

**OFFER TO PURCHASE MEMBERSHIP IN THE
NEWPORT CORPORATION**

_____, Wisconsin _____ 20____.

1. **Offer.** The undersigned Buyer, _____,
residing at _____,
hereby offers to purchase (the "Offer") from
_____, Seller, the following:

- (i) Seller's membership certificate number _____ representing
Seller's equity interest in the assets of The Newport Corporation, a
Wisconsin non-profit corporation organized under Chapter 181, Wis. Stats.,
(the "Newport"), which owns and operates a residential cooperative building
for its members at 1610 North Prospect Avenue, Milwaukee, Wisconsin
(the "Building"). Seller's equity interest in the Newport, represented by

certificate number _____, constitutes _____ % interest.
- (ii) An assignment of Seller's rights as tenant under that certain proprietary lease
(the "Lease") for occupancy of apartment number _____ in the Building
(the "apartment").
- (iii) The rights of access to and use of the common areas of the Building and
grounds, including, but not limited to, the front grounds and lobby, hallways,
one (1) underground parking space in the garage, roof deck, utility rooms,
and the East and South terraces.
- (iv) The factored portion of the Newport Corporate debt assigned to the
certificate of the seller (Addendum "B").

All of the foregoing hereinafter collectively referred to as the "Property."

2. **Purchase Price.** The purchase price for the Property shall be

Dollars (\$ _____), subject to adjustments and prorations as
hereinafter set forth, payable to Seller in cash or its equivalent on date of closing.

3. **Earnest Money Deposit.** Earnest money of

Dollars (\$ _____) in the form of _____ is tendered with this
Offer. Earnest money shall be applied to payment of the purchase price at closing or disbursed as
provided herein. Earnest money paid under this Offer shall be retained by:

_____ of

_____, Wisconsin, until the consummation or termination of this transaction. If this Offer is the result of a co-brokerage, then all earnest money paid herewith shall be held by the Listing Broker. Seller shall pay any broker's commission(s) related to this transaction.

4. **Acceptance.** This Offer is binding upon both parties only if a copy of the accepted Offer is deposited, postage or fees prepaid, in the U.S. Mail or a commercial delivery system, or by FAX, addressed to Buyer at the address set forth above, on or before

_____(date)
If acceptance of the Offer does not occur on the foregoing terms, the Offer becomes void and all earnest money shall be promptly returned to Buyer:

5. **Personal Property.** Subject to any rights of the Newport or any holder of mortgage to which the Lease is subordinate, this sale includes all of Seller's ownership, if any, of the following "Personal Property" to the extent existing in the Apartment on the date hereof: any built-in refrigerators, freezers, ranges, ovens, microwave ovens, dishwashers, cabinets and counters, bookcases, lighting fixtures, chandeliers, wall-to-wall carpeting, wall coverings, plumbing fixtures, screens and storm windows, window treatments, switch plates, door hardware, and bathroom accessory fixtures. The following Personal Property is also included in this sale:

Specifically excluded from this sale is the following personal property of the Seller:

No consideration is being paid for the Personal Property. Seller makes no representation as to the condition of the Personal Property. Buyer shall take the Personal Property "as is" on the date of this Offer, except the appliances shall be in working order at closing. At or prior to the time of closing, Seller shall remove from the Apartment all the furniture, furnishings and other personal items not included in this sale, and shall reasonably repair any damage caused by such removal.

6. **Buyer Obligations/Conditions.** This Offer is not subject to financing or any other contingency, except as stated below
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7. **Seller Representations and Covenants.** Subject to any matter affecting title to the Building (as to which Seller makes no representations or covenants), Seller represents and covenants that:

- (a) Seller is and shall at closing be the sole owner of the Property and the Personal Property
- (b) The Property and the Personal Property will at closing be free and clear of liens (other than the Building's general liens and mortgages[refer to Exhibit B]), encumbrances and adverse interests ("Liens"), or Seller will deliver to Buyer at closing all requisite terminations, releases and/or satisfactions executed in form suitable for filing and/or recording, so as to remove any such Liens; or provisions shall be made so that any Liens are fully satisfied by Seller at closing out of Seller's funds;
- (c) The membership certificate was duly issued and fully paid for;
- (d) The Lease is, and will at closing be, in full force and effect and no notice of default under the Lease will be in effect at closing;
- (e) Assessments and other sums due to the Newport will be fully paid by Seller to the end of the payment period immediately preceding the date of closing;
- (f) Seller will not at closing be indebted for labor or material which might result in the filing of a notice of mechanic's lien against the Coop or the Lease;
- (g) Seller has not made any alterations or additions to the Apartment, without any required consent of the Newport; and
- (h) Seller has not entered and will not enter into, and has no actual knowledge of, any agreement (other than the Lease) affecting the use and/or occupancy of the Apartment which would be binding on or materially and adversely affect Buyer.

The representations and covenants contained herein shall survive closing, but any action based thereon must be instituted within one (1) year from closing.

8: Buyer Representations and Covenants. Buyer represents and covenants that Buyer is acquiring the Property and the Personal Property solely for residential occupancy of the Apartment and will so represent to the Newport in connection with Buyer's application to the Newport for approval of this transaction by the Newport.

9. **Membership Regulations.** Within five (5) days of acceptance of this Offer, Seller shall furnish to Buyer a copy of the latest operative documents of the Newport consisting of the Restated Articles of Incorporation, the current By-laws and House Rules and Regulations, the last available statement of assets and liabilities, and receipts and expenditures, and the last annual budget, which shall be a complete set thereof to the best of Seller's knowledge and belief. Buyer shall have five (5) business days from receipt of said operative documents in which to affirm or cancel this Offer. If Buyer fails to provide Seller with written notice of cancellation within such ten (10) day period, this condition shall automatically be deemed waived.

10. **Required Approval and References.** The purchase and sale contemplated herein are subject to the approval of the Newport. Within ten (10) business days after final acceptance of this Offer, Buyer shall in good faith submit an application for approval of this Offer on the form required by the Newport containing such data and together with such documents as the Newport reasonably requires. Buyer shall attend (and cause any person who will reside in the Apartment to attend) one or more personal interviews, as requested by the Newport. Buyer shall also promptly submit to the Newport such further references, data, and documents reasonably requested by the Newport.

If approval or denial has not been issued on or before the date set for closing, the closing shall be adjourned for a reasonable period, not exceeding forty-five (45) days, for the purpose of obtaining such approval unless otherwise agreed to by the parties. If approval is not obtained by said adjourned date, either party may cancel this Offer.

In the event the Newport denies Buyer's application, this Offer shall be deemed cancelled and earnest money promptly returned to Buyer.

11. **Election to Membership - Closing.** In the event Buyer is elected to Membership in the Newport, the transaction shall proceed to closing at the office of the Buyer's mortgage or

at _____ o'clock, _____, 20____, or at such other place and time as the parties may hereafter agree to in writing.

12. **Condition of Apartment and Building.**

(a) Seller makes no representation or warranty whatsoever as to the condition of the Apartment. Buyer has inspected the Apartment and shall take the same "as is" on the date of this Offer, reasonable wear and tear excepted. Seller shall deliver possession of the Apartment at the closing, vacant, broom-clean and free of all occupants and rights of possession.

(b) Seller makes no representation or warranty whatsoever as to the condition of the Building.

13. **Risk of Loss.** While Seller is in possession of and continues to occupy the Apartment pursuant to the terms of the Lease, Seller assumes all risk of loss or damage ("Loss") to the Apartment and Personal Property from fire or other cause not due to the fault of Buyer or Buyer's contractors, agents or servants. In the event of a Loss, Seller shall have the option (but not the obligation) to restore the Apartment and Personal Property to as near as reasonably possible to the condition immediately prior to the Loss.

Within ten (10) calendar days after the Loss occurs, Seller shall give Notice to Buyer of the Loss and whether or not Seller elects to restore ("Election Notice"). If Seller elects to restore, Seller must do so within sixty (60) calendar days after sending the Election Notice or by the closing, whichever is later ("Restoration Period"). If the closing is before such sixty (60) calendar day period expires, then the closing shall be adjourned to a date and time fixed by Seller on not less than ten (10) calendar days' prior notice to Buyer, but in no event shall the closing be adjourned for more than seventy (70) calendar days after giving of the Election Notice.

If Seller elects not to restore or fails, in a timely manner, to send the Election Notice or, having sent the notice, Seller fails to complete the restoration within the Restoration Period, then Buyer's sole remedy is either to: cancel this Offer and recover all sums theretofore paid on account of the Purchase Price; or complete the purchase in accordance with this Offer, without reduction in the Purchase Price or claim against Seller, but with the right to receive any "Net Insurance Proceeds," as defined below, together with an assignment to Buyer, without recourse to Seller, of any uncollected proceeds, which assignment shall be delivered by Seller at closing.

"Net Insurance Proceeds" are proceeds of Seller's insurance covering the Loss which is attributable to the Apartment and Personal Property after deducting legal and other collection expenses incurred by Seller and any sums paid or incurred by Seller for restoration, and any sum representing an insurance deductible.

If Buyer fails to exercise one of Buyer's options by notice to Seller within seven (7) business days after Seller gives the Election Notice or within seven (7) business days after the Restoration Period expires (in the event Seller fails to complete the restoration within the Restoration Period), then Buyer will be deemed to have conclusively elected the option to complete the purchase.

Notwithstanding the foregoing, Buyer shall have the right to cancel this Offer, if, prior to closing and while Seller is in possession, through no fault of Buyer or Buyer's contractors, agents, employees and servants, either: a Loss occurs to the Apartment which would cost more than ten percent (10%) of the Purchase Price to restore; or more than ten percent (10%) of the cooperatives in the Building are damaged and rendered uninhabitable by fire or other cause, regardless of whether the Coop is damaged.

Buyer shall be deemed to have waived Buyer's right to cancel if Buyer fails to elect to cancel by notice to Seller given within seven (7) business days after Seller gives notice to Buyer of the event which gives rise to Buyer's right to cancel.

14. **Closing.** At closing, Seller shall deliver:

(a) Seller's membership certificate duly endorsed for transfer to Buyer or accompanied by a separate duly executed stock power to Buyer, and in either case, with any guarantee of Seller's signature required by the Newport (or, in the alternative, upon direction by the Newport, Seller shall surrender Seller's membership certificate to the Newport and the Newport shall issue to Buyer a new membership certificate in Buyer's name);

(b) Seller's counterpart original of the Lease and a duly executed assignment thereof to Buyer in the form required by the Newport;

(c) a written statement by an officer of the Newport or its authorized agent consenting to the transfer of the membership certificate and Lease to Buyer and setting forth the amounts and payment status of any assessments;

(d) executed FIRPTA document(s):

- (e) keys to the apartment, garage, mailbox, any locks in the Coop (Building entrance keys to be issued to Buyer directly from a representative of the Newport at closing);
- (f) if requested, an assignment to Buyer of Seller's interest in the Personal Property;
- (g) net Insurance Proceeds and/or assignment of any uncollected Net Insurance Proceeds, if applicable;
- (h) documents identifying all outstanding Liens and confirming pay-out figures to the date of closing to satisfy such Liens;
- (i) a copy of mortgage(s) or other monetary liens encumbering the Building.

At closing, Buyer shall:

- (a) pay the balance of the Purchase Price in immediately available Federal Funds;
- (b) execute and deliver to Seller and the Newport an agreement assuming the Lease, in the form required by the Newport; and
- (c) if requested by the Newport, execute and deliver counterparts of a new lease substantially the same as the Lease, for the balance of the Lease term, in which case the Lease shall be cancelled and surrendered to the Newport together with Seller's assignment thereof to Buyer.

15. Closing Fees, Taxes, Title Search and Apportionments. At closing, Seller shall

pay, if applicable:

- (a) the processing fee(s) of the Newport, its attorneys, and/or agents;
- (b) the transfer tax fee.

~~At closing, Buyer shall pay:~~

- ~~(a) the sales taxes, if any, on this sale;~~
- ~~(b) the cost of any title search; and~~
- ~~(c) any fee to the Newport or its agents and/or attorneys relating to Buyer's financing.~~

Closing Apportionments At closing the parties shall apportion, as of the closing, the monthly fees, assessments and real estate taxes attributable to Seller's membership. REFER TO THE ANNUAL FEE LETTER, ISSUED DURING THE MOST RECENT MONTH OF DECEMBER, and attached to this offer. Real estate taxes shall be prorated based on the net general taxes for the current year if known, otherwise on the net general taxes for the preceding year. Buyer agrees to pay all assessments applicable to said membership coming due on or after the closing date. In addition, Buyer agrees to assume and continue payment of any proportionate share of any mortgage or other monetary lien on the Building which the Newport has determined will be shared by the members according to their equity ownership interest or any special assessments attributable to the Building during the Buyer's Membership, and any such obligation shall not be prorated. Each party covenants to the other that it will timely pay any taxes for which it primarily liable pursuant to law.

16. Defaults, Remedies and Indemnities. In the event of a default, the non-defaulting party shall have all remedies available at law or in equity.

Each party indemnifies and holds harmless the other against and from any claim, judgment, loss, liability, cost or expense resulting from a party's breach of any of the representations or covenants contained herein stated to survive closing. This indemnity includes, without limitation, reasonable attorneys' fees and disbursements, court costs and litigation expenses. This paragraph shall survive the closing.

Buyer indemnifies and holds harmless Seller against and from any claim, judgment, loss, cost or expense resulting from the Lease obligations assumed by Buyer. This indemnity includes, without limitation, reasonable attorneys' fees and disbursements, court costs and litigation expenses. This indemnity does not include or excuse a breach of any representation or covenant by Seller in this Offer. This paragraph shall survive the closing.

In the event any instrument for the payment of the earnest money fails of collection, Seller shall have the right to sue on the uncollected instrument. In addition, such failure of collection shall be a default under this Offer.

17. **Entire Agreement Modification:** All prior oral or written representations, understandings and agreements had between the parties with respect to the subject matter of this Offer are merged in this Offer, which alone fully and completely expresses their agreement. A provision of this Offer may be changed or waived only in writing signed by the parties.

18. **Successors and Assigns.**

(a) Buyer may not assign this Offer or any of Buyer's rights hereunder and any purported assignment shall be null and void.

(b) Except as otherwise provided in subparagraph (a), this Offer shall bind and inure to the benefit of the parties hereto and their respective heirs, personal and legal representatives and successors in interest.

19. **Cancellation for Other than Default or Misrepresentation.** If Seller shall be unable to transfer the Lease and the membership certificate in accordance with this Offer for any reason not due to Seller's willful acts or omissions, then the sole obligation of Seller shall be to refund to Buyer the earnest money and reimburse Buyer for the actual costs incurred for Buyer's title search, except such reimbursement shall not be required if a cancellation occurs due to failure of the Newport to approve Buyer's application for membership. Upon making such refund, this Offer shall be cancelled and neither party shall have any further claim against the other hereunder.

20. **Notices.** Any notice or demand shall be in writing and either delivered personally or sent by certified or registered mail, postage prepaid, return receipt requested, to the party and simultaneously, in like manner, to such party's attorney, at the addresses set forth above, or to such other address as shall hereafter be designated.

Each notice shall be deemed given on the same day if delivered by hand or on the following business day if sent by overnight delivery, or the second business day following the date of mailing.

21. **Holdover by Seller Penalty.** In the event Seller holds over and occupies the Coop beyond closing, Seller shall pay Buyer a use and occupancy charge equal to twice the total daily assessment attributable to Seller's membership.

22. **Closing Statement to be Filed.** Immediately after closing, Buyer and Seller shall notify the Newport thereof and file at the offices of the Newport a copy of the closing statement executed in conjunction with the closing of the transaction.

23. **No Survival.** No representation and/or covenant contained herein shall survive closing except as expressly provided. Computational errors shall survive and be corrected after closing.

24. **Governing Law.** This Offer shall be governed by the laws of the State of Wisconsin. Any action or proceeding arising out of this Offer shall be brought in the county where the Coop is located and the parties hereby consent to said venue.

25. **Time of the Essence.** Time is of the essence with respect to all dates set forth in this Offer.

26. **FIRPTA.** The parties shall comply with IRC §§897, 1445 and related provisions, as amended, and any substitute provisions of any successor statute and the regulations thereunder ("FIRPTA"). The Seller shall furnish to the Buyer at or prior to closing a Certification of Nonforeign Status in accordance with FIRPTA. If the Seller fails to deliver such certification by closing, the Buyer shall deduct and withhold from the Purchase Price such sum required by law and remit such amount to the **IRS**.

27. **Copy To Be Filed.** Buyer shall furnish a copy of this Offer to the Newport by attaching the same to Buyer's application for membership.

28. **Notice Regarding Lead-Based Paint.** Buyer acknowledges receipt of Exhibit A which is attached hereto and incorporated herein by this reference. Exhibit A is a disclosure regarding the possibility of lead-based paint and lead-based paint hazard.

Dated: _____

BUYER: _____

29. **Exhibit "B", NEWPORT DEBT** Buyer acknowledges receipt of Exhibit B which is attached hereto and incorporated herein by this reference. Exhibit B is a disclosure regarding the Newport's Corporate Debt and the allocation of that debt among the Members of the Newport.

Dated: _____

BUYER: _____

30. **ANNUAL FEE LETTER** Buyer acknowledges receipt of the most recent copy of the Annual Fee Letter, usually issued in December, which is attached hereto and incorporated herein by this reference.

Dated: _____

BUYER: _____

The above Offer is hereby accepted. The undersigned Seller acknowledges receipt of a copy of this Offer:

SELLER: _____

Date: _____