

MEMBERSHIP INTEREST SALE AND PURCHASE AGREEMENT

THIS MEMBERSHIP INTEREST SALE AND PURCHASE AGREEMENT (this "Agreement"), is made to be effective the 17th day of April, 2018 (the "Effective Date"), by and between Joel Kunza ("Seller"), Robert Scott ("Buyer") and Lucy's Burgers, LLC, a Minnesota limited liability company (the "Company").

WHEREAS, the Company was duly organized on the 2nd day of June, 2016, pursuant to Chapter 322C of the Minnesota Statutes;

WHEREAS, Seller is the record and beneficial owner of fifty percent (50%) of the issued and outstanding membership interests of the Company (the "Seller Membership Interests");

WHEREAS, Buyer is the record and beneficial owner of fifty percent (50%) of the issued and outstanding membership interests of the Company (the "Buyer Membership Interests");

WHEREAS, Seller desires to sell the Seller Membership Interests, and Buyer desires to purchase the Seller Membership Interests pursuant to the terms and conditions set forth in this Agreement;

WHEREAS, Seller desires to sell Seller's interest in the Company and to resign as a governor and an officer of the Company pursuant to the terms and conditions set forth in this Agreement; and

WHEREAS, Buyer acknowledges that Buyer is familiar with the Company's activities and financial situation and is relying solely on Buyer's examination in making the purchase of the Seller Membership Interests.

NOW, THEREFORE, in consideration of the Recitals and the mutual promises and covenants contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the Parties hereto agree as follows:

1. Agreement to Buy and Sell: Buyer hereby agrees to buy and Seller hereby agrees to sell, assign, and transfer to Buyer all of Seller's right, title and interest in and to the Seller Membership Interests free and clear of any and all liens, claims, charges or encumbrances, at the price and in the manner and upon the terms provided herein.
2. Purchase Price and Closing: The aggregate total purchase price of the Seller Membership Interests shall be One Hundred Thousand and no/100 (\$100,000.00) Dollars (the "Purchase Price"). The Purchase Price shall be paid at Closing by delivery to Seller of Buyer's secured promissory note (the "Note"), a true and correct copy of which is attached hereto as Exhibit "A".

3. Security. The Note shall be secured by:
 - (a) A pledge and security agreement executed by Buyer granting to Seller a second position security interest in and to the Seller Membership Interests (the “Pledge and Security Agreement”). A true and correct copy of the Pledge and Security Agreement is attached hereto as Exhibit “B”.
 - (b) A mortgage executed by Buyer granting to Seller a mortgage lien and security interest in and to the real property located in the County of Hennepin, State of Minnesota, and commonly known as 3322 Stinson Boulevard, Minneapolis, Minnesota (the “Mortgage”). A true and correct copy of the Mortgage is attached hereto as Exhibit “C”.
4. Membership Interests: Upon closing of this transaction, and payment by Buyer to Seller of the Purchase Price, Buyer will have a one hundred percent (100%) membership interest in the Company. The Parties hereto agree that, upon execution of this Agreement and payment of the Purchase Price, Exhibit A to the Operating Agreement of the Company dated June 2, 2016, shall be replaced by a new Exhibit A to the Operating Agreement of the Company reflecting the fact that Buyer is the owner of 100% of the membership interests in the Company.
5. Resignation: Seller shall resign as governor and officer of the Company effective as of the Effective Date of this Agreement, and such resignation shall be substantially in the form of Exhibit “D” attached hereto and made a part hereof.
6. Termination and Release. The Parties hereto agree that this Agreement shall not be terminated unless and until Seller is released from all of Seller’s obligations as guarantor under that certain line of credit loan with Village Bank, and Seller’s obligations as guarantor under that certain lease between Lucy’s Burgers, LLC and KW Commercial Midwest. Seller agrees that upon sale of Seller’s residence located in North Oaks, Minnesota, Seller will pay off the outstanding balance owing under Seller’s Note and any line of credit with Village Bank in order to effect the release of Seller’s personal guarantee.
7. Representations and Warranties of Seller: Seller represents and warrants to Buyer and the Company that Seller is the record and beneficial owner of the Seller Membership Interests, free and clear of all liens, claims, pledges, security interests and all other limitations or restrictions whatsoever.
8. Seller Benefit: The Parties hereto agree that upon closing of the transaction contemplated herein, Seller and spouse shall be provided with a Company platinum card which entitles Seller and spouse each 1 free entrée and beverage of choice, including alcoholic beverages, from the Company until such time as Seller is no longer living.
9. Indemnification: Each Party will indemnify, defend and hold harmless the other Party or Parties and the Parties’ representatives, agents, managers, governors and/or other members from and against any and all loss, liability, damage or expense (including, without limitation, interest paid to third parties, penalties, accountants’ expenses and attorneys’ fees) due to a breach of any of the representations and warranties or covenants of such Party contained in this Agreement.

Notwithstanding any provision herein to the contrary, Buyer shall indemnify Seller, its successors and assigns, against and shall hold Seller, its successors and assigns, harmless from (i) any loss, cost, expense, claim, cause of action, or damage, including reasonable attorneys' fees, arising out of or resulting from the operation of Company business or the ownership of the stock on or after the Date of Closing and (ii) from the breach of any of Buyer's representations, warranties, covenants, obligations, disclosures, or agreements contained herein, whether such loss, cost, expense or damage arises prior to or after the Date of Sale.

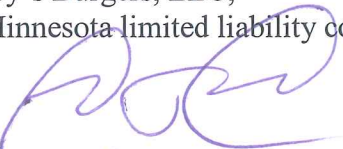
10. Miscellaneous:

- (a) This Agreement contains the entire agreement of the Parties with respect to the subject matter hereof, and this Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective heirs, legal representatives, successors and assigns.
- (b) The Parties hereto agree to execute and deliver any and all instruments that may be necessary to carry out the intent and purpose of this Agreement.
- (c) If any term or provision of this Agreement shall be held to be invalid, unenforceable, or void for any reason, then such term or provision shall be modified to the extent necessary to make it enforceable. If such term or provision cannot be modified, the Parties agree that such term or provision shall be severed while all other terms of this Agreement remain in effect.
- (d) No Party may assign its rights or obligations under this Agreement without the prior written consent of the other Parties to this Agreement.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement to be effective as of the day and year first above written.

COMPANY:

Lucy's Burgers, LLC,
a Minnesota limited liability company

By: 
Its: President

SELLER:


Joel Kunza, individually

BUYER:


Robert Scott

EXHIBIT "A"

(Promissory Note)

PROMISSORY NOTE

\$100,000

North Oaks, Minnesota
Effective: April 19, 2018

FOR VALUE RECEIVED, the undersigned, Robert Scott, a Minnesota resident ("Borrower") under the terms of this Promissory Note ("Note") hereby unconditionally promises to pay to the order of Joel Kunza, a Minnesota resident, ("Holder") the principal amount of One Hundred Thousand and no/100 Dollars (\$100,000.00) together with all accrued and unpaid interest as set forth herein, both payable in the manner set forth below. Borrower may repay any amounts borrowed hereunder at any time without penalty.

1. Repayment. Commencing on August 1st, 2018, Borrower shall pay monthly to Holder, Two Thousand Two Hundred Twenty-Four and 44/100's Dollars (\$2,224.44). Payments shall first be applied to accrued and unpaid interest, the balance shall be applied to outstanding Principal. On the fifth anniversary date hereof, Borrower shall pay any remaining Principal outstanding and all accrued but unpaid interest with respect thereto.

2. Interest. Simple interest shall accrue on the outstanding principal amount hereof from September 1, 2018 until payment in full is received by Holder, which interest shall be equal to Twelve Percent (12%) per annum.

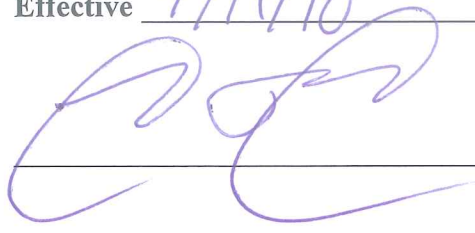
3. Security. This Note is secured by that certain Pledge and Security Agreement of even date herewith executed by Borrower in favor of Holder (the "Pledge and Security Agreement") and by that certain Mortgage of even date herewith executed by Borrower, as mortgagor, in favor of Holder, as mortgagee (the "Mortgage"). Borrower's obligations and the rights of the parties hereto are subject to the terms of the Pledge and Security Agreement and the Mortgage.

4. Default. Borrower's failure to pay timely any of the principal amount due under this Note or any accrued interest or other amounts due under this Note pursuant to the terms hereof, shall constitute an Event of Default as defined hereinafter. If Borrower does not pay the overdue amount within thirty (30) days after receiving a written notice of such default from Holder, Holder may require immediate payment of the full amount of principal which has not been paid and all the interest that the Borrower owes on that amount. No delay or omission on the part of Holder hereof in exercising any right or options given to such Holder, shall impair any such right or option or be considered as a waiver or acquiescence of any default hereunder. The Borrower hereby waives presentment, demand, notice of dishonor and protest and recognizes that Holder may demand payment of this Note on the date of maturity hereof. Borrower agrees that any action or proceeding to enforce this Note may be commenced in the courts of the State of Minnesota. This Note shall be construed in accordance with the laws of the State of Minnesota.

5. Notices. Any notice that must be given to Borrower under this Note will be given by delivering it or by mailing it by certified mail addressed to the Borrower at the address set forth in this Note.

Borrower Address: 4 Leafwing Drive MN 55127

Effective 4/19/18, 2018



Robert Scott

EXHIBIT "B"

(Pledge and Security Agreement)

PLEDGE AND SECURITY AGREEMENT

THIS PLEDGE AND SECURITY AGREEMENT (this "Agreement") is made to be effective the 19 day of April, 2018, by and between Robert Scott ("Pledgor") and Joel Kunza ("Pledgee").

RECITALS

WHEREAS, contemporaneous with the execution and delivery of this Agreement, Pledgor has purchased from Pledgee all of Pledgee's membership interests (the "Membership Interests") of Lucy's Burgers, LLC, a Minnesota limited liability company (the "Company") pursuant to that certain Membership Interest Sale and Purchase Agreement of even date herewith between Pledgor and Pledgee (the "Purchase Agreement"), and Pledgor has executed a Promissory Note of even date herewith in favor of Pledgee in connection therewith (the "Note"); and

WHEREAS, Pledgor and Pledgee now desire to execute this Agreement upon the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the foregoing Recitals, Pledgor hereby agrees with Pledgee as follows:

1. The term "Pledged Interests" as used herein shall mean the Membership Interests owned by Pledgor. As security for the repayment of all obligations owed by the Pledgor to the Pledgee under the Note, Pledgor hereby pledges, assigns, hypothecates, delivers and sets over to Pledgee all of the Pledged Interests, and hereby grants to Pledgee a lien on and security interest in all of the Pledged Interests and all proceeds of the Pledged Interests, until the time all amounts currently owed or hereinafter owing to Pledgee by the Pledgor under the Note are paid in full and until Seller is released from all of Seller's obligations as guarantor under that certain line of credit loan with Village Bank, and Seller's obligations as guarantor under that certain lease between Lucy's Burger, LLC and KW Commercial Midwest is released.
2. Throughout the term of this Agreement, so long as no "Pledge Default" as described in Section 4 hereof shall have occurred, Pledgor shall have all rights of ownership with respect to the Pledged Interests.
3. In the event of the occurrence of a Pledge Default, Pledgee, without demand of performance or other demand, advertisement or notice of any kind to or upon Pledgor or any other person or entity (all and each of which demands, advertisements and/or notices are, to the extent permitted by law, hereby expressly waived), may exercise any and all rights of a secured creditor under the Uniform Commercial Code as in effect in the State of Minnesota. Nothing contained herein shall be deemed to limit or restrict any other remedy available to Pledgee.

4. In the event that the Pledgor is in default under the Note and any time to cure such default has expired ("Pledge Default"), any or all of the Pledged Interests held by Pledgee hereunder may, at the option of Pledgee and in addition to any other rights Pledgee may possess in a default event, be registered in the name of Pledgee or its nominees, as pledgees, and Pledgee or Pledgee's nominees may thereafter, exercise all rights, privileges and options pertaining to any of the Pledged Interests as if Pledgee were the absolute owner thereof, including without limitation the right to receive dividends payable thereon, all without liability except to account for property actually received by Pledgee, but Pledgee shall have no duty to exercise any of the aforesaid rights, privileges or options and shall not be responsible for any failure to do so or delay in so doing.

5. In the event of the occurrence of a Pledge Default, all distributions with respect to any of the Pledged Interests shall be paid to Pledgee to be held by Pledgee as additional security hereunder until applied to any amounts owing by the Pledgor to Pledgee pursuant hereto or pursuant to the Note and Pledgor, shall take actions and execute documents as may be necessary to cause the Company to make distributions in accordance with this provision.

6. Pledgor hereby represents and warrants with respect to the Pledged Interests owned by the Pledgor that:

(a) Pledgor, as of the date hereof, is the sole record and beneficial owner of the Membership Interests constituting the Pledged Interests;

(b) Except for the security interest granted hereby and other security interests granted to Pledgee, Pledgor is the owner of the Pledged Interests, free and clear of all liens, security interests or encumbrances, and Pledgor will defend the Pledged Interests against all claims and demands of all persons at any time claiming the same or any interest therein;

(c) Upon Pledgor's delivery of the Pledged Interests to Pledgee, this Agreement creates and grants a valid lien on and perfected security interest in the Pledged Interests;

(d) Pledgor will execute, deliver or endorse any and all instruments, documents, assignments, security agreements and other agreements and writings that Pledgee may at any time reasonably request in order to secure, protect, perfect or enforce the security interest and Pledgee's rights under this Agreement.

7. Upon the execution and delivery of this Agreement and filing with the appropriate governmental agency of UCC financing statements naming Pledgor as the Borrower and Pledgee as the secured party, Pledgee will have a valid, perfected, continuing, security interest in or lien on the Pledged Interests. All instruments of transfer are duly executed and give Pledgee the authority they purport to confer. The grant and perfection of the security interests in the Pledged Interests and other collateral for the benefit of Pledgee, in accordance with the terms hereof are not made in violation of the registration requirements of the Securities Act of 1933 (the "Securities Act"), any applicable provisions of other federal securities laws, state securities or "blue sky" laws, foreign securities law, or applicable general corporation law, limited liability company law or any other applicable law.

8. Miscellaneous.

(a) This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument

(b) This Agreement is intended to be a security agreement pursuant to the UCC for any and all of the Pledged Interests purported to be covered by this Agreement, and, prior to the occurrence of and continuation of a Pledge Default hereunder, any assignment of the respective Pledged Interests by Pledgor pursuant to this Agreement is an assignment for security purposes only.

(c) This Agreement shall be binding upon, and the benefits and obligations provided for herein shall inure to, the parties hereto and their respective heirs, legal representatives, successors, assigns and transferees as the case may be.

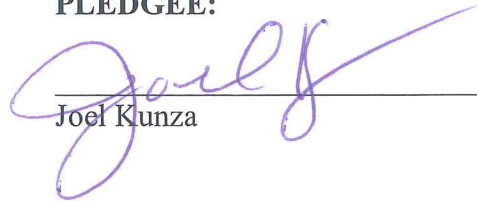
IN WITNESS WHEREOF, the parties have executed this Agreement effective on the date first above written.

PLEDGOR:



Robert Scott

PLEDGEE:



Joel Kunza

EXHIBIT "C"

(Mortgage)

MORTGAGE

Mortgage Registration Tax Due: \$ 240.00

DATE: April 19, 2018

THIS MORTGAGE ("Mortgage") is given by Robert Scott and Nicole Scott, a married couple, as mortgagor ("Borrower"), to Joel Kunza, as mortgagee ("Lender"). In consideration of the receipt of One Hundred Thousand and no/100 (\$100,000.00) Dollars (the "Indebtedness") from Lender, Borrower hereby mortgages, with power of sale, the real property in Hennepin County, Minnesota, legally described as follows:

See attached Exhibit "A"

Check here if all or part of the described real property is Registered (Torrens)

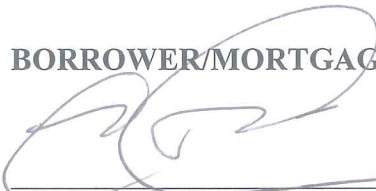
together with all hereditaments and appurtenances belonging thereto (the "Property").

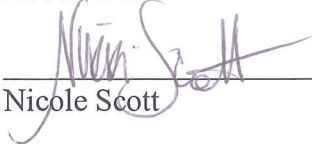
Borrower covenants with Lender as follows:

1. Repayment of Indebtedness. If Borrower (a) pays the Indebtedness to Lender according to the terms of the promissory note or other instrument of even date herewith that evidences the Indebtedness and all renewals, extensions, and modifications thereto (the "Note"), final payment of which is due five (5) years from the date hereof (the "Maturity Date"); (b) pays interest on the Indebtedness as provided in the Note; (c) repays to Lender, at the times and with interest as specified, all sums advanced in protecting the lien of this Mortgage, if any; and (d) keeps and performs all the covenants and agreements contained herein, then Borrower's obligations under this Mortgage will be satisfied, and Lender will deliver an executed satisfaction of this Mortgage to Borrower. It is Borrower's responsibility to record any satisfaction of this Mortgage at Borrower's expense.

2. Default. In case of default (i) in the payment of sums to be paid under the Note or this Mortgage, when the same becomes due, (ii) in any of the covenants set forth in this Mortgage, (iii) under the terms of the Note, or (iv) under any addendum attached to this Mortgage, Lender may declare the unpaid balance of the Note and the interest accrued thereon, together with all sums advanced hereunder, immediately due and payable without notice, and Borrower hereby authorizes and empowers Lender to foreclose this Mortgage by judicial proceedings or to sell the Property at public auction and convey the same in fee simple in accordance with Minn. Stat. Ch. 580, and out of the monies arising from such sale, to retain all sums secured hereby, with interest and all legal costs and charges of such foreclosure and the maximum attorneys' fees permitted by law, which costs, charges, and fees Borrower agrees to pay.

3. Terms of this Mortgage will run with the Property and bind the parties hereto and their successors in interest.

BORROWER/MORTGAGOR:


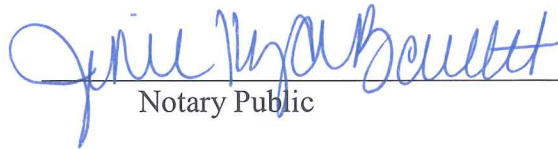
Robert Scott


Nicole Scott

STATE OF MINNESOTA)
)ss
COUNTY OF Ramsey)

This instrument was acknowledged before me this 10th day of April, 2018, by Robert Scott and Nicole Scott, a married couple.





Notary Public

This Instrument Drafted By:

Mark E. Duea (#027351X)
GDO Law
Cove Place Professional Bldg.
4770 White Bear Parkway, #100
White Bear Lake, MN 55110
(651) 426-3249
Attorneys for Lender/Mortgagee

TAX STATEMENTS FOR THE REAL PROPERTY DESCRIBED IN THIS INSTRUMENT SHOULD BE SENT TO: (insert name and address of Mortgagor)

Robert Scott
3322 Stinson Blvd.
Minneapolis, MN 55418

Note: Failure to record or file this mortgage may give other parties priority over this mortgage.

EXHIBIT "A" to Mortgage

(Legal Description)

The real estate being located in the County of Hennepin, State of Minnesota, and legally described as follows:

Lot Three (3), Block One (1), Gormley's 2nd Addition to Minneapolis, Hennepin County, Minnesota

EXHIBIT "D"

(Resignation)

Joel Kunza
8 Ironwood Lane
North Oaks, MN 55127

April 20, 2018

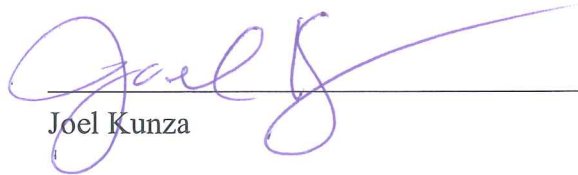
Lucy's Burgers, LLC
1190 County Road J #700
White Bear Township, MN 55127

To whom it may concern:

Please be advised that in accordance with Minnesota state law, the undersigned, Joel Kunza, hereby tenders his resignation as a Governor of Lucy's Burgers, LLC effective at 12:00 a.m. April 21, 2018.

Please be further advised that the undersigned, Joel Kunza, hereby tenders his resignation as Treasurer and all other officer positions of Lucy's Burgers, LLC effective at 12:00 a.m. April 21, 2018.. This resignation shall be effective for each and every officer position held by the undersigned.

Effective Date and Time: 12:00 a.m. April 21, 2018.


Joel Kunza