

REAL ESTATE PURCHASE AND DEVELOPMENT AGREEMENT

THIS REAL ESTATE PURCHASE AND DEVELOPMENT AGREEMENT (this "Agreement") is entered into as of the ___ day of _____, 2026 by and between North East Borough; North East, PA; Erie County, Pennsylvania ("Borough") and _____ ("Developer").

The Borough and Developer, in consideration of the mutual promises and covenants hereinafter set forth, and intending to be legally bound hereby, agree as follows:

1. The Property. The real estate to be conveyed and developed pursuant to this Agreement is situated in North East Borough, County of Erie and Commonwealth of Pennsylvania, is commonly known as 19 Smedley Street; North East, Pennsylvania and bears Erie County Tax Parcel No.36005040000800.

2. Title. The Borough shall convey to Developer good and marketable title to the Property by special warranty deed, which deed shall be delivered at Closing; subject to the terms and conditions of this Agreement. Developer agrees that a Memorandum of this Agreement may be recorded in the Office of the Recorder of Deeds of Erie County immediately following recordation of the deed, at the expense of Developer.

3. Purchase Price. The purchase price for the Property shall be _____ AND 00/100 Dollars (\$ _____), which Developer shall pay to Borough at Closing in cash, by wire transfer, or in certified funds.

4. Deposit. Developer has deposited with Borough cash in the amount of \$0.00 as a good faith deposit (the "Deposit"). The Borough shall be under no obligation, but shall have the right, to put the Deposit in an interest-bearing account. If Borough tenders title in accordance with the Agreement and Developer fails to take title to the Property in accordance with this Agreement, Borough will retain the Deposit and any interest accrued thereon as liquidated damages. To secure Developer's obligations under this Agreement, the Deposit shall continue to be held by Borough following Closing as a security completion deposit under the following terms and conditions:

a. After issuance of a Certificate of Completion, Borough shall use the Deposit to record the Certificate of Completion, and the balance of the Deposit, without interest, shall be returned to Developer.

b. If there is an Event of Default by Developer after Closing, Borough may, in addition to any other remedies it may have, retain the Deposit absolutely, together with any interest accrued thereon.

5. Preparation of Documents. The Borough will prepare and execute any deed required under this Agreement and Developer will prepare all other documents necessary for Closing, including the closing or settlement statement. All legal costs incurred for preparation of documents (other than the deed) under this Agreement will be assessed to Developer at Closing.

6. Closing. Developer shall pay the purchase price and take title to the Property in accordance with the terms of this Agreement (the "Closing") not later than two (2) months after delivery to Developer of a fully executed copy of this Agreement ("Delivery Date"). Developer shall schedule Closing within such time limit by notifying the Borough at least ten (10) days in advance of the proposed Closing date.

7. Inability of Borough to Convey Title. If the Borough provides notice to Developer that the Borough is not able to convey title as required by Paragraph 2, Developer shall within fifteen (15) days of

such notice elect to (i) either take such title as Borough can give without abatement of price, or (ii) terminate this Agreement. If this Agreement is terminated, there shall be no further liability or obligation by either of the parties hereunder, the Deposit shall be refunded to the Developer, and this Agreement shall become null and void.

8. Disclaimer of Warranties and Representations. The Borough makes no warranty or representations of any kind, express or implied, as to the condition of the Property, including any environmental contamination. Developer is purchasing the Property “AS IS, WHERE-IS and WITH ALL FAULTS condition, including all defects known and unknown.

9. Casualty Loss Prior to Closing. Any loss or damage to the Property or to any improvements thereon which may occur between the date of this Agreement and the time of conveyance of title to Developer, as a result of fire or other casualty, Developer may terminate this Agreement by written notice to the Borough. If this Agreement is terminated, there shall be no further liability or obligation by either of the parties hereunder, the Deposit shall be refunded to the Developer, and this Agreement shall become null and void.

10. Taxes and Other Municipal Charges.

- a. All real estate transfer taxes due in connection with this transaction shall be paid by Developer.
- b. Real estate taxes, water, sewer, and other utility charges will be prorated at Closing on a fiscal year basis between Borough and Developer. The Borough will be responsible for such items up to and including the date of Closing and Developer will pay for all days following Closing.
- c. Developer shall pay all costs to record the deed and a Memorandum of this Agreement, and all other recording fees.

11. Encumbrances; Construction Financing

- a. Prohibition Against Encumbrances. No mortgage, judgment, lien, encumbrance, security interest, attachment, levy or any other adverse charge (collectively, “Encumbrance”) shall be recorded or filed against the Property without the prior written consent of the Borough. Any approved Encumbrance may not be granted to anyone other than a bank, savings institution, commercial credit company, real estate investment trust, or other nationally recognized investment company.
- b. Notice of Financing. Should Developer propose to obtain financing for the acquisition of the Property or construction of the Improvements to be secured by an Encumbrance upon the Property or any part thereof, Developer shall notify Borough in writing at least thirty (30) days prior to closing on the financing.
- c. Removal of Unapproved Encumbrances. Should any unapproved Encumbrance attach to the Property or any part thereof prior to the issuance of the Certificate of Completion, Developer shall notify the Borough in writing and immediately take all necessary action to remove, satisfy, or discharge the Encumbrance.
- d. Mortgagee’s Rights. Any mortgage holder that has received prior approval by the Borough (“Approved Mortgagee”) which obtains title to the Property or any part thereof as a result of foreclosure or other judicial proceedings or action in lieu thereof shall be exempted from those provisions of this Agreement which require construction and completion of the Improvements within the times stated

herein. These exemptions shall not run in favor of any purchaser at foreclosure or judicial sale other than an Approved Mortgagee nor in favor of any person who subsequently obtains title to the Property or any part thereof from an Approved Mortgagee. No person, including an Approved Mortgagee, may devote the Property or any part thereof to any use or construct any improvements thereon other than those permitted uses and Improvements as provided in Paragraph 11 below. In all cases, the terms and conditions of this Agreement regarding the development of the Property shall continue to bind the Property unless modified or waived in writing by North East Borough.

e. Mortgagee's Option to Cure Defaults. An Approved Mortgagee shall, within thirty (30) days from the date of mailing by the Borough of a notice of an Event of Default hereunder, have the right to exercise the following options:

(1) to cure or remedy such Event of Default and to add the cost thereof to the sums due under its mortgage and the lien thereof; or

(2) to assume the position, and all rights, duties and obligations of Developer as if such Approved Mortgagee were substituted for and succeeded Developer in all provisions of this Agreement, in which event the Borough may require the prior execution and delivery of an Agreement with the Approved Mortgagee which provides for development of the Improvements consistent with this Agreement.

f. Notices of Default to and from Approved Mortgagees. A copy of any notice of an Event of Default delivered by the Borough to Developer under Paragraph 21 shall be sent to each Approved Mortgagee at its last address shown in the Borough's records. A copy of any notice or demand delivered by any Approved Mortgagee to Developer for any breach or default with regard to any Encumbrance shall be forwarded to the Borough in accordance with Paragraph 21.

12. Obligation to Develop. Developer shall develop the Property in a good and workmanlike manner in accordance with Developer's proposal attached hereto as Exhibit A, any additional development specifications set forth in Exhibit B attached hereto, and all applicable building and property maintenance codes (collectively, the "Work").

13. Commencement of Work and Completion of Construction. Prior to commencement of the Work on the Property, Developer shall obtain, at its sole cost and expense, all permits, licenses, approvals and variance required by any governmental body. Developer shall commence the Work within six (6) months after Closing (the "Commencement Date") and shall complete all Work required hereunder to the satisfaction of the Borough within eighteen (18) months from Closing (the "Completion Date").

14. Property Insurance. Developer shall, at its sole cost and expense, insure the Property and all improvements in an amount sufficient to guarantee reconstruction of the improvements and in any event in an amount not less than the full insurable value of the Property and improvements. The full insurable value shall be defined as the replacement cost of the Property and the improvements, plus the cost of removing the debris produced by the destruction of the improvements, less the fair market value of the Property as a cleared site. The amount of insurance shall be increased as the full insurable value increases, an evaluation of which shall be made annually on the anniversary date of Closing. Prior to its entry upon the Property, Developer shall furnish the Borough a certificate of insurance in form and with companies satisfactory to the Borough and providing that coverage may not be canceled or terminated without thirty (30) days prior written notice to the Borough.

15. Certificate of Completion. Promptly after completion of the Work described in Paragraph 12, and compliance with the terms of this Agreement by Developer, Developer shall request and the

Borough shall prepare a certificate of completion (“Certificate of Completion”) in a form suitable for recording in the Office of the Recorder of Deeds of Erie County. The Certificate of Completion shall provide that the terms, conditions, and obligations of this Agreement shall be deemed completed and/or terminated except for Paragraph 16 (Indemnification) and Paragraph 17 (Covenant Against Discrimination). Paragraph 8 (Disclaimer of Warranties and Representations) shall be deemed covenants running with the land.

16. Indemnification. Developer shall defend, indemnify, and hold harmless the Borough and all of its directors, officers, and employees from and against any and all claims for injury or damage, including attorneys’ fees and costs, arising from or during the performance of Developer’s obligations under this Agreement. This obligation shall survive the issuance of a Certificate of Completion.

17. Covenant Against Discrimination. Developer hereby covenants, promises and agrees that:

a. Developer will not discriminate against any contractor, employee, or applicant for employment because of race, color, creed, gender, religion, sex, sexual orientation, disability, or national origin; and

b. No person shall be deprived of the right to live in the Property or to use any of the facilities therein by reason of race, creed, color, national origin, gender, sexual orientation, or disability; and

c. There shall be no discrimination in the use, sale or lease of any part of the Property against any person because of race, creed, color, religion, national origin, gender, sexual orientation, or disability.

18. Speculation Prohibited. Developer represents and warrants that its purchase of the Property and its undertakings pursuant to this Agreement are and will be for the purpose of redevelopment of the Property and not for speculation in land holding. Developer further recognizes that, in view of (i) the importance of the redevelopment of the Property to the general welfare of the community; and (ii) the substantial financing and other public aids that have been made available by law and by government entities for the purpose of making such redevelopment possible, the qualification and identity of Developer and its owners are of particular concern to the community and the Borough. Developer recognizes that it is because of such qualifications and identity that the Borough is entering in this Agreement with Developer and, in so doing, is further willing to accept and rely on the obligations of Developer for the faithful performance of all undertakings by it to be performed without requiring additionally a surety bond or similar undertaking for such performance of all undertakings and covenants in this Agreement.

19. Restrictions on Transfer and Assignment of Interest in Developer. Prior to issuance of a Certificate of Completion, unless the Borough has given its prior written consent, neither Developer nor any person, corporation, partnership, or other legal entity owning a controlling legal or equitable interest in Developer will:

a. transfer, cause to be transferred or suffer any legal or equitable interest in Developer or the ownership of Developer to be transferred; or

b. cause or suffer to be caused any similar significant change in the legal or equitable ownership of Developer, the identities of the parties in control of Developer, or the degree of control by any method or means whatsoever; or

c. assign this Agreement; or

d. sell, mortgage, pledge, encumber, lease or otherwise transfer the Property or any part thereof, nor will it suffer any such transfer to be made.

However, Developer may enter into any agreement to sell the Property or any part thereof or interest therein, which conveyance shall take effect after the issuance of a Certificate of Completion. In such event, Developer shall submit to the Borough all instruments and other legal documents related to the transfer.

20. Events of Default. Each of the following shall constitute a default (“Event of Default”) under this Agreement:

a. if any proceeding under the provisions of the Federal Bankruptcy Code shall be filed against Developer or Developer shall submit themselves to such proceedings;

b. if Developer shall make an assignment for the benefit of creditors;

c. if a receiver shall be appointed for Developer or the property or assets of Developer;

d. if Developer or any contractor engaged to perform the Work at the Property, commences work at the Property for which a permit, license, variance or other approval is required by a governmental body but is not obtained;

e. if Developer, in the opinion of the Borough, fails to prosecute the Work upon the Property diligently with such force of workers and mechanics as shall be satisfactory to the Borough;

f. if Developer shall, in the opinion of the Borough, refuse, omit or neglect to furnish and supply a sufficiency of property, materials and/or workers required to prosecute the Work upon the Property to completion;

g. if Developer fails to promptly pay for any Work or materials when due;

h. if any mechanic’s or materialmen's lien or claim is filed against the Property or notice of intention to file such is given and not removed, satisfied or discharged within thirty (30) days;

i. if any judgment, lien (including the lien of delinquent taxes), encumbrance, notice of lien, attachment, levy or any other adverse charge be entered or filed against the Property or improvements thereon and not removed, satisfied or discharged within thirty (30) days;

j. if Developer fails to commence the Work by the Commencement Date or complete the Work by the Completion Date; or

k. if Developer violates or fails to keep, perform or comply with any of the terms, provisions and covenants to be kept, complied with and performed under this Agreement.

Upon the occurrence of an Event of Default, and following the expiration of the Cure Period described in Paragraph 21, the Borough may, in its sole discretion, (i) institute any and all proceedings permitted by law or equity against Developer or any successor, and/or (ii) exercise its rights under Paragraph 23 of this Agreement.

21. Notice of Default. Upon the occurrence of an Event of Default, the Borough will send written notice to Developer. Developer shall proceed immediately to cure the Event of Default. If Developer fails both (i) to take and diligently pursue such action that will cure the Event of Default, and (ii) to cure the Event of Default, all within sixty (60) days from the date of mailing of such demand (“Cure Period”), the Borough may enforce its rights provided in this Agreement.

22. Termination and Cancellation of Agreement. If the Event of Default occurs before conveyance of the Property to Developer or consists of refusal to accept conveyance of the Property in accordance with this Agreement, then the Borough may cancel this Agreement and retain the Deposit.

23. Condition Subsequent and Right of Re-Entry. This Agreement has been entered into on the condition that upon the occurrence of an Event of Default and expiration of the Cure Period, the Borough may enter upon and into the Property and by this entry terminate the estate that had been conveyed to the Borough to Developer and revert title to the Property to the Borough absolutely, including but not limited to recording a duly-authorized and executed Declaration of Reverter in the Office of the Recorder of Deeds of Erie County. A notice of this right of reverter shall be included in the deed of conveyance from the Borough to Developer.

24. Limitation of Developer’s Remedies. Developer agrees that if the Borough defaults with respect to its obligation to convey the Property, Developer’s sole remedy shall be to terminate this Agreement and obtain a refund of the Deposit. However, if the Borough defaults with respect to its obligations related to the issuance of the Certificate of Completion, Developer may have recourse to an action for specific performance, but not an action for money damages.

25. No Merger. None of the provisions of this Agreement shall be deemed or are intended to merge with the deed to Developer or any subsequent deed and shall not be deemed to affect or impair the provisions, obligations and covenants of this Agreement.

26. Recordation of Instruments. The parties agree that a Memorandum of this Agreement shall be recorded in the Office of the Recorder of Deeds for Erie County immediately following the recordation of the deed delivered in accordance with this Agreement, at the expense of Developer.

27. Notices. All notices, demands or other communications under this Agreement by any party to the other shall be in writing and shall be deemed sufficiently given or delivered only if sent by registered or certified mail, postage prepaid, return receipt requested, or delivered personally with receipt obtained.

In the case of Developer, notice shall be sent to the attention of:

Patrick J. Gehrlein- Borough Manager
North East Borough
31 West Main Street
North East, PA 16428

or such other address as Developer or Borough may from time to time designate in writing.

28. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto, their successors and assigns, including any public body which shall succeed to or have assigned to it any of the functions of the Borough with respect to this Agreement, and any permitted transferee of Developer, and any reference to the Borough or Developer in this Agreement shall include reference to their respective successors, assigns, and transferees.

29. Amendments; Entire Agreement. This Agreement, including any exhibits, schedules and documents attached hereto, contains the entire understanding of the parties hereto with respect to the subject matter hereof, and no prior or other writing or oral agreement or undertaking pertaining to any such matter shall be effective for any purpose. This Agreement may not be changed or modified, nor any provision hereof waived, except in writing by the party to be charged thereby.

30. Governing Law. This Agreement shall be governed by and construed under the laws of the Commonwealth of Pennsylvania, excluding its conflict of laws rules.

31. Counterparts; Electronic Signatures. This Agreement may be executed in several counterparts, each of which shall be an original and which together shall constitute one and the same instrument. This Agreement, and any amendments thereto, may be signed or executed using electronic signatures. The authorization under this paragraph may include, without limitation, use or acceptance of a manually signed paper document which has been converted into electronic form (such as scanned into PDF format) for transmission, delivery and/or retention.

32. Time of the Essence. Time shall be of the essence of the performance of all obligations hereunder.

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

NORTH EAST BOROUGH

By: _____
Title: Patrick J. Gehrlein- Borough Manager

By: _____
Title: _____

