

WB-24 OPTION TO PURCHASE

1. LICENSEE DRAFTING THIS OFFER ON May 3, 2019 [DATE] IS (AGENT OF BUYER)
2. (AGENT OF SELLER/LISTING BROKER) (AGENT OF BUYER AND SELLER) **STRIKE THOSE NOT APPLICABLE**
3. The Seller (Optionor), Redevelopment Authority of the City of Racine, hereby grants to
4. the Buyer (Optionee), Hovde Properties, LLC, or its assigns,
5. an option to purchase (Option) the Property known as [Street Address] attached as Exhibit A,
6. of Racine in the Racine County of Racine, Wisconsin, on the following terms:
7. **DEADLINE FOR GRANT OF OPTION** This Option is void unless a copy of the Option, or separate but identical copies, is/are signed by all
8. Sellers and delivered to Buyer on or before May 31, 2019 (Time is of the Essence).

OPTION TERMS

11. **INITIAL OPTION TERM:** A nonrefundable option fee of \$ 40,000.00 will be paid by Buyer to Seller within 10 days
12. of the later of: (i) the granting of this Option, or (ii) the deadline for execution of a lease if line 141 of this Option is checked. This Option may only be
13. exercised if Buyer delivers written notice to Seller no later than midnight April 30, 2020 unless extended below.
14. **EXTENDED OPTION TERM:** The Deadline to exercise this Option shall be extended until midnight _____, upon
15. payment of \$ _____ to Seller on or before _____, as an option
16. extension fee which shall not be refundable.
17. **EXERCISE:** To exercise this Option, Buyer must sign and deliver (i) the notice at lines 355-361, or (ii) any other written notice which states that
18. Buyer exercises this Option. If the Option is exercised, \$ _____ of the option fee and \$ _____ of the
19. option extension fee, if any, shall be a credit against the purchase price at closing.
20. **CAUTION:** If the option fees are to be paid into listing broker's trust account or to a third party, specify in additional provisions at lines 256-268
21. or 326-330 or in a separate agreement attached per line 325.

22. **TERMS OF PURCHASE** If this Option is exercised per the terms of this Option, the following shall be the terms of purchase:

23. **PURCHASE PRICE:** _____ Dollars

24. (\$ See attached Exhibit B) will be paid in cash or equivalent at closing unless otherwise provided below.

25. **INCLUDED IN PURCHASE PRICE:** Seller is including in the purchase price the Property, all fixtures on the Property on the date of this Option
26. not excluded at lines 28-29, and the following additional items: _____

28. **NOT INCLUDED IN PURCHASE PRICE:** _____

34. **CAUTION:** Identify trade fixtures owned by tenant, if applicable, and fixtures that are on the Property (see lines 75-82) to be excluded by
35. Seller or which are rented and will continue to be owned by the lessor.

36. **NOTE:** The terms of this Option, not the listing contract or marketing materials, determine what items are included/excluded.

37. **OPTIONAL PROVISIONS** TERMS OF THIS OFFER THAT ARE PRECEDED BY AN OPEN BOX (☐) ARE PART OF THIS OPTION ONLY IF
38. THE BOX IS MARKED SUCH AS WITH AN "X." THEY ARE NOT PART OF THIS OPTION IF MARKED "N/A" OR ARE LEFT BLANK.

39. **DELIVERY OF DOCUMENTS AND WRITTEN NOTICES** Unless otherwise stated in this Offer, delivery of documents and written notices to a
40. party shall be effective only when accomplished by one of the methods specified at lines 37-54.

41. (1) **Personal Delivery:** giving the document or written notice personally to the Party, or the Party's recipient for delivery if named at line 38 or 39.

42. Seller's recipient for delivery (optional): Amy Connolly

43. Buyer's recipient for delivery (optional): Randall J. Guenther

44. (2) **Fax:** fax transmission of the document or written notice to the following telephone number:

45. Seller: (_____) Buyer: (_____)

46. ☒ (3) **Commercial Delivery:** depositing the document or written notice fees prepaid or charged to an account with a commercial delivery
47. service, addressed either to the Party, or to the Party's recipient for delivery if named at line 38 or 39, for delivery to the Party's delivery address at
48. line 47 or 48.

49. ☒ (4) **U.S. Mail:** depositing the document or written notice postage prepaid in the U.S. Mail, addressed either to the Party, or to the Party's
50. recipient for delivery if named at line 38 or 39, for delivery to the Party's delivery address at line 47 or 48.

51. Delivery address for Seller: 730 Washington Ave., Room 102, Racine, Wisconsin 53403

52. Delivery address for Buyer: 122 W. Washington Ave., Suite 350, Madison, WI 53703

53. ☒ (5) **E-Mail:** electronically transmitting the document or written notice to the Party's e-mail address, if given below at line 53 or 54. If this is a
54. consumer transaction where the property being purchased or the sale proceeds are used primarily for personal, family or household purposes,
55. each consumer providing an e-mail address below has first consented electronically to the use of electronic documents, e-mail delivery and
56. electronic signatures in the transaction, as required by federal law.

57. E-Mail address for Seller (optional): Amy.Connolly@cityofracine.org & sriffle@ammr.net

58. E-Mail address for Buyer (optional): rguenther@hovdeproperties.com & mconrad@hovdeproperties.com

59. **TIME IS OF THE ESSENCE** "Time is of the Essence" as to: (1) payment of option fees; (2) payment of extension fees; (3) Seller's grant of this
60. Option; (4) Buyer's exercise of this Option; (5) occupancy; (6) date of closing; **STRIKE AS APPLICABLE** and all other dates and Deadlines in this
61. Option except: _____ If "Time is of the Essence" applies

to a date or Deadline, failure to perform by the exact date or Deadline is a breach of contract. If "Time is of the Essence" does not apply to a date
or Deadline, then performance within a reasonable time of the date or Deadline is allowed before a breach occurs.

PERSONAL DELIVERY/ACTUAL RECEIPT Personal delivery to, or Actual Receipt by, any named Buyer or Seller constitutes personal delivery
to, or Actual Receipt by, all Buyers or Sellers.

DEFINITIONS

■ **ACTUAL RECEIPT:** "Actual Receipt" means that a Party, not the Party's recipient for delivery, if any, has the document or written notice physically in the Party's possession, regardless of the method of delivery.

■ **DEADLINES:** "Deadlines" expressed as a number of "days" from an event, such as acceptance, are calculated by excluding the day the event occurred and by counting subsequent calendar days. The deadline expires at midnight on the last day. Deadlines expressed as a specific number of "business days" exclude Saturdays, Sundays, any legal public holiday under Wisconsin or Federal law, and any other day designated by the President such that the postal service does not receive registered mail or make regular deliveries on that day. Deadlines expressed as a specific number of "hours" from the occurrence of an event, such as receipt of a notice, are calculated from the exact time of the event, and by counting 24 hours per calendar day. Deadlines expressed as a specific day of the calendar year or as the day of a specific event, such as closing, expire at midnight of that day.

■ **DEFECT:** "Defect" means a condition that would have a significant adverse effect on the value of the Property; that would significantly impair the health or safety of future occupants of the Property; or that if not repaired, removed or replaced would significantly shorten or adversely affect the expected normal life of the premises or adversely affect the use of the Property.

■ **FIXTURE:** A "fixture" is an item of property which is physically attached to or so closely associated with land or improvements so as to be treated as part of the real estate, including, without limitation, physically attached items not easily removable without damage to the premises, items specifically adapted to the premises and items customarily treated as fixtures, including, but not limited to, all: garden bulbs; plants; shrubs and trees; screen and storm doors and windows; electric lighting fixtures; window shades; curtain and traverse rods; blinds and shutters; central heating and cooling units and attached equipment; water heaters and treatment systems; sump pumps; attached or fitted floor coverings; awnings; attached antennas; garage door openers and remote controls; installed security systems; central vacuum systems and accessories; in-ground sprinkler systems and component parts; built-in appliances; ceiling fans; fences; storage buildings on permanent foundations and docks/piers on permanent foundations. A "Fixture" does not include trade fixtures owned by tenants of the Property.

CAUTION: Exclude any Fixtures to be retained by Seller or which are not owned by Seller, such as rented fixtures (e.g., water softener or other water conditioning systems, home entertainment and satellite dish components, L.P. tanks, etc.) on lines 28-29.

■ **PROPERTY:** Unless otherwise stated, "Property" means the real estate described at lines 5-7.

■ **PROPERTY DIMENSIONS AND SURVEYS** Buyer acknowledges that any land, building or room dimensions, or total acreage or building square footage figures, provided to Buyer by Seller or by a broker, may be approximate because of rounding, formulas used or other reasons, unless verified by survey or other means.

CAUTION: Buyer should verify total square footage formula, total square footage/acreage figures, and land, building or room dimensions, if material.

■ **BUYER'S WALK-THROUGHS** Within 3 days of the earlier of: (i) the Deadline for Buyer's exercise of this Option; or (ii) the Buyer's exercise of this Option; and again within 3 days prior to closing, at a reasonable time pre-approved by Seller or Seller's agent, Buyer shall have the right to walk through the Property to determine that there has been no significant change in the condition of the Property, except for ordinary wear and tear and changes approved by Buyer, and that any Defects Seller has agreed to cure have been repaired in the manner agreed to by the Parties.

■ **PROPERTY DAMAGE BETWEEN EXERCISE OF OPTION AND CLOSING** Seller shall maintain the Property until the earlier of closing or occupancy of Buyer in materially the same condition as of the date Buyer exercises this Option, except for ordinary wear and tear. If, prior to closing, the Property is damaged in an amount of not more than five percent (5%) of the purchase price, Seller shall be obligated to repair the Property and restore it to the same condition that it was on the day this Option was exercised. No later than closing, Seller shall provide Buyer with lien waivers for all lienable repairs and restoration. If the damage shall exceed such sum, Seller shall promptly notify Buyer in writing of the damage and this Option may be canceled at the option of Buyer. Should Buyer elect to carry out this Option despite such damage, Buyer shall be entitled to the insurance proceeds, if any, relating to the damage to the Property, plus a credit towards the purchase price equal to the amount of Seller's deductible on such policy, if any. However, if this sale is financed by a land contract or a mortgage to Seller, any insurance proceeds shall be held in trust for the sole purpose of restoring the Property.

■ **DISTRIBUTION OF INFORMATION** Buyer and Seller authorize the agents of Buyer and Seller to: (i) distribute copies of the Option to Buyer's lender, appraisers, title insurance companies and any other settlement service providers for the transaction as defined by the Real Estate Settlement Procedures Act (RESPA); (ii) report sales and financing concession data to multiple listing service sold databases; and (iii) provide active listing, pending sale, closed sale and financing concession information and data, and related information regarding seller contributions, incentives or assistance, and third party gifts, to appraisers researching comparable sales, market conditions and listings, upon inquiry.

■ **NOTICE ABOUT SEX OFFENDER REGISTRY** You may obtain information about the sex offender registry and persons registered with the registry by contacting the Wisconsin Department of Corrections on the Internet at <http://www.widocoffenders.org> or by telephone at (608) 240-5830.

112 **CLOSING** This transaction is to be closed (within 30 days after the exercise of this Option) (no later
113 than _____) **STRIKE AND COMPLETE AS APPLICABLE** at the place selected by Seller, unless otherwise
114 agreed by the Parties in writing.

115 **CLOSING PRORATIONS** The following items, if applicable, shall be prorated at closing, based upon date of closing values: real estate taxes,
116 rents, prepaid insurance (if assumed), private and municipal charges, property owners association assessments, fuel and _____
117 _____

118 **CAUTION: Provide basis for utility charges, fuel or other prorations if date of closing value will not be used.**

119 Any income, taxes or expenses shall accrue to Seller, and be prorated at closing, through the day prior to closing.

120 Real estate taxes shall be prorated at closing based on [CHECK BOX FOR APPLICABLE PRORATION FORMULA]:

121 ☒ The net general real estate taxes for the preceding year, or the current year if available (Net general real estate taxes are defined as
122 general property taxes after state tax credits and lottery credits are deducted) (NOTE: THIS CHOICE APPLIES IF NO BOX IS CHECKED)

123 ☐ Current assessment times current mill rate (current means as of the date of closing)

124 ☐ Sale price, multiplied by the municipality area-wide percent of fair market value used by the assessor in the prior year, or current year if
125 known, multiplied by current mill rate (current means as of the date of closing)
126 ☐ _____

127 **CAUTION: Buyer is informed that the actual real estate taxes for the year of closing and subsequent years may be substantially**
128 **different than the amount used for proration especially in transactions involving new construction, extensive rehabilitation, remodeling**
129 **or area-wide re-assessment. Buyer is encouraged to contact the local assessor regarding possible tax changes.**

130 ☐ Buyer and Seller agree to re-prorate the real estate taxes, through the day prior to closing based upon the taxes on the actual tax bill for
131 the year of closing, with Buyer and Seller each owing his or her pro-rata share. Buyer shall, within 5 days of receipt, forward a copy of the bill
132 to the forwarding address Seller agrees to provide at closing. The Parties shall re-prorate within 30 days of Buyer's receipt of the actual tax
133 bill. Buyer and Seller agree this is a post-closing obligation and is the responsibility of the Parties to complete, not the responsibility of the real
134 estate brokers in this transaction.

135 **LEASED PROPERTY** If Property is currently leased and lease(s) extend beyond closing, Seller shall assign Seller's rights under the lease(s) and
136 transfer all security deposits and prepaid rents thereunder to Buyer at closing. The terms of the (written) (oral) **STRIKE ONE** lease(s), if any, are
137 _____

138 _____ . Insert additional terms, if any, at lines 256-268 or 326-330 or attach as an addendum per line 325.

139 **LEASE-OPTION PROVISIONS** [CHECK BOX ON LINE 140 OR 141, IF APPLICABLE]:

140 ☐ Concurrent with the granting of the Option, Seller and Buyer have entered into a written lease for the Property.

141 ☐ This Option is contingent upon Seller and Buyer, within _____ days from the granting of this Option, entering into a written lease
142 for the Property with minimum terms which shall include: term from _____ to _____ and
143 an initial rent of \$ _____ per month or this Option shall be null and void.

144 [CHECK ANY OF THE FOLLOWING THAT APPLY, IF LINE 140 OR 141 WAS CHECKED ABOVE]:

145 ☐ In the event that this Option is timely exercised, \$ _____ of each monthly rent payment of \$ _____
146 shall be applied to the purchase price while the balance shall be deemed solely rent that is retained by Seller.

147 **NOTE: Lenders may not recognize a credit for rent paid under a lease.**

148 ☐ Buyer may not exercise this Option unless Buyer is current with all rent.

149 ☐ Any material breach of the lease by Buyer shall also constitute a default under this Option.

150 **PROPERTY CONDITION REPRESENTATIONS** Seller represents to Buyer that, as of the date Seller grants this Option, Seller has no notice or
151 knowledge of any Defects (lines 72-74) other than those identified in Seller's disclosure report dated _____
152 and, if applicable, Real Estate Condition Report dated _____ and, if applicable, Vacant Land Disclosure Report
153 dated _____, which was/were received by Buyer prior to Buyer signing this Option and which is/are made a part of this Option
154 by reference **COMPLETE DATES OR STRIKE AS APPLICABLE** and _____
155 _____

156 **INSERT CONDITIONS NOT ALREADY INCLUDED IN THE DISCLOSURE OR CONDITION REPORT(S)**

157 **CAUTION: If the Property includes 1-4 dwelling units, a Real Estate Condition Report containing the disclosures provided in Wis. Stat. §**
158 **709.03 may be required. If the Property does not include any buildings, a Vacant Land Disclosure Report containing the disclosures**
159 **provided in Wis. Stat. § 709.033 may be required. Excluded from these requirements are sales of property with 1-4 dwelling units that**
160 **has never been inhabited, sales exempt from the real estate transfer fee, and sales by certain court-appointed fiduciaries (for example,**
161 **personal representatives who have never occupied the Property). The buyer may have certain rescission rights per Wis. Stat. § 709.05 if**
162 **Seller does not furnish such report(s) within 10 days after Seller grants this Option or if a report disclosing Defects is furnished before**
163 **expiration of those 10 days, but after the Option is submitted to Seller. Buyer should review the report form or consult with an attorney**
164 **for additional information regarding rescission rights.**

165 Seller agrees to notify Buyer in writing of any Defect which Seller becomes aware of after Seller's granting of, but prior to Buyer's exercise of this
166 Option, which is materially inconsistent with the above representations. For purposes of this provision (lines 150-156), Defect does not include
167 structural, mechanical or other conditions of which the Buyer has actual knowledge or written notice or which Buyer discovers prior to the exercise
168 of this Option.

169 **ZONING** Seller represents that the property is zoned _____ :

170 **OCCUPANCY** Occupancy of the entire Property shall be given to Buyer at time of closing unless otherwise provided in this Option at lines 256-
 474 268 or 326-330 or in an addendum attached per line 325. ~~At time of Buyer's occupancy, Property shall be in broom swept condition and free of all~~
 472 ~~debris and personal property except for personal property belonging to current tenants, or that sold to Buyer or left with Buyer's consent.~~
 473 ~~Occupancy shall be given subject to tenant's rights, if any.~~

174 **CAUTION: Consider an agreement which addresses responsibility for clearing the Property of personal property and debris, if applicable.**

175 **RENTAL WEATHERIZATION** ~~Unless otherwise agreed, Buyer shall be responsible for compliance with Rental Weatherization Standards (Wis.~~
 176 ~~Admin. Code Ch. SPS 367), if applicable.~~

177 **DEFAULT** Seller and Buyer each have the legal duty to use good faith and due diligence in completing the terms and conditions of this Option. A
 178 material failure to perform any obligation under this Option is a default which may subject the defaulting party to liability for damages or other legal
 179 remedies.

180 If Buyer defaults, Seller may:

- 181 (1) sue for specific performance if Buyer has exercised this Option; or
- 182 (2) terminate the Option and may sue for actual damages.

183 If Seller defaults, Buyer may:

- 184 (1) sue for specific performance; or
- 185 (2) terminate the Option and may sue for actual damages.

186 In addition, the Parties may seek any other remedies available in law or equity.

187 The Parties understand that the availability of any judicial remedy will depend upon the circumstances of the situation and the discretion of the
 188 courts. If either Party defaults, the Parties may renegotiate the Option or seek nonjudicial dispute resolution instead of the remedies outlined
 189 above. By agreeing to binding arbitration, the Parties may lose the right to litigate in a court of law those disputes covered by the arbitration
 190 agreement.

191 **NOTE: IF ACCEPTED, THIS OPTION CAN CREATE A LEGALLY ENFORCEABLE CONTRACT. BOTH PARTIES SHOULD READ THIS**
 192 **DOCUMENT CAREFULLY. BROKERS MAY PROVIDE A GENERAL EXPLANATION OF THE PROVISIONS OF THE OPTION BUT ARE**
 193 **PROHIBITED BY LAW FROM GIVING ADVICE OR OPINIONS CONCERNING YOUR LEGAL RIGHTS UNDER THIS OPTION OR HOW TITLE**
 194 **SHOULD BE TAKEN AT CLOSING. AN ATTORNEY SHOULD BE CONSULTED IF LEGAL ADVICE IS NEEDED.**

195 **ENTIRE CONTRACT** This Option, including any amendments to it, contains the entire agreement of the Buyer and Seller regarding the
 196 transaction. All prior negotiations and discussions have been merged into this Option. This agreement binds and inures to the benefit of the
 197 Parties to this Option and their successors in interest.

198 **BUYER DUE DILIGENCE** Prior to the granting or exercising of this Option, Buyer may wish to perform certain authorized inspections,
 199 investigations and testing of the Property. Buyer shall provide for any specific inspections, investigations or tests Buyer intends to perform as part
 200 of Buyer's due diligence items on lines 256-268, 314-321, or 326-330 or attach as an addendum per line 325. In addition, Buyer may need to obtain
 201 and review documents relevant to financing approval, appraisals, or perform general due diligence activities for the transaction, including but not
 202 limited to: business records, condominium documents, maps or other information, municipal and zoning ordinances, recorded building and use
 203 restrictions, covenants and easements of record, as they may prohibit or restrict certain uses and improvements for the Property. Buyer may also
 204 need to obtain or verify certain permits, zoning variances, other governmental or private approvals, environmental audits and subsoil tests,
 205 required road improvements, utility hook-up and installation costs, or other development related costs and fees, in order to fully determine the
 206 feasibility of any proposed or planned development of the Property. Seller agrees to cooperate with Buyer as necessary to complete any due
 207 diligence items or any authorized investigations, testing and inspections as provided for in this Option, without cost to Seller, unless otherwise
 208 agreed by the Parties in writing.

RECORDING OF OPTION Buyer (may) ~~(may not)~~ **STRIKE ONE** record this Option at Buyer's expense.

Buyer (may) ~~(may not)~~ **STRIKE ONE** ("may" if neither is stricken) record a separate instrument evidencing this Option at Buyer's expense. If this Option or a separate instrument evidencing this Option is to be recorded, insert legal description at lines 256-268 or 326-330 or attach as an addendum per line 325. If recording, the parties agree to provide authenticated or acknowledged signatures as may be required.

CAUTION: Failure to record may give persons with subsequent interests in the Property priority over this Option.

TITLE EVIDENCE

~~■ CONVEYANCE OF TITLE: Upon payment of the purchase price, Seller shall convey the Property by warranty deed (or condominium deed if Property is a condominium unit, trustee's deed if Seller is a trust, personal representative's deed if Seller is an estate or other conveyance as provided herein), free and clear of all liens and encumbrances, except: municipal and zoning ordinances and agreements entered under them, recorded easements for the distribution of utility and municipal services, recorded building and use restrictions and covenants, present uses of the Property in violation of the foregoing disclosed in Seller's Real Estate Condition Report and in this Option, general taxes levied in the year of closing and~~

~~_____ which constitutes merchantable title for purposes of this transaction. Seller shall complete and execute the documents necessary to record the conveyance at Seller's cost and pay the Wisconsin Real Estate Transfer Fee. The Parties agree that Seller shall not rezone the Property or create any additional liens or encumbrances on title after Seller grants this Option without Buyer's written consent except for liens and encumbrances that will be removed at closing.~~

~~**WARNING: Municipal and zoning ordinances, recorded building and use restrictions, covenants and easements may prohibit certain improvements or uses and therefore should be reviewed, particularly if Buyer contemplates making improvements to Property or a use other than the current use.**~~

~~■ **TITLE EVIDENCE:** Seller shall give evidence of title in the form of an owner's policy of title insurance in the amount of the purchase price on a current ALTA form issued by an insurer licensed to write title insurance in Wisconsin. Seller shall pay all costs of providing title evidence to Buyer. Buyer shall pay all costs of providing title evidence required by Buyer's lender.~~

~~■ **GAP ENDORSEMENT:** Seller shall provide a "gap" endorsement or equivalent gap coverage at (Seller's)(Buyer's) **STRIKE ONE** ("Seller's" if neither stricken) cost to provide coverage for any liens or encumbrances first filed or recorded after the effective date of the title insurance commitment and before the deed is recorded, subject to the title insurance policy exclusions and exceptions, provided the title company will issue the endorsement. If a gap endorsement or equivalent gap coverage is not available, Buyer may give written notice that title is not acceptable for closing (see lines 242-248).~~

~~■ **PROVISION OF MERCHANTABLE TITLE:** For purposes of closing, title evidence shall be acceptable if the required title insurance commitment is delivered to Buyer's attorney or Buyer not more than _____ days after Seller grants this Option ("15" if left blank), showing title to the Property as of a date no more than 15 days before delivery of such title evidence to be merchantable per lines 215-223, subject only to liens which will be paid out of the proceeds of closing and standard title insurance requirements and exceptions, as appropriate.~~

~~**CAUTION: Buyer should consider obtaining an update of the title commitment prior to exercising this Option.**~~

~~■ **TITLE NOT ACCEPTABLE FOR CLOSING:** If title is not acceptable for closing, Buyer shall notify Seller in writing of objections to title within _____ days ("15" if left blank) after delivery of the title commitment to Buyer or Buyer's attorney. In such event, Seller shall have a reasonable time, but not exceeding _____ days ("5" if left blank), from Buyer's delivery of the notice stating title objections, to deliver notice to Buyer stating Seller's election to remove the objections by the time set for closing. In the event that Seller is unable to remove said objections, Buyer may deliver to Seller written notice waiving the objections, and the time for closing shall be extended accordingly. If Buyer does not waive the objections, Buyer shall deliver written notice of termination and this Option shall be null and void. Providing title evidence acceptable for closing does not extinguish Seller's obligations to give merchantable title to Buyer.~~

~~■ **SPECIAL ASSESSMENTS/OTHER EXPENSES:** Special assessments, if any, levied or for work actually commenced prior to the date this Option is exercised shall be paid by Seller no later than closing. All other special assessments shall be paid by Buyer.~~

~~**CAUTION: Consider a special agreement if area assessments, property owners association assessments, special charges for current services under Wis. Stat. § 66.0627 or other expenses are contemplated. "Other expenses" are one-time charges or ongoing use fees for public improvements (other than those resulting in special assessments) relating to curb, gutter, street, sidewalk, municipal water, sanitary and storm water and storm sewer (including all sewer mains and hook-up/connection and interceptor charges), parks, street lighting and street trees, and impact fees for other public facilities, as defined in Wis. Stat. § 66.0617(1)(f).**~~

~~**ADDITIONAL PROVISIONS** See attached Exhibit B.~~

CONDOMINIUM UNITS

CAUTION: If this Option involves a condominium unit, Buyer should obtain and review the condominium disclosure documents before entering into this Option. See lines (198-208)

If the Property is a residential condominium unit, Seller must comply with the following:

■ **CONDOMINIUM DISCLOSURE MATERIALS:** Seller agrees to provide Buyer, at Seller's cost, within 10 days of Buyer exercising this Option, but no later than 15 days prior to closing, current and accurate copies of the condominium disclosure materials required by Wis. Stat. § 703.33. The condominium disclosure materials include a copy of the following and any amendments to any of these [except as may be limited for small condominiums with no more than 12 units per Wis. Stat. § 703.365(1)(b) and (8)]: (a) proposed or existing declaration, bylaws and any rules or regulations, and an index of the contents; (b) proposed or existing articles of incorporation of the association, if it is or is to be incorporated; (c) proposed or existing management contract, employment contract or other contract affecting the use, maintenance or access of all or part of the condominium; (d) projected annual operating budget for the condominium including reasonable details concerning the estimated monthly payments by the purchaser for assessments and other monthly charges; (e) leases to which unit owners or the association will be a party; (f) general description of any contemplated expansion of condominium including each state of expansion and the maximum number of units that can be added to the condominium; (g) unit floor plan showing location of common elements and other facilities available to unit owners; (h) the executive summary.

■ **BUYER RESCISSION RIGHTS:** As provided in Wis. Stat. § 703.33(4)(a), Buyer may, within 5 business days of receipt of all the required disclosure documents, rescind this Option by written notice delivered to Seller. If the disclosure materials are delivered to Buyer and Buyer does not receive all of the disclosure documents, Buyer may, within 5 business days of Buyer's receipt of the disclosure materials, either rescind the Option or request any missing documents. Seller has 5 business days following receipt of Buyer's request for missing documents to deliver the requested documents. Buyer may rescind the sale within 5 business days of the earlier of Buyer's receipt of requested missing documents or the deadline for Seller's delivery of the documents [Wis. Stat. § 703.33(4)(b)]. **The Parties agree that the 5 business days begin upon the earlier of: (1) Buyer's Actual Receipt of the disclosure materials or requested missing documents or (2) upon the deadline for Seller's delivery of the documents.**

NOTE: BUYER SHOULD READ ALL DOCUMENTS CAREFULLY. BROKERS MAY PROVIDE A GENERAL EXPLANATION OF THE PROVISIONS OF THE DOCUMENTS BUT ARE PROHIBITED BY LAW FROM GIVING LEGAL ADVICE OR OPINIONS.

■ **ADDITIONAL CONDOMINIUM ISSUES:** In addition to the disclosure materials required by Wis. Stat. § 703.33, Buyer may wish to consider reviewing other condominium materials as may be available, such as copies of: the condominium association's financial statements for the last two years, the minutes of the last 3 Unit owners' meetings, the minutes of condominium board meetings during the 12 months prior to acceptance, information about contemplated or pending condominium special assessments, the association's certificate of insurance, a statement from the association indicating the balance of reserve accounts controlled by the association, a statement from the association of the amount of any unpaid assessments on the unit (per Wis. Stat. § 703.165), any common element inspection reports (e.g. roof, swimming pool, elevator and parking garage inspections, etc.), any pending litigation involving the association and the declaration, bylaws, budget and/or most recent financial statement of any master association or additional association the unit may be part of. Not all of these materials may exist or be available from the condominium association.

■ **OPTION FEES NOT A DEPOSIT:** The Parties agree that if this Option is for a residential condominium unit, the option fee and any option extension fee are not deposits subject to return under Wis. Stat. § 703.33(4)(c).

INSPECTIONS AND TESTING Buyer may only conduct inspections or tests if specific authorizations are included in this Option. An "inspection" is defined as an observation of the Property which does not include an appraisal or testing of the Property, other than testing for leaking carbon monoxide, or testing for leaking LP gas or natural gas used as a fuel source, which are hereby authorized. A "test" is defined as the taking of samples of materials such as soils, water, air or building materials from the Property and the laboratory or other analysis of these materials. Seller agrees to allow Buyer's inspectors, testers, appraisers and qualified third parties reasonable access to the Property upon advance notice, if necessary to perform the activities authorized in this Option. Buyer and licensees may be present at all inspections and testing. Except as otherwise provided, Seller's authorization for inspections does not authorize Buyer to conduct testing of the Property. Buyer agrees to promptly restore the Property to its original condition after Buyer's inspections and testing are completed unless otherwise agreed to with Seller. Buyer agrees to promptly provide copies of all inspection and testing reports to Seller. Seller acknowledges that certain inspections or tests may detect environmental pollution which may be required to be reported to the Wisconsin Department of Natural Resources.

AUTHORIZATION FOR APPRAISAL, INSPECTIONS AND TESTS

Buyer is authorized to have the Property appraised by a Wisconsin licensed or certified appraiser and to conduct the following inspections and tests (see lines 304-313) prior to Buyer's exercise of this Option. Any inspection(s) and test(s) shall be performed by a qualified independent inspector or expert, or an independent qualified third party. Inspections and testing shall be conducted pursuant to government or industry protocols and standards, as applicable.

List inspections (e.g., home, roof, foundation, septic) here: See attached Exhibit B.

List tests (e.g., radon, lead-based paint, well water) here: See attached Exhibit B.

Describe additional inspections and tests, if any, at lines 256-263 or 326-330 or attach as an addendum per line 325.

NOTE: Any testing authorizations should specify the areas of the Property to be tested, the purpose of the test, (e.g., to determine if environmental contamination is present), any limitations on Buyer's testing and any other material terms.

☒ **ADDENDA:** The attached Exhibits A and B is/are made part of this Option.

ADDITIONAL PROVISIONS See attached Exhibit B.

IF GRANTED, THIS OPTION CAN CREATE A LEGALLY ENFORCEABLE CONTRACT. BOTH PARTIES SHOULD READ THIS OPTION AND ALL ATTACHMENTS CAREFULLY. BROKERS MAY PROVIDE A GENERAL EXPLANATION OF THE PROVISIONS OF THE OPTION BUT ARE PROHIBITED BY LAW FROM GIVING ADVICE OR OPINIONS CONCERNING YOUR LEGAL RIGHTS UNDER THIS OPTION OR HOW TITLE SHOULD BE TAKEN AT CLOSING IF THE OPTION IS EXERCISED. AN ATTORNEY SHOULD BE CONSULTED IF LEGAL ADVICE IS NEEDED.

This Option was drafted by [Licensee and Firm] Mickey N. Conrad of Hovde Realty Advisors, LLC

on May 3, 2019

Buyer Entity Name (if any): Hovde Properties, LLC

(x) [Signature] 05/03/2019
Buyer's/Authorized Signature ▲ Print Name/Title Here ▶ Randall J. Guenther, COO & CFO Date ▲

(x) _____
Buyer's/Authorized Signature ▲ Print Name/Title Here ▶ _____ Date ▲

SELLER GRANTS THIS OPTION. THE WARRANTIES, REPRESENTATIONS AND COVENANTS MADE IN THIS OPTION SURVIVE CLOSING AND THE CONVEYANCE OF THE PROPERTY. SELLER AGREES TO CONVEY THE PROPERTY ON THE TERMS AND CONDITIONS AS SET FORTH HEREIN AND ACKNOWLEDGES RECEIPT OF A COPY OF THIS OPTION.

Seller Entity Name (if any): Redevelopment Authority of the City of Racine

(x) _____
Seller's/Authorized Signature ▲ Print Name/Title Here ▶ _____ Date ▲

(x) _____
Seller's/Authorized Signature ▲ Print Name/Title Here ▶ _____ Date ▲

This Option was presented to Seller by [Licensee and Firm] _____
_____ on _____ at _____ a.m./p.m.

This Option is rejected _____ This Option is countered _____
Seller Initials ▲ Date ▲ Seller Initials ▲ Date ▲

NOTE: Parties wishing to counter this Option should draft a new Option (WB-24) or draft a Counter-Offer (WB-44) to reference this Option.

NOTICE OF EXERCISE OF OPTION By signing below and delivering this notice (see lines 35-54) to Seller, Buyer hereby exercises this Option to Purchase.

Buyer Entity Name (if any): _____

(x) _____
Buyer's/Authorized Signature ▲ Print Name/Title Here ▶ _____ Date ▲

(x) _____
Buyer's/Authorized Signature ▲ Print Name/Title Here ▶ _____ Date ▲

EXHIBIT A

LEGAL DESCRIPTION

Part of Lot 1 of Certified Survey Map No. 1388, recorded in the Office of the Register of Deeds for Racine County, Wisconsin on December 9, 1988 in Volume 4 of Certified Survey Maps, page 335, as Document No. 1272072, a parcel of land including Lots 3-12, part of Lots 2, 13 and 14, Block 14 and portions of vacated 3rd and Michigan Streets, of the Original Plat of Racine, described as follows: Commence at the Northwest corner of said Lot 1, called the intersection point of the North line of vacated Third Street with the East line of Lake Avenue; run thence South 40 deg. 22' 59" East 176.02 feet along the Northeasterly line of said Lot 1 to the North line of said Lot 1; thence South 81 deg. 10'01" West 92.82 feet to the West line of said Lot 1; thence North 08 deg. 33'34" West 150.00 feet, more or less, along the West line of said Lot 1 to the point of beginning. Said land being in the City of Racine, County of Racine, State of Wisconsin.

ALSO

All that part of Blocks 7 and 14 of the Original Plat of the City of Racine, being a subdivision of the Southeast 1/4 of Section 9, Township 3 North, Range 23 East, bounded and described as follows: Commencing at the Southwest corner of said Southeast 1/4 Section; thence North 88 deg. 04'57" East, on and along the South line of said Southeast 1/4 Section 1495.61 feet to a point on the East right-of-way line of Lake Avenue; thence North 10 deg. 09'37" West, on and along said East right-of-way line, 1759.24 feet to the point of beginning; thence North 10 deg. 09'37" West, on and along said East right-of-way line, 305.47 feet to a point on the South right-of-way line of proposed Gaslight Drive; thence North 34 deg. 40'02" East, on and along said South right-of-way line, 8.51 feet to a point; thence North 79 deg. 29'42" East, on and along said South right-of-way line, 303.74 feet to a point, said point being the beginning of a curve to the right, said curve having a central angle of 90 deg. 00'00", a radius of 20.00 feet, a chord bearing South 55 deg. 30'18" East and a chord distance of 28.28 feet; thence Southeasterly along the arc of said curve, 31.42 feet to the end of the curve, said point being on the West right-of-way line of proposed Gaslight Circle; thence South 10 deg. 30'18" East, on and along said West right-of-way line, 165.77 feet to a point, said point being the beginning of a curve to the left, said curve having a central angle of 65 deg. 41' 37", a radius of 70.00 feet, a chord bearing South 43 deg. 21' 00" East and a chord distance of 75.93 feet; thence Southeasterly along the arc of said curve, 80.26 feet to the end of the curve; thence South 43 deg. 33'48" West, 28.84 feet to a point; thence South 09 deg. 49'50" East, 86.40 feet to a point; thence South 79 deg. 43'42" West, 20.00 feet off of and parallel to the bulkhead line as established by Ordinance No. 32-2 by the Common Council of the City of Racine, November 6, 1962, 4.06 feet to a point; thence South 12 deg. 10'01" West, 117.69 feet to a point; thence South 79 deg. 29'42" West, and parallel to the South line of Lots 6 and 9 of said Block 14, 207.19 feet to a point; thence North 41 deg. 59'04" West, 175.88 feet to the point of beginning. Said land being in the City of Racine, County of Racine, State of Wisconsin.

SURVEYED AS:

BEING A PART OF LOT 1 OF CERTIFIED SURVEY MAP NO. 1388, RECORDED IN THE OFFICE OF THE REGISTER OF DEEDS FOR RACINE COUNTY, WISCONSIN ON DECEMBER 9, 1988 IN VOLUME 4 OF CERTIFIED SURVEY MAPS, PAGE 335, AS DOCUMENT NO. 1272072, A PART OF BLOCKS 7 AND 14 OF THE ORIGINAL PLAT OF THE CITY OF RACINE, BEING A SUBDIVISION OF THE SOUTHEAST 1/4 OF SECTION 9, TOWNSHIP 3 NORTH, RANGE 23 EAST, A PORTION OF VACATED 3RD STREET AND A PORTION OF VACATED MICHIGAN AVENUE, ALL LOCATED IN THE SOUTHEAST 1/4 OF SECTION 9, TOWNSHIP 3 NORTH, RANGE 23 EAST IN THE CITY OF RACINE, COUNTY OF RACINE, STATE OF WISCONSIN, BOUNDED AND DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHWEST CORNER OF SAID SOUTHEAST 1/4 SECTION; THENCE NORTH 88° 04' 57" EAST, ON AND ALONG THE SOUTH LINE OF SAID SOUTHEAST 1/4 SECTION 1495.61 FEET TO THE EAST LINE OF LAKE AVENUE; THENCE NORTH 10° 07' 58" WEST, 1759.08

FEET (RECORDED AS NORTH 10°09'37" WEST, 1759.24 FEET) ALONG SAID EAST LINE TO THE POINT OF BEGINNING OF THIS DESCRIPTION; THENCE CONTINUING ALONG SAID EAST LINE NORTH 10°07'58" WEST, 305.52 FEET (RECORDED AS NORTH 10°09'37" WEST, 305.47 FEET); THENCE NORTH 34°40'02" EAST, 8.49 FEET (RECORDED AS NORTH 34°40'02" EAST, 8.51 FEET) TO THE SOUTH LINE OF GASLIGHT DRIVE; THENCE NORTH 79°29'42" EAST 303.74 FEET ALONG SAID SOUTH LINE; THENCE SOUTHEASTERLY 31.42 FEET ALONG THE ARC OF A CURVE DEFLECTING TO THE RIGHT HAVING A CHORD BEARING AND DISTANCE OF SOUTH 55°30'18" EAST, 28.28 FEET AND A RADIUS OF 20.00 FEET TO THE WEST LINE OF GASLIGHT CIRCLE; THENCE ALONG SAID WEST LINE SOUTH 10°30'18" EAST, 165.77 FEET; THENCE ALONG SAID WEST LINE SOUTHEASTERLY 80.26 FEET ALONG THE ARC OF A CURVE DEFLECTING TO THE LEFT HAVING A CHORD BEARING AND DISTANCE OF SOUTH 43°21'11" EAST, 75.94 FEET (RECORDED AS SOUTH 43°21'00" EAST, 75.93 FEET) AND A RADIUS OF 70.00 FEET; THENCE SOUTH 43°34'10" WEST, 28.84 FEET (RECORDED AS SOUTH 43°33'48" WEST, 28.84 FEET); THENCE SOUTH 09°49'50" EAST, 86.40 FEET; THENCE SOUTH 79°43'42" WEST, 4.06 FEET; THENCE SOUTH 12°10'01" WEST, 117.78 FEET (RECORDED AS SOUTH 12°10'01 " WEST, 117.69 FEET); THENCE SOUTH 79°21'42" WEST (RECORDED AS SOUTH 79°21'42" WEST AND SOUTH 81°10'01" WEST), 300.09 FEET TO THE EAST LINE OF LAKE AVENUE; THENCE ALONG SAID EAST LINE NORTH 10°07'58" WEST, 150.75 FEET (RECORDED AS NORTH 08°33'34" EAST, 150 FEET MORE OR LESS) TO THE POINT OF BEGINNING.

Tax Key No: 276-00-00-00050-001

Address: 233 Lake Avenue

EXHIBIT B

ADDITIONAL PROVISIONS

1. Lines 17 through 19 of the WB-24 Option to Purchase are replaced with the following:

EXERCISE: To exercise this Option, Buyer must sign and deliver (i) the notice at Lines 355-361, or (ii) any other written notice which states that Buyer exercises this Option. If the Option is exercised, \$40,000.00 of the option fee shall be credited against any future lease or rental amounts payable by Buyer to Seller.

2. Lines 25 through 32 of the WB-24 Option to Purchase are replaced with the following:

TERMS OF PURCHASE. Within 30 days of Buyer's exercise of the Option, Seller shall lease the Property to Buyer for a term of 98 years (the "Lease"), subject to the parties' mutual agreement to the terms and conditions of said Lease, no possible term or condition excepted. Seller and Buyer intend for the Lease to be exempt from the Wisconsin Real Estate Transfer Fee as the Lease is for a term of less than 99 years and, accordingly, not considered a "conveyance" for imposition of such conveyance or transfer fee pursuant to Wisconsin Statutes, Section 77.21(1).

3. Lines 150 through 151 of the WB-24 Option to Purchase are replaced with the following:

PROPERTY CONDITION REPRESENTATIONS. None.

4. Lines 215 through 248 of the WB-24 Option to Purchase are replaced with the following:

TITLE EVIDENCE. Buyer shall order a commitment for a leasehold policy of title insurance at Buyer's cost (including a gap endorsement) and an ALTA survey, at Buyer's cost. The title commitment and title policy shall be issued by First American Title Insurance Company.

5. Lines 257 through 258 of the WB-24 Option to Purchase are replaced with the following:

Any Lease and any Occupancy resulting from this Option shall accept the Property in "As Is" condition and shall be subject to the provisions of the Constraint Documents and any encumbrance recorded against the Property.

6. Inspections and Testing. Buyer desires access to the Property to evaluate the Property for its proposed development, including collecting samples of surface and subsurface materials at the Property. The parties contemplate entering into an access agreement whereby Buyer and its agents, representatives, and contractors, may access the Property for the purposes of performing geotechnical and site preparation work. Any access for such evaluation and any activities performed as part of any such evaluation shall be in strict compliance with the terms of any access agreements between Buyer and Seller and those between Buyer and We Energies (collectively, the "Access Agreements"). With respect to the access allowed by any of the Access Agreements, and with respect to the interests and activities of Buyer in connection with any Lease of the Property, the parties acknowledge that the Property is subject to several restrictions, limitations, requirements and prohibitions set forth in the following documents (collectively, the "Constraint Documents"): a letter from the Wisconsin Department of Natural Resources (the "WDNR") to Frank Dombrowski of We Energies dated November 25, 2014; that Restrictive Covenant recorded against the Property in the Records of Racine County, Wisconsin as Document No. 2396229; Exhibit B to the Restrictive Covenant containing a Direct Contact Barrier and Materials Management Plan; that Environmental Remediation and Groundwater Extraction Agreement recorded against the Property in the Records of Racine County, Wisconsin as Document No. 2396240; that Utility and Building Easement recorded against the Property in the Records of Racine County, Wisconsin as Document No. 2396241; and that Cap Disturbance Approval for Geotechnical Borings approval letter

from the WDNR to Amy Connolly of the RDA and dated March 14, 2019; and advance notice to or approval of We Energies and/or WDNR is required before undertaking any activity at the Property that is restricted or prohibited by any of the Constraint Documents, such as collecting samples of surface and subsurface materials at the Property.

7. Cooperation. Seller shall cooperate with Buyer, at no expense to Seller (other than internal administrative staff time, other outside professional consultants time requested by Seller, including associated attorneys' fees, and other expenses associated with its ownership of the Property), in all reasonable respects during this Option, including Seller (as the Property owner) joining in the execution of any reasonably necessary development or regulatory applications, certified survey map approvals, condominium plats, authorizations, instruments, licenses, and documents contemplated pursuant hereto. The parties acknowledge that no permits, approvals or other development related authorizations in which Seller has joined Buyer in the execution thereof shall become effective prior to the Closing, unless otherwise agreed to in writing by Seller in its sole discretion.

8. Financial Feasibility. During the Option period, Buyer shall determine, in Buyer's sole discretion, the financial feasibility of its proposed development and uses of the Property. Factors Buyer may consider in determining the financial feasibility of its proposed development and uses of the Property may include: (i) Buyer securing tax incremental financing from the City of Racine; (ii) Buyer obtaining development and regulatory approvals sufficient to allow for its proposed development and uses of the Property; (iii) Buyer obtaining onsite and offsite parking arrangements sufficient for its proposed development and uses of the Property; (iv) Buyer obtaining mortgage financing in an amount and on terms consistent with and supportive of Buyer's pro-forma and expected internal rate of return; and (v) the impact of environmental and structural costs on the proposed development and uses of the Property. In the event Buyer determines its proposed development and uses of the Property are not financially feasible, the \$40,000.00 option fee shall be refunded to the Buyer. Upon refund of the \$40,000 option fee from Seller to Buyer, the Buyer agrees to permanently relinquish and turn over possession and ownership to Seller of any and all environmental and geotechnical testing and inspection reports and engineering reports produced by Buyer's consultants during the due diligence period that are related to the environmental condition of the Property.

9. Contingency Savings Provision. Seller and Buyer acknowledge that Buyer and Seller have and will expend material sums of money in connection with negotiating and executing the Lease, conducting the inspections and testing of the Property, and procuring development and regulatory approvals for its proposed development and uses of the Property. The parties therefore agree that adequate consideration exists for the Option, and Seller and Buyer each waive any and all rights to challenge the enforceability of this Option on the basis that the agreements contained herein are illusory.

10. Assignment. Buyer shall have the right to assign this Option, without restriction, to any other entity owned, controlled, or associated with Buyer or its affiliates. Any other assignment of this Option shall require the prior written approval of Seller, which approval shall not be unreasonably withheld or delayed. Buyer shall provide Seller with written notice of any assignment of this Option.

11. Addendum Controls. Except as expressly amended or modified by this Addendum, all terms and conditions of the WB-24 Option to Purchase shall remain as stated in the WB-24 Option to Purchase and shall be in full force. In the event of a conflict between the provisions of the WB-24 Option to Purchase and the provisions set forth in this Addendum, this Addendum shall control. The WB-24 Option to Purchase and the attached Exhibits A and B are referenced collectively herein as the "Option."

12. Signatures. This Option may be executed simultaneously in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Any signed documents transmitted by e-mail in PDF or other electronic format shall be treated in all manner and respects as an original document. This Option may also be executed in multiple copies, with each copy having the legal effect of a binding original.