,600.00	2.6887417219%
Horizon Trust Company Custodian FBO Peggy Cruse Roth IRA	\$6,900.00	0.4569536424%
Calvin Davy, an Unmarried Man	\$75,000.00	4.9668874172%
Mainstar Trust FBO Beverly Dooley IRA	\$32,000.00	2.1192052980%
Horizon Trust Company Custodian FBO Gail Duckett Roth IRA	\$5,000.00	0.3311258278%
Horizon Trust Company Custodian FBO Mark Duckett IRA	\$40,000.00	2.6490066225%
Horizon Trust Company Custodian FBO Melva L. Gifford	\$20,000.00	1.3245033113%
Matthew Thomas Groskinsky, an Unmarried Man	\$200,000.00	13.2450331126%
Patricia T. Herbert, Trustee of the Patricia T. Herbert Living Trust dated 05/24/01	\$30,000.00	1.9867549669%
Horizon Trust Company Custodian FBO Glen S. Hughes Roth IRA	\$13,100.00	0.8675496689%
Horizon Trust Company Custodian FBO Lydia Jeffreys IRA	\$6,500.00	0.4304635762%
Horizon Trust Company Custodian FBO Darlene Lemmon IRA	\$34,000.00	2.2516556291%
Horizon Trust Company Custodian FBO Mark Lodi IRA	\$42,500.00	2.8145695364%
George H. Metenjies, Trustee of the George H. Mentenjies Family Trust dtd March 12, 2007	\$100,000.00	6.6225165563%
Provident Trust Group, LLC FBO Nathan C. Moore IRA	\$13,000.00	0.8609271523%
Horizon Trust Company Custodian FBO Kristin Myers Roth IRA	\$11,500.00	0.7615894040%
Kristin Myers, A Married Woman	\$50,000.00	3.3112582781%
Horizon Trust Company Custodian FBO Gail M. Redick IRA	\$20,000.00	1.3245033113%
Susan C. Reeves, An Unmarried Woman	\$30,000.00	1.9867549669%
Horizon Trust Company Custodian FBO John Seibert SEP IRA	\$30,000.00	1.9867549669%
Horizon Trust Company Custodian FBO Robert Shounick IRA	\$5,000.00	0.3311258278%
Horizon Trust Company Custodian FBO Selby L. Smith IRA	\$23,000.00	1.5231788079%
Horizon Trust Company Custodian FBO Donald Talladino IRA	\$9,300.00	0.6158940397%
Sandra Tilley, a Widow	\$25,000.00	1.6556291391%
Horizon Trust Company Custodian FBO Julie Timberlake IRA	\$16,300.00	1.0794701987%
Provident Trust Group, LLC FBO Laurel Tucker IRA	\$60,000.00	3.9735099338%
Horizon Trust Company Custodian FBO Erin M. Vehlow Roth IRA	\$22,500.00	1.4900662252%
Horizon Trust Company Custodian FBO Robert O. Von Kaenel IRA	\$16,200.00	1.0728476820%
	\$1,510,000.00	100.00%

ARTICLE 14 EXHIBIT "C" - LIST OF MEMBERS AND MANAGERS

As of the Effective Date

MANAGER(S):

JC Minnesota Trust
2009 E Windmill Lane
Las Vegas, NV 89123

MEMBERS:

Horizon Trust Company Custodian FBO JoAnn M. Alexander IRA

Horizon Trust Company Custodian FBO Peter Charles Barusic IRA

Horizon Trust Company Custodian FBO Patrice Beekley IRA

Daniel Carney and Angela Carney, as joint tenants with rights of survivorship

Horizon Trust Company Custodian FBO Kenneth M. Caron Roth IRA

Horizon Trust Company Custodian FBO Ross Catlin IRA

Provident Trust Group, LLC FBO James A. Cheaney IRA

David Clark and Brenda Clark, as joint tenants with rights of survivorship

Horizon Trust Company Custodian FBO Peggy Cruse IRA

Horizon Trust Company Custodian FBO Peggy Cruse Roth IRA

Calvin Davy, an Unmarried Man

Mainstar Trust FBO Beverly Dooley IRA

Horizon Trust Company Custodian FBO Gail Duckett Roth IRA

Horizon Trust Company Custodian FBO Mark Duckett IRA

Horizon Trust Company Custodian FBO Melva L. Gifford

Matthew Thomas Groskinsky, an Unmarried Man

Patricia T. Herbert, Trustee of the Patricia T. Herbert Living Trust dated 05/24/01

Horizon Trust Company Custodian FBO Glen S. Hughes Roth IRA

Horizon Trust Company Custodian FBO Lydia Jeffreys IRA

Horizon Trust Company Custodian FBO Darlene Lemmon IRA

Horizon Trust Company Custodian FBO Mark Lodi IRA

George H. Metenjies, Trustee of the George H. Mentenjies Family Trust dtd March 12, 2007

Provident Trust Group, LLC FBO Nathan C. Moore IRA

Horizon Trust Company Custodian FBO Kristin Myers Roth IRA

Kristin Myers, A Married Woman

Horizon Trust Company Custodian FBO Gail M. Redick IRA

Susan C. Reeves, An Unmarried Woman

Horizon Trust Company Custodian FBO John Seibert SEP IRA

Horizon Trust Company Custodian FBO Robert Shounick IRA

Horizon Trust Company Custodian FBO Selby L. Smith IRA

Horizon Trust Company Custodian FBO Donald Talladino IRA

Sandra Tilley, a Widow

Horizon Trust Company Custodian FBO Julie Timberlake IRA

Provident Trust Group, LLC FBO Laurel Tucker IRA

Horizon Trust Company Custodian FBO Erin M. Vehlow Roth IRA

Horizon Trust Company Custodian FBO Robert O. Von Kaenel IRA

EXHIBIT C

EXHIBIT C

Purchase and Sale Agreement

REAL ESTATE PURCHASE AND SALE AGREEMENT

THIS REAL ESTATE PURCHASE AND SALE AGREEMENT (this "Agreement") is made effective as of February 13, 2024 (the "Effective Date"), by and between JC MINNESOTA LLC, a Nevada Limited Liability Company, by and through its Receiver ("Seller"), and JACKSON LAND HOLDINGS LLC, a Minnesota Limited Liability Company ("Buyer").

RECITALS:

A. JC MINNESOTA LLC ("Owner") is the owner of fee simple title in and to that certain parcel of real property commonly known as 135 Century Ave., Maplewood, Minnesota 55119, APN: 01-28-22-11-0021 which is more particularly described on Exhibit A hereto, together with all improvements and landscaping located thereon and any and all rights, privileges, easements, rights of way, benefits, agreements, development rights and appurtenances thereunto belonging (the "Property").

B. Geoff Winkler of American Fiduciary Services LLC (the "Receiver") took custody, control and possession of the Property when it was appointed Receiver of CAPSOURCE, INC Inc., a Nevada corporation ("CapSource") on August 26, 2022 ("Appointment Order") in Case No. 2:20-cv-02303-RFB-DJA pending in the United States District Court, District of Nevada ("Receivership Court"). JC MINNESOTA LLC is wholly owned by CapSource.

C. Buyer desires to purchase from Seller and Seller desires to sell to Buyer the Property upon the terms and conditions contained in this Agreement, subject to final approval by the Receivership Court.

NOW THEREFORE, in consideration of the premises, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Buyer and Seller hereby agree as follows:

1. Sale of Real Estate. Seller agrees to sell to Buyer, and Buyer agrees to purchase from Seller, upon the terms and conditions contained in this Agreement, all of Seller's right, title and interest to the Property.

2. Purchase Price. The purchase price for the Property shall be six hundred fifty thousand and 00/100 U.S. Dollars (\$650,000.00) (the "Purchase Price"), including any and all credits set forth in Paragraph 10 below, subject to adjustments for prorations, the Deposit and other adjustments as provided herein.

3. Deposit.

(a) Within five (5) days after the Effective Date, a deposit in the amount of Twenty Thousand and 00/100 U.S. Dollars (\$20,000.00) (this deposit, together with all interest accrued thereon shall be referred to in this Agreement as the "Deposit") to be paid by electronic wire transfer of immediately available federal funds to an account designated by Renee Von Berge

at Stewart Title ("Escrow Agent"), to be held in accordance with this Agreement and an Escrow Agreement (the "Escrow Agreement") substantially in the form attached as Exhibit B.

(b) The Deposit (and any portion thereof held by Escrow Agent) shall be disbursed by the Escrow Agent in accordance with the terms and conditions of this Agreement and the Escrow Agreement.

4. Due Diligence Period.

(a) Buyer shall have a period of one hundred twenty (120) days from the Effective Date (the "Due Diligence Period") to obtain such appraisals, non-intrusive inspections, reviews, surveys, environmental reports, and any other third-party reports or tests as the Buyer may, in Buyer's sole and absolute discretion, deem appropriate to evaluate the Property (other than intrusive tests and inspections). Buyer, including its affiliates and subsidiaries, as the current tenant of the Property, is in possession of the Property and, as a result, its agents, consultants, engineers, surveyors and contractors, at Buyer's sole risk and expense, shall have reasonable access to the Property for the purpose of conducting any such tests and studies.

(b) Seller shall provide to Buyer within ten (10) Business Days of the Effective Date, copies of the materials set forth on Exhibit C attached hereto (the "Seller Due Diligence Materials"), which Seller Due Diligence Materials shall be delivered without any representation or warranty of any type or nature by the Seller (express or implied) with respect hereto, including, without limitation, any representation or warranty as to their accuracy, completeness or fitness for a particular use.

(c) If on or before the expiration of the Due Diligence Period, the Buyer, in its sole and absolute discretion, shall elect not to proceed to the Closing for any reason or no reason whatsoever, then the Buyer shall have the right to terminate this Agreement by giving written notice of termination to Seller on or before 3:00 p.m. (Pacific Time) on the date of the expiration of the Due Diligence Period, whereupon this Agreement shall automatically terminate, the Deposit shall be returned to the Buyer, and neither party shall have any further rights or obligations under this Agreement, except for those obligations which expressly survive termination pursuant to the terms of this Agreement. Upon the expiration of the Due Diligence Period, if Buyer has not timely delivered such written notice of termination to Seller, the Deposit shall become non-refundable (except for the default of Seller or the failure/refusal of Seller to close), but applicable to the Purchase Price, this Agreement shall remain in full force and effect, and Buyer shall have no further right to terminate this Agreement pursuant to this Paragraph 4.

5. Title and Survey.

(a) Title to the Property shall be good, marketable and insurable, subject to the Permitted Exceptions (as defined below), at regular rates by a licensed title insurance company doing business in the State of Minnesota. Seller shall convey fee simple interest in and to the Property by Limited Warranty Deed (the "Deed"), substantially in the form attached hereto as Exhibit D, subject only to the Permitted Exceptions as defined in this Agreement.

(b) Buyer shall have the right to obtain a full title report and commitment for title insurance acceptable to Buyer (the "Commitment") from Stewart Title Company (the "Title Company") and a survey of the Property (the "Survey"), and shall deliver full copies thereof to Seller promptly upon receipt of same. Any state of facts which are not objected to, in writing, by Buyer within the periods set forth below shall be deemed "Permitted Exceptions". In the event Buyer objects to any title defects or encumbrances identified in the Commitment or the Survey, Buyer shall provide written notice of such objections to Seller no less than ten (10) days prior to the expiration of the Due Diligence Period. If Buyer timely objects to any exceptions as set forth herein, Seller shall, within five (5) days after receipt of Buyer's objections, deliver to Buyer written notice that either (i) Seller shall in accordance with Paragraph 5(c) below, attempt to remove the objections so identified by Buyers before Closing, or that (ii) Seller is unwilling or unable to remove or eliminate such objections. Seller shall have no obligation to remove or eliminate any such objections except as provided in Paragraph 5(c) below. If Seller fails to so respond to Buyer within such five (5) day period, then Seller shall be deemed to have elected not to remove any of the objections so identified by Buyer. If Seller so notifies (or is deemed to notify) Buyer that it is unwilling or unable to remove all or any such objections by Closing, Buyer may, at its option, either (i) terminate this Agreement by delivery of written notice thereof to Seller within five (5) days after the receipt of notice from Seller or the end of the Seller's response period, whereupon the Escrow Agent shall deliver the Deposit to Buyer and thereupon this Agreement shall terminate and no party shall have any further rights or obligations hereunder, except for those obligations which expressly survive termination pursuant to the terms of this Agreement; or (ii) waive such objections and proceed to close the transaction contemplated by this Agreement, without any abatement or reduction of the Purchase Price, and in such event the exceptions to which Buyer has objected and which Seller has not expressly agreed in writing to remove shall be Permitted Exceptions.

(c) If, after Seller's reasonably diligent efforts, Buyer's objections which Seller has agreed in writing to attempt to cure have not been cured by Closing, then the Closing shall, at the discretion of the Buyer or Seller, be extended for the time necessary to cure such Buyer's objections for a period not to exceed thirty (30) days. If Buyer's objections have not been cured within the said thirty (30) day extension, then Buyer shall have the option, in Buyer's sole and absolute discretion, to (i) waive the Buyer's objections and proceed to Closing; or (ii) terminate this Agreement whereupon the Deposit shall be promptly returned to Buyer and thereafter neither party shall have further liability hereunder, except for those obligations which expressly survive termination pursuant to the terms of this Agreement.

(d) Except as otherwise provided herein, Seller covenants that it will not take any action subsequent to the effective date of the Commitment that would create a title defect ("Subsequent Defect"), preventing Seller from conveying title to the Property in the same condition as of the effective date of the Commitment, except that Seller may take such actions as required or permitted under the terms of this Agreement to cure title defects or as otherwise permitted in this Agreement. Seller agrees to exercise reasonable diligence to remove any Subsequent Defect promptly at Buyer's request. If, after Seller's reasonably diligent efforts, a Subsequent Defect has not been removed by Closing, then, at Seller's option, the Closing shall be extended for the time necessary to cure the Subsequent Defect for a period not to exceed thirty (30) days. If any such Subsequent Defect has not been removed within the said thirty (30) day

extension, then Buyer shall have the option, in Buyer's sole and absolute discretion, to (i) terminate the Agreement, whereupon the Deposit shall be promptly returned to Buyer, and thereafter the parties shall be released from further liability hereunder except as expressly reserved in this Agreement; or (ii) waive the Subsequent Defect, in which event Buyer and Seller shall proceed to Closing without a reduction in the Purchase Price for the Subsequent Defect.

6. **Termination of Lease.** As of the Effective Date, JACKSON AUTO GROUP LLC, a Minnesota limited liability company ("Jackson Auto"), an affiliate of Buyer, is a tenant at the Property under that certain Lease Agreement by and between Jackson Auto and JC MINNESOTA LLC dated as of July 1, 2020 (the "Lease"). At Closing between Buyer and Seller, Buyer shall cause Jackson Auto to execute and deliver to Escrow Agent one (1) original copy of the Lease Termination Agreement substantially in the form attached as **Exhibit E**. If the Closing does not occur for any reason, the Jackson Auto Lease shall remain in full force and effect through the end of the term and any renewal periods remaining on the Lease.

7. **Closing and Closing Date.** Subject to adjournments as expressly permitted by the Agreement, the closing of the purchase and sale of the Property (the "Closing") shall be held on, the date that is thirty (30) days after the expiration of the Due Diligence Period, or such earlier date as the parties shall agree, time being of the essence. The actual date on which Closing occurs shall be the "Closing Date".

8. **Closing Costs.**

(a) Seller shall pay (1) one-half (1/2) of any escrow or closing charge of the Title Company.

(b) Buyer shall pay (i) one-half (1/2) of any escrow or closing charge of the Title Company; (ii) the cost of recording the deed including, without limitation, any recording charges imposed by the applicable governmental authority by reason of the transfer of the Property and any real property transfer, conveyance or recording taxes imposed by the applicable governmental authority by reason of the transfer of the Property ("Transfer Tax"); (iii) all expenses relating to its inspection of the Property including, but not limited to, engineering, environmental and property surveys and the Survey whether or not Buyer closes title to the Property; (iv) the cost of coverage under the Owner's Title Insurance Policy and endorsements thereto (other than those which Seller elects to obtain to cure any objection); (v) any cost incurred in connection with any financing obtained by Buyer including, without limitation, mortgage recording tax and mortgagee title insurance premiums; and (vi) any sales tax payable on the sale of any personal property to Buyer. The provisions of this Paragraph 8 shall survive the Closing, the delivery of the Deed, and the termination of this Agreement.

9. **Apportionments and Reimbursements.** The following adjustments shall be made with respect to the Property, and the following procedures shall be followed:

(a) At least five (5) Business Days before the Closing Date, Seller shall prepare and deliver, or cause Escrow Agent to prepare and deliver, to Buyer a preliminary proration statement (the "Preliminary Proration Statement") showing prorations for the items set forth below, calculated as of 11:59 p.m. on the day preceding the Closing Date, on the basis of a 365-day year.

Notwithstanding the foregoing, in the event Seller (or its designee (e.g. Seller's existing lender)) does not receive the Purchase Price by 1:00 P.M. Central Time on the Closing Date, then in such event, the items set forth in this Paragraph shall be apportioned as of 11:59 P.M. on the Closing Date based upon the respective party's period of ownership for the item being apportioned. Buyer and Seller shall agree upon any adjustments to be made to the Preliminary Proration Statement before the Closing, and at the Closing, Buyer or Seller, as applicable, shall receive a credit equal to the net amount due Buyer or Seller, as applicable, pursuant to the Preliminary Proration Statement as finally agreed upon by Buyer and Seller.

10. Credits to Purchase Price. As set forth herein, the Parties acknowledge and agree that the Property shall be conveyed to Buyer in "As-Is Where-Is" condition, except that the Parties have negotiated and agreed to credit and/or reduce the Purchase Price to reflect costs previously borne or to be borne by Buyer with respect to the Property. As such, Seller has agreed to credit the Purchase Price in the amount of Nineteen Thousand Seven Hundred Forty-Five and 50/100 Dollars (\$19,745.50) as follows:

(a) Seller has agreed to credit the Purchase Price in the amount of Six Thousand Four Hundred Fifty-Six and 00/100 Dollars (\$6,456.00) as full and complete satisfaction of any requested or needed repairs and/or replacement to the fence(s) located on the Property.

(b) Seller has agreed to credit the Purchase Price in the amount of Eight Thousand Two Hundred Ninety-Five dollars and 00/100 (\$8,295.00) as reimbursement for repairs and/or replacement of a concrete retaining wall on the Property prior to entering into this Agreement.

(c) Seller has agreed to credit the Purchase Price in the amount of Four Thousand Nine Hundred Ninety-Four dollars and 50/100 (\$4,994.50) as reimbursement for fifty percent (50%) of the total cost for replacing the furnace on the Property prior to or contemporaneous with this Agreement.

11. Closing Deliveries of Seller. At Closing, Seller shall deliver to Buyer (a) the Deed; (b) a 1099-S real estate information form; (c) an affidavit certifying that Seller is not a foreign person under Section 1445 of the Internal Revenue Code of 1986, as amended; and (d) a title affidavit in the form attached hereto as Exhibit F. Additionally, at Closing Seller shall provide (e) evidence of authority to complete the transaction as required by the Title Company, (f) lien release documentation to release any and all outstanding mortgage debt encumbering the Property that was originally incurred by Seller or specifically assumed by Seller, (g) the termination of Lease, and (h) such other items, instruments, and documents as Buyer or the Title Company may reasonably require to consummate the transaction contemplated in this Agreement.

12. Closing Deliveries of Buyer. At Closing, Buyer shall deliver or cause Escrow Agent to deliver to Seller (a) the Purchase Price in immediately available federal funds by 1:00 p.m. Central Time on the Closing Date and (b) such other items, instruments, and documents as Seller may reasonably require to consummate the transaction.

13. Risk of Loss. In the event that Seller shall obtain knowledge that the Property has been materially damaged or destroyed by fire or any other casualty ("Casualty") or a taking has

occurred (“Taking”) prior to the Closing Date, Seller shall give Buyer prompt written notice of such event. Buyer may cancel this Agreement by notice to Seller within ten (10) days after receipt of notice from Seller of a Casualty or Taking, in which event this Agreement shall be deemed terminated and of no force and effect and neither party shall have any further rights or liabilities against or to the other except for those provisions expressly stated to survive the termination of this Agreement and Seller shall cause the return of the Deposit in full to Buyer. If Buyer does not timely elect to cancel the Agreement in the event of a Casualty or Taking, this Agreement shall remain in full force and effect and, on the Closing, Seller shall transfer and/or assign to Buyer any and all monies and claims received by and/or accrued to Seller on account of such Casualty or Taking (including all rights of Seller, if any, to any such monies payable under the Lease), subject to the rights of Buyer, as the current Tenant, with respect thereto, less such sums, if any, as shall have been actually and reasonably expended by Seller in connection with the repair or restoration of such Casualty or Taking, the prosecution of such claim, and less such sums, if any, paid to Buyer as the current Tenant to restore the Property in accordance with the Lease.

14. As Is, Where Is. Buyer acknowledges and agrees that it has had or will have ample opportunity to inspect the Property. Buyer agrees that at Closing it shall accept title to the Property in its “As Is, Where Is” physical condition, with all faults and defects, known or unknown, latent or patent. The Purchase Price and the terms and conditions set forth herein are the result of arm’s-length bargaining between parties familiar with transactions of this kind, and said price, terms and conditions, reflect the fact that except as expressly provided in this Agreement, Buyer shall not have the benefit of, and is not relying upon, any statements, representations or warranties whatsoever, oral or written, expressed or implied, made by or enforceable against Seller relating to the condition, operations, dimensions, descriptions, soil condition suitability, compliance or lack of compliance with any state, federal, county or local law, ordinance, order, permit or regulation, or any other attribute or matter of or relating to the Property, including, without limitation, (i) the structural integrity of the improvements, including any plans and specifications that may have been or may be provided to Buyer, (ii) the conformity of the Property to past, current or future applicable zoning or building code requirements, (iii) the existence of soil instability, past soil repairs, soil additions or condition of soil fill, or susceptibility to landslides, (iv) the sufficiency of any under shoring, (v) the sufficiency of any drainage, (vi) whether the Property is located wholly or partially in a floodplain or a flood hazard boundary or similar area, (vii) the existence or non-existence of toxic or hazardous wastes or materials or friable asbestos or asbestos-containing materials in, on or about the Property, (viii) any other matter affecting the stability or integrity of or suitability of the Property for Buyer’s intended use, (ix) the potential further development of the Property, or (x) the existence of vested land use, zoning or building entitlements affecting the Property.

15. Release. From and after the Closing, except as expressly set forth in this Agreement, Buyer hereby waives, releases and forever discharges the Seller, their respective affiliates, subsidiaries, officers, directors, shareholders, employees, independent contractors, partners, representatives, agents, successors and assigns (collectively, the “Released Parties”), and each of them, from any and all causes of action, claims, assessments, losses, damages (compensatory, punitive or other), liabilities, obligations, reimbursements, costs and expenses of any kind or nature, actual, contingent, present, future, known or unknown, suspected or unsuspected, including, without limitation, interest, penalties, fines, and attorneys’ and experts’ fees and expenses, whether caused by, arising from, or premised, in whole or in part, upon any

Seller's acts or omissions, and notwithstanding that such acts or omissions are negligent or intentional, or premised in whole or in part on any theory of strict or absolute liability, which Buyer, its successors or assigns or any subsequent purchaser of any of the Property may have or incur in any manner or way connected with, arising from, or related to any of the Property, including without limitation (i) the environmental condition of any of the Property, including the actual or alleged presence of Hazardous Materials at, on, under or adjacent to the Property or (ii) actual or alleged violations of Environmental Laws or regulations in connection with the Property and/or any property conditions. Buyer agrees, represents and warrants that the matters released herein are not limited to matters which are known, disclosed, suspected or foreseeable, and Buyer hereby waives any and all rights and benefits which it now has, or in the future may have, conferred upon Buyer by virtue of the provisions of any law which would limit or detract from the foregoing general release of known and unknown claims. For purposes of this Agreement, the term "Hazardous Materials" means chemicals, pollutants, contaminants, wastes, toxic substances, hazardous substances, radioactive materials or genetically modified organisms, which are, have been or become regulated by any federal, state or local government authority including, without limitation, (i) petroleum or any fraction thereof, (ii) asbestos, (iii) any substance or material defined as a "hazardous substance" pursuant to § 101 of the Comprehensive Environmental Response, Compensation, and Liability Act (42 U.S.C. §9601), or (iv) any substance or material defined as a "hazardous chemical" pursuant to the federal Hazard Communication Standard (29 C.F.R. §1910.1200); the term "Environmental Claim" means any claim, action, cause of action, investigation, or notice (written or oral) by any person or entity alleging potential liability (including, without limitation, potential liability for investigatory costs, cleanup costs, governmental response costs, natural resource damages, property damages, personal injuries, or civil or criminal penalties) arising out of or resulting from (i) the actual or alleged presence or release into the environment of any Hazardous Materials at any location, whether or not owned or operated by the Seller, or (ii) circumstances forming the basis of any actual or alleged violation of any Environmental Law; and the term "Environmental Law" means all federal, state, local, and foreign laws and regulations relating to pollution or protection of human health or the environment (including, without limitation, ambient air, surface water, ground water, wetlands, land surface, subsurface strata, and indoor and outdoor workplace), including, without limitation, (i) laws and regulations relating to emissions, discharges, releases, or threatened releases of Hazardous Materials, and (ii) common law principles of tort liability. The provisions of this Paragraph 15 shall survive the Closing and the delivery of the Deed to the Property.

16. **Representations of Buyer.** To induce Seller to enter into this Agreement and to sell the Property, Buyer makes the following representations, warranties and covenants, upon each of which Buyer acknowledges that Seller is entitled to rely upon, and has relied upon, and each of which shall be true and accurate as of the Effective Date according as to the representations in Paragraphs 16(a), (b) and (c), as of the Closing Date.

(a) **Execution; Enforceability.** This Agreement has been duly executed and delivered by Buyer, constitutes the valid and binding agreement of Buyer and is enforceable in accordance with its terms.

(b) **Authority; Non-Contravention.** Buyer has full right, power and authority to enter into, execute and deliver this Agreement and to perform its obligations hereunder, and this

Agreement constitutes valid and binding obligations of Buyer and, to the best knowledge of Buyer, after due investigation, the execution and performance of this Agreement by Seller does not and will not at Closing contravene, or constitute a default under, or violate the terms, provisions or conditions of any document, instrument, agreement, stipulation, judgment or order to which Buyer is a party or by which Buyer is bound.

(c) **Litigation.** There is no material action, suit or proceeding pending or, to the best of Buyer's knowledge, threatened against or affecting Buyer in any court, before any arbitrator or before or by any governmental body.

(d) **Bankruptcy.** No petition in bankruptcy (voluntary or involuntary) or for the appointment of a receiver or trustee has been filed by or against Buyer; no insolvency proceeding has been commenced against Buyer; and Buyer has not made an assignment for the benefit of creditors or filed a petition for an arrangement or entered into an arrangement with creditors, which petition, proceedings, assignment, or arrangement exists, is pending, or is contemplated by Buyer; and Buyer has not failed generally to pay its debts as they become due.

17. **Brokers.** Each party warrants to the other that it has not used the services of a real estate broker or agent in connection with this transaction. In the event a broker is engaged by either party, the party engaging such broker shall be solely responsible for the payment of any commission owed to the broker for this transaction. Each party agrees to defend, indemnify and hold the other party harmless for any claim for real estate commissions arising by reason of the indemnifying party's breach of the foregoing representation and warranty. The provisions of this Paragraph shall survive the Closing and the delivery of the Deed to the Property or the termination of this Agreement.

18. **Possession.** Possession of the Property shall be delivered to Buyer upon delivery of the Deed from Seller.

19. **Assignment.** This Agreement may not be assigned by Buyer without the prior written consent of Seller, which consent shall not be unreasonably withheld, conditioned or delayed. Notwithstanding the foregoing, Buyer may assign its rights under this Agreement, without the consent of Seller, to an affiliate, corporation, partnership or other entity owned and controlled by (or under common control with) Buyer, provided such assignee assumes in writing all of the obligations of Buyer to be performed under this Agreement in a form reasonably acceptable to Seller and an original of such fully executed assignment and assumption agreement is delivered to Seller at least five (5) Business Days prior to the Closing. The provisions of this Paragraph 19 shall survive the Closing or termination of this Agreement.

20. **Court Approval.** Buyer expressly understands the terms of this Agreement and the sale of the Property to Buyer is conditioned upon the final approval of the Receivership Court and the Judge presiding therein, who may impose additional terms and conditions. Any additional terms and conditions that modify or amend this Agreement shall be in a written document signed by all of the parties hereto in accordance with Paragraph 21.

21. **Entire Agreement.** Any prior agreement or understanding among the parties concerning the subject matter hereof is hereby superseded. This Agreement constitutes the entire agreement among the parties with respect to the subject matter hereof and the transactions contemplated herein and shall not be modified or amended except in a written document signed by all of the parties hereto. The parties intend that this Agreement shall be binding on and inure to the benefit of each of them and their heirs, successors, personal representatives and assigns.

22. **Notices.** All notices or other communications required or permitted under this Agreement shall be in writing and delivered personally, by registered or certified mail, return receipt requested, postage prepaid, electronic mail, or by a nationally recognized overnight courier (such as Federal Express) with receipted delivery to the following addresses:

If to Seller: CapSource, Inc.
c/o Geoff Winkler
American Fiduciary Services
715 NW Hoyt Street #4364
Portland, Oregon 97208
email: geoff@americanfiduciaryservices.com

with a copy to: Kara B. Hendricks, Esq.
10845 Griffith Peak Dr.
Suite 600
Las Vegas, Nevada 89135
email: hendricksk@gtlaw.com

If to Buyer: Jackson Land Holdings LLC
c/o Margaret Mulligan
9437 Norwood Lane North
Maple Grove, MN 55369
email: mmulligannr@aol.com

and a copy to: Monroe Moxness Berg PA
Attn: Matthew S. Duffy
7760 France Ave. S., Suite 700
Minneapolis, Minnesota 55435
email: mduffy@mmblawfirm.com

All notices, demands or other communications given in accordance with the terms hereof shall be deemed effective when (a) if delivered in person or by overnight courier, on the business day it is delivered, (b) if sent by registered or certified mail, three (3) Business Days after deposit with the U.S. mail or (c) if sent by electronic mail. Any party hereto may change its address by written notice to all parties hereto sent in accordance with the terms of this Paragraph and any such Notice of change of address shall be effective five (5) days after delivery.

23. **Governing Law.** This Agreement shall be governed and interpreted in accordance with the laws of the State of Nevada without regard to its principles of conflicts of laws, and any action brought under or arising out of this Agreement or the matters relating hereto shall be submitted to the Receivership Court. Each party acknowledges and agrees to such jurisdiction.

24. **Litigation Costs.** If there is any legal action or proceeding between the parties hereto arising from or based upon this Agreement, the unsuccessful party to such action or proceeding shall pay to the prevailing party all litigation costs and expenses, including reasonable attorneys' fees, incurred by such prevailing party in such action or proceeding and in any appeal in connection therewith, and if such prevailing party recovers a judgment in any such action, proceeding or appeal, such costs, expenses and attorneys' fees shall be included in as part of such judgment.

25. **Waiver of Jury Trial.** EACH PARTY HEREBY WAIVES TRIAL BY JURY IN ANY ACTION, PROCEEDING, CLAIM OR COUNTERCLAIM BROUGHT BY EITHER PARTY IN CONNECTION WITH ANY MATTER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS AGREEMENT, THE RELATIONSHIP OF SELLER AND BUYER HEREUNDER, BUYER'S OWNERSHIP OR USE OF THE PROPERTY, AND/OR ANY CLAIMS OF INJURY OR DAMAGE. EACH PARTY HEREBY CONSENTS TO SERVICE OF PROCESS AND ANY PLEADING RELATING TO ANY SUCH ACTION, PROCEEDING, CLAIM OR COUNTERCLAIM AT THE ADDRESS SET FORTH FOR SUCH PARTY IN SECTION 22 HEREOF; PROVIDED, HOWEVER, THAT NOTHING HEREIN SHALL BE CONSTRUED AS REQUIRING SUCH SERVICE AT SUCH ADDRESS.

26. **Counterparts.** This Agreement may be executed in any number of identical counterparts, any or all of which may contain the signatures of fewer than all of the parties but all of which shall be taken together as a single instrument. Signatures scanned and transmitted electronically and electronic signatures shall be deemed original signatures for purposes of this Agreement, and the documents delivered pursuant to this Agreement, and shall have the same legal effect as original signatures.

27. **Further Assurances.** The parties agree (a) to furnish upon request to each other such further information, (b) to execute and deliver to each other such other documents, and (c) to do such other acts and things, all as the other party may reasonably request for the purposes of carrying out the intent of this Agreement and the documents referred to in this Agreement.

28. **Waiver.** The rights and remedies of the parties to this Agreement are cumulative and not alternative. Neither the failure nor any delay by any party in exercising any right, power, or privilege under this Agreement or the documents referred to in this Agreement will operate as a waiver of such right, power, or privilege, and no single or partial exercise of any such right, power, or privilege will preclude any other or further exercise of such right, power, or privilege or the exercise of any other right, power, or privilege. To the maximum extent permitted by applicable law, (a) no claim or right arising out of this Agreement or the documents referred to in this Agreement can be discharged by one party, in whole or in part, by a waiver or renunciation of the claim or right unless in writing signed by the other party; (b) no waiver that may be given by a party will be applicable except in the specific instance for which it is given; and (c) no notice to

or demand on one party will be deemed to be a waiver of any obligation of such party or of the right of the party giving such notice or demand to take further action without notice or demand as provided in this Agreement or the documents referred to in this Agreement.

29. Severability. If any provision of this Agreement is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Agreement will remain in full force and effect. Any provisions of this Agreement held invalid or unenforceable only in part or degree will remain in full force and effect to the extent not held invalid or unenforceable.

30. Paragraph Headings; Construction. The headings of the Paragraphs in this Agreement are provided for convenience only and will not affect its construction or interpretation. All references to "Paragraph" or "Paragraphs" refer to the corresponding Paragraph or Paragraphs of this Agreement. All words used in this Agreement will be construed to be of such gender or number as the circumstances require. Unless otherwise expressly provided, the word "including" does not limit the preceding words or term.

31. Time of Essence. With regard to all dates and time periods set forth or referred to in this Agreement, time is of the essence.

32. Default; Specific Performance; Remedies. In the event Seller fails to perform its obligations hereunder by Closing and Buyer has fully met all of its obligations due as of Closing, Buyer may, in its sole discretion, and by its sole exclusive remedy either (a) to terminate this Agreement and receive a return of the Deposit in full, or (b) to seek specific performance. In the event that Buyer fails or refuses to perform its obligations hereunder, Seller shall be entitled to retain the Deposit as full and complete liquidated damages as its sole and exclusive remedy for Buyer's failure or refusal to perform, unless Buyer's failure or refusal to perform is due to matters beyond Buyer's reasonable control. The parties hereto acknowledge and agree that it is impossible to estimate more precisely the damages that might be suffered by Seller upon Buyer's breach or default. Seller's entitlement and receipt of the Deposit is intended not as a penalty, but as full and complete liquidated damages. Notwithstanding the above, in the event of any default hereunder by either party, the prevailing party to any action hereunder shall be entitled to recover all costs related to such action, including, but not limited to, court costs, expert witness fees and attorney's fees.

Each party hereto acknowledges that the other parties will be irreparably harmed and that there will be no adequate remedy at law for any violation by any of them of any of the covenants or agreements contained in this Agreement, including without limitation, the confidentiality obligations set forth herein. It is accordingly agreed that, in addition to any other remedies which may be available upon the breach of any such covenants or agreements, each party hereto shall have the right to obtain injunctive relief to restrain a breach or threatened breach of the covenants and agreements contained in this Agreement.

33. Recording. This Agreement may not be recorded by any party hereto.

34. Survival. Notwithstanding anything contained herein to the contrary, the obligations and covenants in Paragraphs 10, 13, 14, 15, 17, 18, 22, 23, 24, 27, 28 and 32 of this Agreement shall survive Closing, delivery of the Deed and termination of this Agreement.

35. 1031 Exchange. The Parties shall have the option to cause the Closing to occur as part of a "like-kind" exchange pursuant to the provisions of Section 1031 of the Internal Revenue Code of 1986, as amended, and the regulations thereunder (a "1031 Exchange"). The Parties will reasonably cooperate in effecting a qualifying like-kind exchange and to execute such documents as are reasonably necessary to effect such like-kind exchange; provided, however, such cooperation will be at no additional cost or liability to the cooperating party, and no additional delay to Closing.

36. Business Day(s). As used in this Agreement, the term "Business Day(s)" or "business day(s)" shall mean any day other than a Saturday, Sunday or day on which the banks in Minnesota are authorized or permitted to be closed. If the date for compliance with this Agreement is not a Business Day, then such date shall be automatically extended to the next Business Day following such date.

[REMAINDER OF PAGE LEFT INTENTIONALLY BLANK]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement under seal, with the intention that it be a sealed instrument, as of the date set forth above.

SELLER:

Receiver for JC Minnesota LLC

By: 

Name: Geoff Winkler

Title: as Receiver

BUYER:

JACKSON LAND HOLDINGS LLC
a Minnesota Limited Liability Company

By: 

Name: Margaret Mulligan

Title: Owner / Pres