

SERIES A PREFERRED STOCK PURCHASE AGREEMENT

This Agreement is made as of this ____ day of ____ 20__ (the "Agreement Date") between _____(the "Company") _____ (Company address), and the City of _____ administered by the Lewis and Clark Regional Development Council, 400 East Broadway Avenue, Suite 418, Bismarck, ND 58501 (the "Investor").

1. Authorization and Sale of Shares

1.1 Authorization

The Company has authorized the sale to Investor of _____ shares of its Series A Preferred stock. The stock is non-voting, \$_____ par stock having the cumulative dividends, liquidation preferences, and other privileges as set forth in the Articles of Amendment to Articles of Incorporation, Resolution authorizing issuance of Preferred Stock, Preferences and Rights and of the Series A Preferred Stock of _____(Company), a copy of which is attached hereto as Exhibit 1.1 and is made part hereof by this reference.

1.2 Sale of Shares

Subject to the terms and conditions hereof, the Company will issue and sell to the Investor, and the Investor will purchase from the Company, _____ Shares of the Series A Preferred stock (the "Shares") for the purchase price of _____ per Share at the Closings based on the following schedule: _____ shares on or about _____, 20__; _____ shares on or about _____, 20__; _____ shares on or about _____, 20__. The purchases in _____ of 20__ and _____ of 20__ are contingent upon the Company achieving the performance standard contained in Exhibit 1.2 hereto unless otherwise consented to in writing by Investor.

1.3 Use of Proceeds

The net proceeds from the sale of the Shares, shall be used only for the purpose of _____.

2. Closing Date; Delivery

2.1 Closing of Shares

The closing of the sales and purchase of the Shares under this Agreement (the "Closings") shall be held as mutually agreed by the parties but no later than _____, 20__ for the first purchase at the offices of the

_____, or at such other time and place as the Company and the Investor may agree. Closings for subsequent purchase shall be as agreed upon by the parties or in default at the offices of _____.

2.2 Delivery

At each of the Closings under this Agreement, subject to the terms and conditions hereof, the Company shall deliver to the Investor a certificate representing the Shares in exchange for payment of the purchase price therefor paid by immediately available funds.

3. Representations and Warranties of the Company

The Company represents and warrants to the Investor as follows:

3.1 Organization and Standing

The Company is a corporation duly organized, validly existing, and in good standing under the laws of the state of _____. The Company has all requisite corporate power and authority to own and operate its properties and assets and to carry on its business as presently conducted and as proposed to be conducted. The Company has furnished the Investor with certified copies of its Articles of Incorporation as of the Agreement Date and Bylaws. Said copies are true, correct and complete, contain all amendments through the Closing Date, and are attached hereto as Exhibits "3.1.1" and "3.1.2", respectively.

3.2 Corporate Power

The Company has all requisite legal and corporate power to execute and deliver this Agreement, to sell and issue the Shares hereunder, and to carry out and perform its obligations under the terms of this Agreement.

3.3 Capitalization

The authorized capital stock of the Company as of the Agreement Date consists of _____ shares as follows:

- (i) _____ shares of common stock, without par value; and
- (ii) _____ shares of Series A preferred stock.

3.4 Financial Statements

The financial information, which has been submitted to the Investor in connection with obtaining this financing, was prepared in good faith and fairly represents the financial condition of the Company. Such information adheres to sound accounting practices applied in accordance with the past practices of the Company.

3.5 Authorization

All corporate action on the part of the Company, its officers, directors, and shareholders necessary for the authorization, execution, delivery, and performance by the Company of this Agreement, the authorization, issuance, sale, and delivery of the Shares of Series A Preferred stock and the performance of all of the Company's obligations hereunder has been taken or will be taken prior to the Closing. This Agreement, when executed and delivered by the Company, shall constitute a valid and legally binding obligation of the Company enforceable in accordance with its respective terms, subject to laws of general application relating to bankruptcy, insolvency, and the relief of debtors and rules of law governing specific performance, injunctive relief or other equitable remedies. The Shares, when issued in compliance with the provisions of this Agreement, will be validly issued and non-assessable, and will have the rights, preferences, and privileges described in this document; and the Shares will be free of any liens or encumbrances; *provided, however*, that the Shares may be subject to restrictions on transfer under applicable securities laws.

3.6 Title to Properties and Assets

The Company has good and marketable title to its properties and assets, and has good title to all its leasehold interests, in each case subject to no mortgage, pledge, lien, lease, loan, encumbrance or charge, except those existing of record as of this the date of closing. With respect to property it leases, the Company is in compliance with such leases in all material respects.

3.7 Compliance With Other Instruments

The Company is not in violation of any term of its Articles of Incorporation or Bylaws, any material contract, agreement, mortgage, indebtedness, indenture, instrument, judgment, decree, order, or, to its knowledge, any statute rule or regulation applicable to the Company. The execution, delivery, and performance of and compliance with this Agreement have not resulted and will not result in any such violation, or be in conflict with or constitute a default under any such term, or result in the creation of any lien, mortgage, pledge, encumbrance or charge upon any of the properties or assets of the Company; and there is no such violation or default which materially or adversely affects the Company's business or any of its properties or assets.

3.8 Litigation

There are no actions, suits, proceedings or investigations pending against the Company, or any of its properties, before any court or governmental agency (nor, to the Company's knowledge, is there any reasonable basis therefor or threat thereof). The Company is not a party or subject to the provisions of any order, writ, injunction, judgment or decree of any court or governmental agency or instrumentality. There is no action, suit, proceeding or investigation by the Company currently pending or that the Company intends to initiate.

3.9 Tax Returns

The Company has filed or obtained extensions for all federal, state, and other tax returns which are required to be filed and has paid all taxes which have become due and payable.

3.10 Insurance

The Company does maintain insurance policies in such types and amounts as are appropriate for its business and furnish evidence of such insurance to Investor upon written request.

3.11 Governmental Consents

No consent, approval, or authorization of or designation, declaration, or filing with any governmental authority on the part of the Company is required in connection with the valid execution and delivery of this Agreement, or the offer, sale or issuance of the Shares, or the consummation of any other transaction contemplated hereby, except (i) qualification (or taking such action as may be necessary to secure an exemption from qualification, if available) of the offer and sale of the Shares under applicable securities laws and (ii) filing an Amendment to the Articles of Incorporation with the Secretary of State of the State of _____ with respect to the Series A Preferred Stock.

3.12 Securities Law Exemption

Subject to the accuracy of the Investor's representations in Section 4 of this Agreement, the offer, sale, and issuance of the Shares constitute transactions exempt from the registration and prospectus delivery requirements of the Securities Act of 1933, as amended (the "Act"), and are exempt from registration and qualification under the registration, permit or qualification requirements of all applicable state securities laws.

3.13 Disclosure

None of the representations or warranties made by the Company in this Agreement and no information in the exhibits hereto, or otherwise furnished to the Investor, contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein and therein not misleading.

3.14 Brokerage

The Company has not retained any broker or finder or incurred any liability for any brokerage fees, commissions or finders' fees in connection with the transactions contemplated by this Agreement.

3.15 Prompt Payment of Taxes and Claims

The Company shall pay when due all taxes, lawful claims for labor, materials, supplies, and rents and other debts and liabilities which if unpaid would by law be a lien or charge upon the property of the Company unless the Company in good faith contests the payment.

4. Representations and Warranties of the Investor

The Investor (which for the purposes of these representations and warranties, is deemed to be the City of _____ and each of its affiliates) hereby represents and warrants to the Company as follows:

4.1 Authorization

The Investor is a governmental entity or a political subdivision or instrumentality thereof. All action on the part of the Investor necessary for the purchase of the Shares of Series A Preferred Stock and the authorization, execution, delivery, and performance by the Investor of its obligations under this Agreement has been taken or will be taken prior to the Closing. This Agreement when executed and delivered by the Investor will constitute a valid and legally binding obligation of the Investor, enforceable in accordance with its terms, except as limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws of general application relating to or affecting enforcement of creditors' rights.

4.2 Investment

The Investor is acquiring the Shares for its own account, not as a nominee or agent, and not with the view to, or for resale in connection with, any distribution thereof. The Investor understands that the Shares have not been and will not be, registered under the Act by reason of a specific exemption from the registration

provisions of the Act, the availability of which depends upon, among other things, the bona fide nature of the investment intent and the accuracy of the Investor's representations as expressed herein.

4.3 No Public Market

The Investor understands that no public market now exists for any of the securities issued by the Company and that the Company has made no assurances that a public market will ever exist for the Company's securities.

4.4 Access to Data

The Investor has had an opportunity to discuss the Company's business, management, and financial affairs with the Company's management and has also had an opportunity to ask questions of the Company's officers, which questions were answered to its satisfaction. The Investor has received and relied upon information supplied by the Company as a part of the Investor's due diligence investigation.

4.5 Brokers or Finders

The Investor has not engaged any brokers, finders or agents and has not incurred, and will not incur, directly or indirectly, any liability for brokerage or finder's fee or agents' commissions or any similar charges in connection with this Agreement and the transactions contemplated hereby.

5. Conditions to Investor's Obligations at the Closing

The Investor's obligations to purchase the Shares at the Closing under this Agreement are subject to the fulfillment on or prior to the Closing Date of the following conditions, any of which may be waived in whole or in part by the Investor:

5.1 Certain Pre-closing and Closing Documents

5.1.1 Certificate for Shares

The Company at its sole cost and expense shall have delivered to Investor a certificate evidencing Investor's ownership of the shares of Series A Preferred Stock, purchased by the Investor pursuant to the terms hereof duly executed by the Company.

5.1.2 Secretary's Certificate

The Company at its sole cost and expense shall have delivered to Investor a certificate of the corporate secretary of the Company to be dated the Closing Date, certifying as being true and accurate and in full force and effect as of the Closing Date

and attaching true copies of resolutions of the board of directors of the Company authorizing (a) the Company to enter into and perform this Agreement and to execute and deliver and honor or perform, as the case may be, the other documents necessary to finalize the funding contemplated hereunder, and (b) the person or persons who have executed or will execute this Agreement and the other documents to do so.

5.1.3 Officer's Certificate of the Company

The Company at its sole cost and expense shall have delivered to Investor a certificate of the President or Vice-President of the Company, dated the Closing Date, certifying to the best of its knowledge (a) that all representations and warranties of the Company set forth in Article 3 hereof are true and correct as of the Closing Date and (b) the number of shares of capital stock issued and outstanding as of the Closing Date.

5.1.4 A Certificate of Good Standing from the Secretaries of State of _____.

5.2 Other Financing Commitments

The Company shall have obtained firm commitments in form and substance satisfactory to the Investor for equity investments as follows:

_____	\$ _____
_____	\$ _____
_____	\$ _____

and debt investments as follows:

_____	\$ _____
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5.3 Representation and Warranties True; Performance of Obligations

The representations and warranties made by the Company in Section 3 hereof shall be true and correct in all material respects on the Closing Date with the same force and effect as if they had been made on and as of such date.

5.4 Covenants

All covenants, agreements, and conditions contained in this Agreement to be performed by the Company on or prior to the Closing Date shall have been performed or complied with in all material respects.

5.5 Consents

The Company shall have obtained all consents, permits, and waivers necessary to consummate the transactions contemplated by this Agreement.

5.6 Compliance With Laws

The purchase of the Shares by the Investor hereunder shall be legally permitted by all laws and regulations to which the Investor or the Company are subject.

5.7 Intended Third Party Beneficiary

The Division of Community Services, Department of Commerce of the State of North Dakota (“DCS”) is an Intended Third Party Beneficiary” of this contract as as such, is legally entitled to enforce the conditions and requirements of this agreement. In particular, it is expressly contemplated by contracting parties that the DCS will have the ability to enforce conditions and requirements of this agreement if the City of _____ does not exercise its right as set forth in this agreement. This provision in no way restricts any legal rights or remedies that the DCS may assert against the City of _____ for its failure to enforce the conditions and requirements of this agreement.

6. Conditions to Company's Obligations at the Closing

The Company's obligation to sell and issue the Shares at the Closing is subject to the fulfillment to the Company's satisfaction on or prior to the Closing Date of the following conditions, any of which may be waived in whole or in part by the Company:

6.1 Representations and Warranties True; Performance of Obligations

The representations and warranties made by the Investor herein shall be true and correct in all material respects on the Closing Date with the same force and effect as if they had been made on and as of the same date; and the Investor shall have performed all obligations and conditions herein required to be performed or observed by it on or prior to the Closing Date and all documents incident thereto shall be satisfactory in form and content to the Company and its counsel.

6.2 Compliance With All Laws

At the Closing, the purchase of the Shares by the Investor hereunder shall be legally permitted by all laws and regulations to which the Investor or the Company are subject.

7. Covenants of the Company

7.1 Inspection

The Company shall permit the Investor at such party's expense, to visit and inspect the Company's properties, to examine its books of accounts and records and to discuss the Company's affairs, finances, and accounts with its officers, all at such reasonable times as may be requested by the Investor; *provided, however*, that the Company shall not be obligated pursuant to this Section 7.1 to provide access to any information that it reasonably considers to be a trade secret or similar confidential information unless such the Investor provides reasonable assurances in writing that it will maintain the confidentiality of the information.

7.2 Merger Proposals

So long as the Investor holds any Series A Convertible Preferred stock, the Company shall not without the written consent of Investor consolidate or merge with or purchase all or a substantial part of the assets of any other business or sell, lease, or otherwise transfer any assets other than in the normal course of its present business.

7.3 Information on Request; Disclosure

To the extent required to enable Investor to comply with the laws of the state of North Dakota and at Investor's cost, the Company shall furnish promptly, at Investor's request, such information as may be reasonably necessary to enable Investor to determine whether the Company is in compliance with the terms of this Agreement or as may be required by Investor to prepare its annual report. The Company consents to reasonable disclosure by Investor as required by North Dakota Law of the Company's financial information in connection with the preparation of Investor's annual report; *provided, however*, that prior to making any such disclosure Investor shall give the Company thirty (30) days written notice.

7.4 Repairs

The Company shall maintain in good repair and working order, reasonable wear and tear expected, all properties used in its business.

7.5 Corporate Existence

The Company shall cause to be done all things necessary to maintain and preserve its corporate existence and rights, and shall comply with all related laws applicable to the Company.

7.6 Material Litigation

The Company shall notify Investor of all material litigation and of all proceedings before any governmental or regulatory body to which it is a party and which may affect its business.

7.7 Termination of Covenants

The covenants set forth in this Section 7 shall terminate and be of no further force or effect when the Investor ceases to hold its Shares.

7.8 Notice of Default

The Company shall provide the Investor with notice of any default by the Company under any loan agreement or promissory note of the Company.

7.9 Delivery of Annual Financial Statements and Other Information

The Company shall deliver to each holder of Series A Preferred stock, ("Interested Holder"):

(a) as soon as practicable, but in any event within ninety (90) days after the end of each fiscal year of the Company, beginning with FY 20___, financial statements for the _____ and _____ operations as well as the combined operations consisting of operating statements for such fiscal year and balance sheets of the Company as of the end of such year, such financial statements to be prepared in accordance with sound accounting practices consistent with the past practices of the Company and reviewed by a certified public accountant selected by the Company;

(b) as soon as practicable, but in any event prior to the end of each fiscal year of the Company, beginning with FY20___, annual projections for the coming year for the _____ and _____ operations as well as combined operations of the company; and

(c) such other information relating to the financial condition, business, prospects or corporate affairs of the Company as any Interested Holder may from time to time reasonably request; provided, however, that the Company shall not be obligated to provide information that it deems in good faith to be proprietary or confidential unless the Interested Holder provides reasonable assurances in writing that it will maintain the confidentiality of the information.

7.10 Delivery of Monthly Financial Statements; Tax Returns; Quarterly Reports.

The Company shall deliver to each Interested Holder:

(a) within thirty (30) days after the end of each month commencing with the 5th month of 20__, unaudited operating statements, balance sheets and cash flows for and as of the end of such period and for the year to date, in reasonable detail and including both the _____, _____ and combined operations, including a breakdown of jobs with salaries for the _____, ND operation;

(b) complete copies of the Company's state and federal income tax returns, including all schedules and attachments, within thirty (30) days of the date of filing; and

(c) within thirty (30) days of the end of each quarter commencing with the ____ quarter of 20__, an aging of accounts receivable and accounts payable including separate reports for _____ and _____ and a combined report.

7.11 Location of Support Center

The Company shall maintain operations in _____, North Dakota, in operation so long as any Series A Preferred stock is outstanding. Failure of the Company to maintain and operate its operations in _____, North Dakota or transfer of controlling interest in the Company shall entitle the Investor to cause the Company to redeem its Series A Preferred stock in an amount equal to the purchase price, plus any accumulated and unpaid dividends, for the shares so redeemed. Any such redemption shall be made in accordance with the redemption provisions for the Series A Preferred stock provided for in the Company's Articles of Incorporation.

7.12 Salary and Dividend Limitations

See Exhibit 7.12 for salary and dividend limitations.

7.13 Time of Performance

All the project activities required hereunder and within Exhibit 1.2 shall be completed on or before _____.

7.14 Employment of Low and Moderate Income Individuals

The Company agrees to employ ____ (__) persons whose income prior to such employment meets Section 8 income guidelines for VL/LI persons in ____ County.

The company further agrees that these persons shall be employed on or before _____.
The Company also agrees to employ _____ (___) additional persons on or before _____.

7.15 Civil Rights Provisions

7.15.1 Discrimination in Employment

The Company shall not discriminate against any qualified employee or applicant for employment because of race, color, religion, sex, national origin, age, or physical or mental disability. The Company should take affirmative action to ensure that applicants are employed and that employees are treated without regard to their race, color, religion, sex, national origin, age, or disability. Such action shall include but may not be limited to the following: employment, upgrading, demotion, or transfers; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Company agrees to post notices setting forth the provisions of the nondiscrimination clause in conspicuous places so as to be available to employees.

7.15.2 Consideration for Employment

The Company shall, in all solicitations or advertisements for employees placed by or on behalf of the City, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, national origin, age or disability.

7.15.3 Civil Rights Compliance in Employment

The Company shall comply with all relevant provisions of the Fair Labor Standards Act (29 USC Section 201 et. seq.), Section 504 of the Vocation Rehabilitation Act of 1973 (29 USC Section 794), the Age Discrimination in Employment Act of 1967 (42 USC Section 6101 et. seq.). The Company will furnish all information and reports requested by the State of North Dakota or required by or pursuant to the rules and regulations thereof and will permit access to payroll and employment records by the State of North Dakota to investigate compliance with these rules and regulations. In addition, Federal Executive Orders 11246 and 11375 require that all contracts in excess of \$10,000 include the following language:

"During the performance of this contract, the contractor agrees as follows:

(1) "The contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. The Contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment without regard to their race, color, religion, sex, or national

origin. Such action shall include but not be limited to the following: employment upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The contractor agrees to post in conspicuous places available to employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of this nondiscrimination clause.

(2) "The contractor will, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, or national origin.

(3) "The contractor will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the agency contracting officer, advising the labor union or workers' representative of the contractor's commitments under Section 202 of Executive Order No. 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

(4) "The contractor will comply with all provisions of Executive Order No. 11246 of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.

(5) "The contractor will furnish all information and reports required by Executive Order No. 11246 of September 24, 1965, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records, and accounts by the contracting agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

(6) "In the event of the contractor's noncompliance with the nondiscrimination clauses of this contract or with any of such rules, regulations, or orders, this contract may be canceled, terminated or suspended in whole or in part and the contractor may be declared ineligible for further Government contracts in accordance with procedures authorized in Executive Order No. 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order No. 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

(7) "The contractor will include the provisions of Paragraphs (1) through (7) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order No. 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The contractor will take such action with respect to any subcontract or purchase order as the contracting agency may direct as a means of enforcing such provisions including sanctions for noncompliance. Provided, however, that in the event that the

contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the contracting agency, the contractor may request the United States to enter into such litigation to protect the interest of the United States."

7.15.4 Program Nondiscrimination

The Company shall conform with requirements of Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et. seq.) and HUD regulations issued pursuant thereto contained in 24 CFR Part 1. No person in the United States shall on the ground of race, color, national origin, or sex be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with funds made available through this contract. Any prohibition against discrimination on the basis of age under the Age Discrimination Act of 1965 (42 USC 6101 et. seq.) or with respect to an otherwise qualified handicapped individual as provided in Section 504 of the Vocational Rehabilitation Act of 1963 (29 USC Section 794) shall also apply to any such program or activity. The Borrower shall also comply with Section 109, Title I of the Housing and Community Development Act of 1974, as amended.

7.15.5 Fair Housing

The Company shall comply with Title VIII of the Civil Rights Act of 1968 (42 USC 3601 et. seq.), generally known as the Fair Housing Act, and with HUD regulations found at 24 CFR Part 107, issued in compliance with Federal Executive Order 11063, as amended by Federal Executive Order 12259.

7.15.6 Training and Employment

The Company shall comply with provisions for training, employment, and contracting in accordance with Section 3 of the Housing and Urban Development Act of 1968 (12 USC 1701u).

7.15.7 Noncompliance with the Civil Rights Law

In the event of the Company noncompliance with the nondiscrimination clauses of this Agreement or with any of the aforesaid rules, regulations, or requests, this Agreement may be canceled, terminated, or suspended either wholly or in part.

7.15.8 Subcontractors

The Company will include the provisions of Article 7.15 in every subcontract for construction carried out with funds provided under this Agreement unless exempted by the State of North Dakota, and said provisions will be binding on each subcontractor. The Company will take such action with respect to any subcontract as

the State of North Dakota may direct as a means of enforcing such provisions including sanctions for noncompliance.

7.16 Environmental Requirements

The Company shall comply with the policies of the National Environmental Policy Act of 1969 and other provisions of law which further the purposes of such Act as specified in the regulations issued by HUD contained in 24 CFR Part 58.

7.17 Wage and Labor Requirements

7.17.1 Anti-Kickback

All contractors and subcontractors involved in construction or repair carried out with funds provided under this Agreement shall comply with the Copeland Anti-Kickback Act (18 U.S.C. 874) and Department of Labor regulations at 29 CFR Part 3. This Act provides that each contractor or subcontractor shall be prohibited from inducing, by any means, any person employed in the construction, completion or repair of public works, to give up any part of the compensation to which he is otherwise entitled.

7.17.2 Wage Rates and Safety Standards

For construction contracts of \$2,000 and above, all laborers and mechanics employed by contractors or subcontractors in the performance of construction work financed by or with funds provided under this Agreement shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a - 276a-5); implemented at 29 CFR Part 5, by reason of this requirement, the Agreement Work Hours and Safety Standards Act (40 U.S.C. 327 et seq.) also applies and is also implemented at 29 CFR Part 5; provided that this section shall apply to the rehabilitation of residential property only if such property is designed for residential use of eight or more units.

7.18 Indemnity; Fees and Expenses

7.18.1 The Company will indemnify and save harmless the City of Hazen and its officers and employees, the Lewis and Clark Regional Development Council and its employees, and the DCS from and against any and all losses (other than losses inherent in investment risk associated with an investment in capital stock of a company), by it or them while it or they are acting in good faith to carry out the transactions contemplated by this Agreement or to safeguard its or their interest or ascertain, determine or carry out its or their obligations under this Agreement or any law or contract applicable to said transaction.

7.18.2 The Company will, upon demand, pay to the City of Hazen or the DCS the amount of any and all reasonable expenses, including the reasonable fees and expenses of their council and of any experts and agents, which the City of Hazen may incur in connection with the exercise or enforcement of any of the rights of the City of Hazen hereunder, the failure by the Company to perform or observe any of the provisions hereof, the collection of payments due under this Agreement, and other reasonable expenses of the City of Hazen or the DCS related to the project or this financing (including reasonable attorneys' fees) which are not otherwise expressly required to be paid by the Company under the terms of this Agreement.

7.18.3 The Company agrees to pay all appraisal fees, survey fees, recording fees, license and permit fees and insurance premiums, and agrees to reimburse the City of Hazen upon demand for all reasonable out-of-pocket expenses actually incurred by the City of Hazen in connection with this Agreement or in connection with the transactions contemplated by This Agreement, including, but not limited to, any and all reasonable closing costs.

It is the intention of the parties that the City of Hazen shall not incur pecuniary liability by reason of the terms of this Agreement, or the undertakings required of the City of Hazen hereunder, the performance of any act required of it by the violation of any statutes or regulations pertaining to the foregoing; accordingly, if the City of Hazen (including any person at any time serving as an officer or employee of the City of Hazen) should incur any such pecuniary liability, then in such even the Company shall indemnify and hold harmless the City of Hazen (including any person at any time serving as an officer or employee of the Lender) against all claims by or on behalf of any person, firm or corporation, arising out of the same, and all costs and expenses incurred in connection with any such claim or in connection with any action or proceeding brought thereon.

The Company releases the City of Hazen and the DCS (including any person at any time serving as an officer or employee of the Lender or DCS) from, agrees that the City of Hazen (including any person at any time serving as an officer or employee of the City of Hazen) shall not be liable for, and agrees to indemnify and hold the City of Hazen (including any person at any time serving as an officer or employee of the City of Hazen), harmless from, (i) any liability for any loss or damage to property or any injury to, or death of, any person that may be occasioned by an cause whatsoever pertaining to the project, or (ii) any liabilities, losses or damages, or claims thereof, arising out of the failure, or claimed failure of the Company to comply with its covenants contained in this Agreement, including in each such case, any attorneys' fees.

The Company agrees to indemnify and hold the City of Hazen (including any person at any time serving as an officer or employee of the City of Hazen) harmless to the fullest extent permitted by law from any losses, costs, charges, expenses (including attorneys' fees), judgments and liabilities incurred by it or them, as the case may be, in connection with any action, suit or proceeding instituted or threatened in connection with the

transaction contemplated by this Agreement which actions, suits or proceedings result from the Company's failure to perform its obligations under this Agreement. If any such claim is asserted, the City of Hazen or any individual indemnified herein, as the case may be, will give prompt notice to the Company and the Company will assume the defense thereof, with full power to litigate, compromise or settle the same in the Company's sole discretion provided, however, the City of Hazen retains the right to employ separate counsel whose fees and expenses shall be borne by the Company, it being understood that neither the City of Hazen or its agent nor any indemnified individual will settle or consent to the settlement of the same without the written consent of the Company. The obligation of the parties under this Section shall survive the termination of this Agreement.

7.19 Binding Effect; Governing Law

This Agreement will be binding upon and inure to the benefit of the Company and the City of Hazen and their respective successors and assigns, except that the Company shall not have the right to assign its rights hereunder or any interest herein without the prior written consent of the City of Hazen and the DCS. This Agreement shall also inure to the benefit of the City of Hazen.

8. Stock Redemption

The Company understands and agrees the Series A Preferred Stock acquired through this agreement may be redeemed as prescribed in 8 (a).

- (a) The Company intends to redeem the entire amount of stock purchased by the City of _____. Said redemption shall be made with ___ annual payments with such payments expected to be \$_____ due on _____, \$_____ due on _____, \$_____ due on _____, and \$_____ due on _____.

9. Stock Dividend

The Company intends to declare and pay an annual dividend of ____% of outstanding shares Series A Preferred Stock on _____ of each year beginning _____ until all Series A Preferred Stock is repurchased. The Company understands that the declared dividend payment for _____ will be deferred until _____.

In the event the company has insufficient cash reserves to pay declared dividends, the declared dividends will accrue until such time as all declared dividends are paid in full.

Annual payments will be applied first to declared dividends with remaining funds applied to stock redemption.

10. Time and Location of Payments

The Company shall make each payment under this agreement and as set forth in Section 8 (a) and Section 9 no later than the day when intended in lawful money of the United States of America to _____.

11. Miscellaneous

11.1 Governing Law

This Agreement shall be governed by and construed under the laws of the state of North Dakota as applied to agreements among North Dakota residents, made and to be performed entirely within the state of North Dakota.

11.2 Survival

The representations, warranties, covenants, and agreements made herein shall survive any investigation made by the Investor and the closing of the transactions contemplated hereby. All statements as to factual matters contained in any certificate or other instrument delivered by or on behalf of the Company pursuant hereto or in connection with the transactions contemplated hereby shall be deemed to be representations and warranties by the Company hereunder as of the date of such certificate or instrument.

11.3 Finder's Fee

Each party represents that it neither is nor will be obligated for any finder's fee or commission in connection with this transaction except as disclosed herein. The Investor and the Company agree to indemnify and hold harmless the other party from any liability for any commission or compensation in the nature of a finder's fee (and the costs and expenses of defending against such liability or asserted liability) for which the Investor or the Company is responsible.

11.4 Entire Agreement

This Agreement, the exhibits, and the other documents delivered pursuant to this Agreement constitute the full and entire understanding and agreement between the parties with regard to the subjects hereof and no party shall be liable or bound to any other party in any manner by any representations, warranties, covenants or agreements except as specifically set forth herein or therein. Nothing in this Agreement, express or implied, is intended to confer upon any party, other than the parties hereto and their respective successors and assigns, any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided herein.

11.5 Severability

In case any provision of this Agreement becomes or is declared by a court of competent jurisdiction to be illegal, unenforceable or void, this Agreement shall continue in full force and effect without said provision; provided, however, that no such severability shall be effective if it materially changes the economic benefit of this Agreement to any party.

11.6 Amendment and Waiver

Any term of this Agreement may be amended and the observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the written consent of the Company and the Investor.

11.7 Delays or Omissions

No delay or omission to exercise any right, power or remedy accruing to the Investor upon any breach, default or noncompliance of the Company under this Agreement or under the Articles of Incorporation, shall impair any such right, power, or remedy, nor shall it be construed to be a waiver of any such breach, default, or noncompliance, or any acquiescence therein, or of any similar breach, default, or noncompliance thereafter occurring. It is further agreed that any waiver, permit, consent, or approval of any kind or character on the Investor's part of any breach, default, or noncompliance under this Agreement or under the Articles of Incorporation or any waiver on the Investor's part of any provisions or conditions of this Agreement must be in writing and shall be effective only to the extent specifically set forth in such writing, and that all remedies, either under this Agreement, the Articles of Incorporation, by law or otherwise afforded to the Investor, shall be cumulative and not alternative.

11.8 Notice

All notices and other communications required or permitted hereunder shall be in writing and shall be deemed effectively given upon personal delivery or upon deposit with the United States Post Office, by first-Class mail, postage addressed as set forth at the end of this paragraph, or at such other address as the Company shall have furnished to the Investor in writing.

To the Company as:

To the Investor as:

and a copy to:

11.9 Titles and Subtitles

The titles of the sections of this Agreement are for convenience of reference only and are not to be considered in construing this Agreement.

11.11 Counterparts

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one instrument.

The foregoing Agreement is executed as of the date first above written.

COMPANY:

By: _____

Its President

INVESTOR:

City of _____, a government entity of the State of North Dakota

By: _____

Its: Mayor

By: _____

Its: Auditor

STATE OF NORTH DAKOTA)
)ss.
COUNTY OF _____)

On this ___ day of May 20___, before me personally appeared _____,
known to me to be the President of _____, who acknowledged
to me that he executed the foregoing instrument on behalf said corporation.

Notary Public
_____ County, North Dakota
My commission expires:

STATE OF NORTH DAKOTA)
)ss.
COUNTY OF _____)

On this ___ day of May, 20___, before me personally appeared _____ known to me
to be the _____ of the City of _____, who acknowledged to me that
he executed the foregoing instrument on behalf said governmental entity.

Notary Public
_____ County, North Dakota
My commission expires:

STATE OF NORTH DAKOTA)
)ss.
COUNTY OF _____)

On this ___ day of _____, 20___, before me personally appeared Corey Leintz known to
me to be the Auditor of the City of _____, who acknowledged to me that he executed
the foregoing instrument on behalf said governmental entity.

Notary Public
_____ County, North Dakota
My commission expires: