

MANAGEMENT AGREEMENT AND OPTION TO PURCHASE

THIS AGREEMENT made and entered into on this the ____ day of _____, 20__, by and between _____ (hereinafter "_____") and _____ (hereinafter "_____").

NOW, THEREFORE, FOR AND IN CONSIDERATION of the mutual promises and agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of all of which is acknowledged, _____ retains _____ to manage and operate that certain business known as _____ (the "Business") under the terms and conditions set forth below:

1. **Term** _____ agrees to retain _____ as the General Manager of the Business for a term commencing on _____, 20__, and continuing through _____, 20__ unless extended or terminated in accordance with the terms of this Agreement.

2. **Duties**. _____ shall manage and operate the Business for and on behalf of _____; provided, however, _____ shall only be required to devote such time and efforts as she, in sole and absolute discretion, shall deem prudent and necessary. _____ shall be solely responsible for the operation of the Business during the term hereof and _____ shall not interfere in any way with _____'s operation and management of the Business during the term hereof. The parties specifically agree that _____ shall have overall responsibility for all personnel actions and shall make all daily management and operating decisions. The direction of all personnel will be done by and through _____.

3. **Compensation** In consideration of all services to be rendered by _____, _____ shall pay to the _____ compensation during the term hereof equal to the Net Income of the Business less the sum of \$_____ per month. For the purposes of this Agreement Net Income shall be deemed to be the gross revenue of the business from all sources less all necessary operating expenses including, without limitation, salaries, wages, employment taxes, insurance, and food; provided, however, no deduction shall be made for income taxes, repairs or a salary or other compensation to _____ shall be made in calculating Net Income. Net Income shall be calculated monthly and _____ shall provide _____ with a written summary of his/her calculation of Net Income within five (5) working days after the last day of the calendar month. _____ shall maintain all accounting records on a cash basis. Upon request, _____ shall provide _____ with reasonable documentation supporting his/her calculation of Net Income. All revenue received from the operation of the Business shall be deposited into, and all operating expenses from the operation of the Business shall be paid out of, bank accounts over which _____ shall have exclusive control and access. At the same time that _____ delivers _____ his/her summary calculation of Net Income, _____ shall also deliver to _____ a check for the sum of _____ Dollars (\$_____).

4. **Repairs.** _____ agrees that within fourteen (14) days of the execution of this Agreement he will, at his/her sole cost and expense, repair or replace those items listed by the state health department as being deficient, including without limitation, replacing ceiling tiles, painting all interior walls and ceilings (if applicable), cleaning carpets and installing floor covering where necessary. Further, _____ agrees that during the term hereof he shall keep the building where the Business is located in good repair. If _____ shall fail to complete the specific repairs above or other necessary repairs which may arise during the term hereof, _____ shall be entitled to make such repairs and deduct the cost thereof from the amounts payable to _____ hereunder.
5. **Termination** _____ may terminate this Agreement, at will, and in his/her sole discretion upon seven (7) days written notice to the _____. This Agreement also may be terminated at any time upon the mutual written agreement of the _____ and _____. In the event _____ dies during the term of this Agreement, this Agreement shall terminate, and _____ shall pay to _____'s estate the Net Income which would otherwise be payable to _____ through the end of the week in which _____'s death occurs.
6. **Option to Purchase.** _____ hereby grants to _____ the option and right to buy all of the assets of the Business, including the real property described in Exhibit A, (hereinafter the "Assets") on the terms set forth herein:

- (a) This option shall remain in effect until _____, 20__ and shall thereupon expire, unless this option is sooner exercised.
- (b) To exercise this option, _____ must notify _____ of his/her intention to purchase the Assets by certified mail within the option period.
- (c) Upon exercise of the option, _____ and _____ agree that this agreement shall become a contract to purchase on the following terms:
- (i) The purchase price shall be _____ Dollars (\$_____), and shall be paid in cash or by cashiers check at Closing.
- (ii) In connection with the purchase of the Assets, _____ will not assume any liabilities of _____. _____ agrees to indemnify _____ with respect to all such non-assumed liabilities, including, without limitation, any liabilities with respect to any environmental claims or employees of _____, which result from operation of the Business prior to the Closing. _____ will also agree to indemnify and hold harmless _____ with respect to any liabilities incurred by _____ to the extent such liabilities arise out of obligations imposed or claimed to be imposed by operation of law on _____ as successor to _____ and the business of _____.

- (iii) Except as provided herein below, all Assets will be transferred "as is", meaning that they will be transferred in whatever condition they exist at the time of the Closing.
- (iv) During the period from the date of this Agreement until the Closing, _____ and his/her representative shall have access to all facilities, equipment, buildings, personnel, computers, books and records of _____ relating to the Business and to the Real Property, and _____ shall furnish to _____ financial and other data and information requested for the completion of _____'s investigation of the Business.
- (v) The parties' respective counsel (initially, counsel for _____) will prepare an appropriate purchase agreement (the "Purchase Agreement") and other appropriate documents to effectuate the transactions herein contemplated, such documents to be subject to approval by the parties. The Purchase Agreement will contain: (A) appropriate warranties as to the financial statements of _____ and the title of the Assets, (B) indemnification provisions in favor of _____ against liabilities of _____ under claims based on or arising out of actions or events which occurred on or before the Closing, (C) allocation of the purchase price, (D) appropriate provisions concerning the confidentiality

of the transaction herein contemplated, (E) other provisions mutually acceptable to the parties.

(vi) Closing shall occur not later than thirty (30) days after exercise of the option, unless extended in writing by mutual agreement of the parties.

(vii) At Closing, _____ shall provide _____ with a Certificate of Title regarding the real property from an attorney upon whose certificate _____ can obtain title insurance should they so desire. Title to all of the Assets shall be conveyed by appropriate warranty deed, warranty bill of sale or other necessary instruments of conveyance with _____ conveying good title, free and clear of liens but subject to all existing building restrictions, restrictive covenants, easements, rights-of-way, and mineral reservations of record. _____ shall pay the costs of providing the certificate of title, warranty deed, warranty bill of sale or other conveyance documents. All other closing costs shall be paid by _____. If _____ exercise the option but _____ is unable to convey marketable title at Closing and cannot cure the defects within thirty (30) days, _____ shall be entitled to recover damages suffered as a result of _____'s non-performance.

(viii) Taxes shall be prorated as of the date of Closing.

(ix) _____ reserves the right to make the purchase herein contemplated through a subsidiary of _____ or to assign its rights and obligations under the Purchase Agreement to such subsidiary.

(x) The parties agree that there are no fees or commissions due any Broker or Finder on account of this proposed transaction.

(xi) Each party agrees that such party will pay the fees and expenses of its accountants, attorneys and others in connection with this Agreement, the transaction herein contemplated and the negotiation of the Purchase Agreement.

7. **Exclusive Negotiating Rights.** In consideration of the expenditures of time, effort and expense by _____ in connection management of the Business and his/her contemplated purchase of the Business, _____ agrees that between the date of the execution of this Agreement and the later of Termination or Closing he will not enter into or conduct any discussions with any other prospective purchaser of the Business, and that _____ will use his/her best efforts to preserve the Business and to retain the goodwill of his/her customers, suppliers and others having business relations with him.

8. **Extension.** _____ shall have option to extend this Agreement, including the Option to Purchase, for an additional term of six (6) months by giving _____ at least fourteen (14) days written notice prior to the expiration of the initial term.

9. **Miscellaneous Provisions.**

- (a) The provisions of this Agreement shall be binding upon and inured to the benefit of the heirs, personal representatives, successors and assigns of the parties.
- (b) Any notice or other communication required or permitted to be given under this Agreement shall be in writing and shall be mailed by certified mail, return receipt requested, postage prepaid, addressed to the parties as follows:

All notices and communications shall be deemed given at the expiration of three (3) days after the date of mailing. The address to which notices or other communications shall be mailed shall be changed from time to time by giving written notice to the other party as provided above.

- (c) In the event of a default under this Agreement, the defaulted party shall reimburse the non-defaulting party or parties for all costs and expenses reasonably incurred by the non-defaulting party or parties in connection with the default, including without limitation, attorney's fees. Additionally, in the event a suit or action is filed to enforce this Agreement or with respect to this Agreement, the prevailing party or parties shall be reimbursed by the other party for all costs and expenses incurred in connection with the suit or action, including without limitation, reasonable attorney's fees at the trial level and on appeal.
- (d) No waiver of any provision of this Agreement shall be deemed, or shall constitute, a waiver of any other provision, whether or not similar, nor shall any waiver constitute a continuing waiver. No waiver shall be binding unless executed in writing by the party making the waiver.

(e) This Agreement shall be governed by and shall be construed in accordance with the laws of the State of _____.

(f) This Agreement constitutes the entire agreement between the parties pertaining to its subject matter and it supersedes all prior contemporaneous agreements, representations and understandings of the parties. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by all parties.

WITNESS OUR SIGNATURES, this the ____ day of _____, 20__.

