

PURCHASE AND SALE AGREEMENT

THIS AGREEMENT, is made and entered into this __ day of November, 2009 by and between: Richard M. Coan, Trustee, whose mailing address is 495 Orange Street, New Haven, Connecticut 06511 (hereinafter referred to as "Seller") and East Rock Partners, L.L.C., a Connecticut Limited Liability Company whose mailing address is 146 Deep Wood Drive, Hamden, Connecticut 06517 Connecticut (hereinafter referred to as "Buyer"), as follows:

1. SUBJECT PROPERTY:

The Property that is the subject of this Purchase and Sale Agreement is all that certain tract of land, together with all improvements thereon, known as 191, 197 and 199 Foster Street, New Haven, Connecticut (the "Property"), more particularly described on Schedule "A" attached hereto and made a part hereof.

2. PURCHASE PRICE:

The Seller agrees to sell and the Buyer agrees to buy the Property for the sum of \$575,000.00 which amount is payable as follows:

a. By certified, attorney's trustee's check or bank treasurer's or check at the time this Agreement is executed by Buyer and Seller; \$25,000.00

b. By certified, attorney's trustee's check or bank treasurer's check at the time of closing and delivery of the deed to the Property, subject to adjustments as herein specified;

\$550,000.00

TOTAL

\$575,000.00

3. ADJUSTMENTS:

Real estate taxes, municipal assessments, if any, water, and like matters shall be adjusted pro rata as of the date the deed is delivered to Buyer in the custom associated with sale of real property in New Haven, Connecticut. Seller shall pay all local and State conveyance taxes, to the extent applicable to this transaction.

4. REPRESENTATIONS AND ADDITIONAL AGREEMENTS BY SELLER:

a. The Seller shall seek entry of an order approving this Agreement as a “Stalking Horse Agreement” (the “Bidding Procedures Order”) and establishing procedures for the sale of the Property under the auspices of the United States Bankruptcy Court, which procedures shall include provisions for a potential auction (the “Auction”) of the Property. The Bidding Procedures Order shall (i) include a determination that Buyer is a “Qualified Bidder” (as that term is defined in the Bidding Procedures Order”), and (ii) approve all transactions contemplated by this Agreement conditioned upon, and subject to, the completion of the sale process established by the Bidding Procedures Order.

b. At the time of closing of title, the Seller agrees to execute an Affidavit, based on the best of his knowledge, information and belief, with respect to mechanics liens, survey accuracy, as well as such other documents as reasonably may be requested by the Buyer’s attorney or title insurance company.

c. Seller shall use his best efforts to obtain hearing(s) to approve, and seek approval of (i) the Bidding Procedures Order, and (ii) this Agreement (and the transactions contemplated hereby) as promptly as practicable.

5. BANKRUPTCY COURT ORDERS; BIDDING PROCEDURES

a. Break-Up Fee. In the event this agreement is terminated because Seller enters into and consummates the sale of the Property to a person or entity other than Buyer (an "Alternative Transaction") pursuant to the terms of the Bidding Procedures Order, Seller shall pay to Buyer a break-up fee in the amount of Eleven Thousand Five Hundred Dollars (\$11,500) plus an Expense Reimbursement of up to Thirty Thousand Dollars (\$30,000) to reimburse Buyer's actual expenses for completing its environmental due diligence (collectively the "Break-up Fee"), which amount shall be paid concurrently with the closing of the Alternative Transaction. Seller and Buyer agree that it would be difficult, if not impossible, to ascertain and calculate the damages to Buyer from an Alternative Transaction, and that the Break-up Fee represents a good faith effort to quantify the damages; the Break-up Fee, accordingly, is not intended, and should not be deemed, to be a penalty.

b. Overbid Procedures. Buyer agrees and acknowledges that a person or entity other than the Buyer may be interested in acquiring the Property (an "Alternative Bidder") and that an Alternative Bidder may submit an acquisition proposal (an "Alternative Proposal") in accordance with the process established in the Bidding Procedures Order. An Alternative Proposal must provide for a minimum purchase of \$615,000 (before any reduction in price for environmental remediation) payable in cash.

c. Approval Order. The Closing of the transactions contemplated hereby are subject to the entry of an order of the Bankruptcy Court (the "Approval Order") in the form and substance reasonably acceptable to Seller and Buyer, which among other things, must, (i) determine that this Agreement was proposed by Buyer in good faith and represents the highest and best offer for the Property and should be approved; (ii) determine Buyer is a good faith purchaser under Section 363(m) of the Bankruptcy Code and that the provisions of Section 363(n) of the Bankruptcy Code have not been violated ; (iii) authorize and direct Seller to sell the Property to Buyer pursuant to this Agreement and Section 363 of the Bankruptcy Code, free and clear of all liens, claims, interests, liabilities and encumbrances (including any and all "interests" in the Acquired Assets within the meaning of Section 363(f) of the Bankruptcy Code); (iv) authorize Seller to execute, deliver, perform under, consummate and implement this Agreement, together with all additional agreements, instruments and documents that may be necessary to consummate the transactions contemplated hereby; (v) determine that the transfer of the Property shall benefit the Estate and its creditors; (vi) determine that Seller has (A) the full power and authority to execute this Agreement and all other documents contemplated hereby, and all of the transactions contemplated hereby have been duly and validly authorized by all necessary action of each of the Seller; and (B) the power and authority, including power and authority necessary to consummate the transactions contemplated hereby.

d. Best Efforts. Seller shall use his best efforts to obtain hearing(s) to seek approval of (i) the Bidding Procedures Order, and (ii) this Agreement (and the transactions contemplated hereby) as promptly as practicable.

6. SELLER'S CONTINGENCIES:

The obligations of Seller to consummate the transactions contemplated by the Agreement shall be subject to the following conditions precedent. Each of the following conditions may be waived by Seller, but only if such waiver is set forth in writing executed by Seller, which may be done without further order of the Bankruptcy Court and without notice to any other Person. If any of the following conditions shall not be satisfied, and is not waived by Seller, Seller may terminate this Agreement and, provided that Buyer is not in default hereunder, no Party shall have any further liability to the other.

(a) Each of the representations and warranties of Buyer set forth herein shall be true and correct in all material respects on and as of the Closing Date.

(b) Buyer shall have performed and complied with all of its agreements, covenants, and obligations including, without limitation, the covenants set forth herein through the Closing Date.

(c) The Bankruptcy Court shall have entered the Bidding Procedures Order and the Approval Order, and the Bidding Procedures Order and the Approval Order shall not have been reversed, vacated or stayed.

If this Agreement is terminated under subparagraph (c) above, then Seller shall return the Buyer's Good Faith Deposit.

7. BUYER'S CONTINGENCIES:

Buyer's obligations hereunder are subject to and contingent upon the following. In the event Buyer is unable to satisfy any one or more of the contingencies hereinafter set forth within 45

days of the execution of this Agreement shall be terminated, all monies paid by Buyer shall be returned to Buyer by Seller and each party shall be relieved of any further obligation to the other. Buyer agrees to pursue satisfaction of all contingencies at its own expense with due diligence subject to the break up fee contingency as set forth herein.

a. An inspection of the onsite buildings and an A-2 survey of the Property, both of which shall be acceptable to the Buyer in connection with constructing a residential condominium housing project.

b. Buyer will provide an estimate to the Seller for the removal of machinery and personal property, and the Buyer will be entitled to a reduction of up to \$25,000 from the purchase price to pay for the removal of such machinery and personal property. If the Buyer's estimate to remove the machinery is greater than \$50,000, then Buyer may terminate this Agreement on notice to the Seller made within 45 days of the execution of this Agreement, time being of the essence.

c. Completion by Buyer's duly qualified environmental expert of a Phase II and/or Phase III Site Assessment of the Property, which shall include (i) a review and analysis of the litigation, closure requirements, fines and penalties assessed or threatened by the Department of Environmental Protection Agency (the "DEP Matters"), and (ii) the estimated costs to remediate the Property and address/resolve the DEP Matters in a manner sufficient to bring the Property into compliance with environmental standards governing residential real estate, which sum shall include and specify all of the costs Buyer incurs in examining the Property, filing fees, post remediation monitoring and testing, post closing compliance with the Transfer Act, resolution of the DEP Matters and other such issues (the "Environmental Costs").

i. In the event the findings from the Phase II or Phase III site assessments or the review of the DEP Matters determine that the Property is not suitable for residential condominium housing the Buyer may terminate this Agreement and recover its deposit and neither party shall have any further liability to the other.

ii. In the event that the Environmental Costs exceed the sum of \$100,000.00, then the Seller shall reduce the purchase price by the amount that the projected Environmental Costs exceed \$100,000.00. By way of example, if the total cost to remediate the property was projected at \$200,000.00, the reduced purchase price will be \$475,000.00.

iii. If the projected Environmental Costs exceed \$200,000 but are less than 450,000.00, the Seller will have the right to terminate this Agreement.

iv. If the projected Environmental Costs exceed \$450,000, either the Buyer or the Seller will have the right to terminate this Agreement.

If this Agreement is terminated under subparagraph (b)(iii) and (iv) above, then Seller shall return the Buyer's Good Faith Deposit.

c. In connection with satisfying the contingencies set forth in this Agreement the Buyer its agents, servants and/or employees, may enter upon the Property in order to perform its inspections, make surveys, test borings, engineering and environmental studies and the like. Buyer shall indemnify and hold Seller harmless from all damage resulting from claims asserted

against Seller from Buyer's entry and activity upon the Property and Buyer or its agents will provide to Seller evidence of insurance satisfactory to Seller with respect to said activity. In conducting Buyer's inspections, Buyer shall not harm the Property but may bore and/or drill into the ground but shall commit no waste thereto. Upon completion of Buyer's inspections, to the extent possible, Buyer shall restore the Property to the condition as existed prior to Buyer's inspections. In the event that Buyer has not paid any claim that it has agreed to indemnify and hold Seller harmless from, or fails to restore the Property to the condition as it existed prior to Buyer's inspections, then the Seller may retain the deposit set forth in paragraph 2.a. of this Agreement to the extent necessary to pay for such claim.

d. In connection with satisfying the contingencies set forth herein the Buyer and its agents may contact the Department of Environmental Protection Agency to discuss the DEP Matters and work towards a possible resolution to such matters.

e. Buyer shall deliver to Seller copies of all of documents produced by its experts regarding the DEP Matters and the Environmental Costs, and the Seller shall be entitled to publish those documents prior to the Auction and pursuant to the Approval Order in pursuit of an Alternative Transaction.

f. In the event that Buyer fails to close because of any of the contingencies set forth in this Section 5, then the Buyer will not be entitled to any Break Up Fee established in the Approval Order.

8. SELLER TO PROVIDE INFORMATION/DOCUMENTS:

After the Seller's execution of this Agreement, Seller shall provide Buyer with the following:

- a. All maps, surveys, plot plans, architectural drawings, blueprints, mechanical drawings or other diagrams, maps and plans in the Seller's possession or can be reasonably be obtained by the Seller, related to the Property;
- b. All engineering reports, tests, inspection results, including but not limited to environmental reports related to the Property;
- c. All documents associated with the DEP Matters.

Until Buyer takes title to the Property, Buyer agrees to treat any of the foregoing information and/or documentation which is not public record as confidential, and to disclose the same only to Buyer's agents, servants, employees and contractors in furtherance of satisfying the contingencies set forth in Paragraph 5, above. In the event Buyer does not take title to the Property, all such information and/or documentation, as well as any copies thereof shall be returned to Seller and all information and/or documentation obtained pursuant to this Paragraph 6 shall be held in confidence.

9. TRUSTEE DEED:

Seller agrees to deliver a good and sufficient Trustee's deed for the Property to the Buyer upon payment of the Purchase Price as set forth herein, executed and acknowledged by the Seller in a manner proper for recordation in Connecticut subject only to:

- a. All laws, ordinances, governmental regulations including zoning and environmental laws, present and future.

b. Taxes for the current year which shall be adjusted as of the date of closing.

c. Rights of way, easements, agreements, or conveyances of record, roads, construction of roads, railroads, public utilities, telephone and power lines, if any, as set forth on Schedule "A".

10. RISK OF LOSS:

All risk of loss or damage to the Property and/or any assets by fire, theft, or other casualty until the closing of title shall be on the Seller and in the event of loss of damage which is not repaired or replaced prior to closing, Buyer shall elect either to:

- a. Receive any insurance payable on account of such damage and take title; or
- b. Rescind this Agreement and receive back any amounts paid on account or by

way of deposit in which event all rights under this Agreement shall terminate.

11. DATE, TIME, AND LOCATION OF CLOSING:

Title shall be delivered and pass, and the purchase price shall be paid, at the offices of Parrett, Porto, Parese & Colwell, P.C., 2319 Whitney Avenue, Hamden, Connecticut within 30 days of completion of Buyer's due diligence activities.

12. POSSESSION:

The Buyer shall have exclusive possession of the Property as of the date of closing.

13. DEFAULT BY BUYER:

In the event that Buyer defaults hereunder with regard to payment of the Purchase Price, and Seller is not in default, the deposit paid by Buyer shall be retained by Seller as liquidated damages, it being specifically understood, acknowledged and agreed by the parties hereto that the damages

resulting from the Buyer's breach would be uncertain in amount and difficult to prove and that the amount agreed herein is a reasonable one to cover the legal fees and miscellaneous costs incidental to the sale of the Property, including the removal of the Property from the market and the loss of time in finding a ready, willing and able Buyer. Seller shall have no other claim, cause or action against Buyer as a result of the breach hereof in law or in equity.

14. FAILURE TO DELIVER GOOD TITLE:

In the event that Seller is unable to convey title in conformity with this Agreement, Buyer shall have the right to terminate this Agreement by notifying Seller thereof within (45) forty-five days after Buyer is notified of or discovers the inability of Seller to convey such title, and upon such notification by Buyer, all monies received by the Seller pursuant to the terms of this Agreement shall be immediately returned to Buyer and this Agreement shall terminate and be null and void as to the parties.

In alternative to the foregoing, Buyer at its sole discretion, shall accept such title as the Seller may be able to convey with a reduction of, or credit or allowance against the Purchase Price, and without any other liability on the part of the Seller.

15. DEFAULT BY SELLER:

In the event that the Seller defaults hereunder with respect to any of its obligations, all of which shall constitute an event of default, Buyer may enforce the Seller's obligations herein in law and/or in equity, it being specifically understood, acknowledged and agreed to by the parties hereto that Seller's obligations herein may be specifically enforced at Buyer's election. Buyer may elect to

terminate this Agreement and receive back all sums paid pursuant to this Agreement. The foregoing shall not be construed as prohibiting Buyer from pursuing any other available remedies

16. ASSIGNMENT:

This Agreement may not be assigned by either the Buyer or Seller, without the prior written consent of the other party.

17. BROKERAGE:

Buyer and Seller agree that the Prudential Connecticut Realty Co. and H. Pearce Real Estate are the only brokerage agencies involved in this transaction and Seller shall be solely responsible for payment of any brokerage commissions. Seller and Buyer agree to indemnify and save each other harmless from any and all claims made by any other real estate brokers for commissions on account of this transaction.

18. GOVERNING LAW:

The laws of the State of Connecticut shall apply to this Agreement and shall govern its interpretation and enforcement.

19. BINDING EFFECT:

This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, successors, administrators and assigns.

20. ENTIRE CONTRACT:

It is understood and agreed that this Agreement, including any schedules attached hereto constitutes the entire Agreement between the parties hereto, and that no oral statements or

promises, offers, letters, and no understandings not embodied in this writing, shall be valid or binding.

21. NOTICES:

Any notices or demand under this Agreement shall be in writing hand delivered, sent by facsimile transmission or delivered by Registered Mail, Return Receipt Requested, and sent as follows:

To Seller: Coan, Lewendon, Gulliver & Miltenberger, LLC
ATTN: Richard Coan
495 Orange Street
New Haven, Connecticut 06511

Copy to: Coan, Lewendon, Gulliver & Miltenberger, LLC
ATTN: Timothy Miltenberger
495 Orange Street
New Haven, Connecticut 06511

To Buyer: East Rock Partners, L.L.C.
ATTN: Peter de Bretteville
46 Deep Wood Drive
Hamden, Connecticut 06517

Copy to: Carl M. Porto II, Esq.
Parrett, Porto, Parese & Colwell P.C.
2319 Whitney Avenue
Hamden, Connecticut 06518

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement as of the day and year first written above.

Signed, Sealed and Delivered
in the Presence of:

East Rock Partners, L.L.C.

By: _____
Peter de Bretteville, Its Manager

Richard Coan, Trustee
