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Stock Purchase Agreement

INTRODUCTION: This is an offer and agreement dated NOVEMBER 28, 2020

DEFINITIONS: The following definitions and designations shall apply regardless of number or gender

CORPORATION HOWARD SOMMERS TOWING, INC

BUSINESS HOWARD SOMMERS TOWING, INC

State of Registration CALIFORNIA

Address 7691 DEERING AVENUE, CANOGA PARK, CA 91304

BUYER JON'S TOWING, INC.

SELLER (All shareholders)

[X] See attached (Shareholder Authorization form)

Contact Person HOVIG (JON) GABOUDIAN

Authorized Shareholder RANDI SOMMERS, CEO

SIGNING: Signing of this Agreement by both Buyer and Seller.

COP: Change of possession of business from Seller to Buyer

DAYS: Calendar days.

CLOSING: Transfer of Stock from Seller to Buyer.

STOCK: All the outstanding stock of the Corporation which is now owned by Seller and is to be purchased by Buyer.

BALANCE SHEET AT SIGNING: Corporation's latest balance sheet disclosed to Buyer prior to Signing, dated SEPTEMBER 30, 2020, which is attached.

BALANCE SHEET AT COP: Corporation's balance sheet as of COP.

NET CURRENT ITEMS: Current assets (including but not limited to cash, accounts receivable, inventory and prepaid expenses) less current liabilities (including but not limited to accounts payable, accrued expenses and accrued vacation) but not to include any items excluded in paragraphs 9.c.vii. and 9.d.iv., hereinafter "NCI".

1. SALE OF STOCK: Seller agrees to sell to Buyer and Buyer agrees to buy from Seller the Stock on the terms and conditions set forth below.

2. CONSIDERATION: The total consideration, which includes all the liabilities of the Corporation except as excluded in paragraph 9.d.v., shall be \$ paid or credited as follows:

- a. \$ as a deposit by Buyer upon signing this Agreement and included as part of the down payment. Broker is authorized to:
[] hold deposit check uncashed until escrow instructions are signed, or
[X] deposit check into escrow trust account or broker trust account upon acceptance of offer.
b. \$ additional cash deposited in escrow upon signing of escrow instructions
c. \$ additional cash deposited in escrow 2 days before Closing
d. \$ additional down payment provided from third party financing as described in paragraph 5.f
e. \$ Total down payment (a + b + c + d)
f. \$ approximate balance of a non-negotiable Seller note payable in equal monthly payments including 0.0% per annum interest computed from COP, so as to fully amortize over months (i.e., \$ per month), with payments to begin on date from COP. Note shall be secured by a pledge agreement on the Stock and a security agreement on the assets of the Business, contain a right to prepay without penalty and be assumable with Seller's consent, which shall not be unreasonably withheld. Seller note shall be subordinated to any third-party financing described in 5.d. if Buyer is a corporation or other entity, its owners shall personally guarantee this note.
[] See attached addendum for further details of the Seller note.
g. \$ purchase price of the Stock and any covenant not to compete (e + f)
h. \$ amount to be paid to Seller for consulting, employment or management agreements except as included in paragraph 18. Training
i. \$ amount for long-term liabilities (not included in NCI) on the Balance Sheet at Signing
j. \$ Total Consideration (g + h + i)


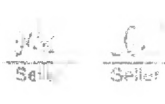
Handwritten signatures and stamps for Buyer, Seller, and Broker.

4. CLOSING AND POST-CLOSING ADJUSTMENTS:

- a. **ACI:** At Closing or before final disbursement, if there is any variation in NCI on the Balance Sheet at COP from NCI on the Balance Sheet at Signing (which is agreed to be \$ N/A); then to the extent NCI decreases the consideration, purchase price and down payment shall be decreased accordingly and to the extent NCI increases then the consideration and Seller note shall be increased accordingly. If NCI have increased and there is not a Seller note, Buyer shall execute a non-negotiable promissory note to Seller with right to prepay without penalty, payable in equal monthly installments, including N/A % per annum interest computed from COP, so as to fully amortize over N/A months, with payments to begin one month from COP. This note shall otherwise contain the same provisions as the note described in 3.f.
- b. **Long term liabilities:** At Closing or before final disbursement, if there is an increase/decrease in long term liabilities on the Balance Sheet at COP from the Balance Sheet at Signing, then 3.g. shall be increased/decreased accordingly and the purchase price (3.g.) shall be decreased/increased accordingly. Total consideration will not change. To the extent 3.g. decreases, the down payment shall decrease. To the extent 3.g. increases, the note due Seller shall increase. If 3.g. has increased and there is not a note to Seller, then Buyer shall execute a note to Seller as described in 3.f.
- c. **Inventory:** An inventory count shall be made on COP by Buyer and Seller, or by an independent inventory service, with the fee to be divided equally between Buyer and Seller. Inventory shall include equipment, raw material, work in process, saleable finished goods and consumable supplies, valued at lower of cost or market. Work in process and finished goods shall be valued at the actual cost of material and direct labor incurred by Seller.
- d. If the sales order backlog at Closing varies from the backlog at Signing, a closing adjustment will be made. Sales order backlog is the sum of all unfulfilled sales orders at net invoice amount. See attached schedule for details of the adjustment.
- e. **Post-closing review:** Not later than N/A days after Closing, Buyer and Seller shall review the Balance Sheet at COP. If there is any variance from the NCI or long term liabilities used in Closing, then the consideration, purchase price, down payment and note to Seller shall be adjusted in accordance with paragraphs 4.a. and 4.b. If the adjustment results in an amount due to Buyer, and the payment terms do not include a note to Seller, the Seller shall pay the adjustment amount to the Buyer in cash within N/A days after Closing.

5. CONDITIONS: This Agreement is subject to the following conditions:

- a. **Buyer's due diligence:**
- Within DONE days of Signing, Buyer shall request in writing any and all information and opportunity(ies) or access to inspect the premises as may reasonably be required to evaluate the Business.
 - Within DONE days of Buyer's request, Seller shall provide all requested information and access.
 - Within DONE days of Buyer's receipt, Buyer shall review and approve in writing the information requested and provided.
- b. **Seller's due diligence:**
- Within DONE days of Signing, Seller shall request in writing any and all information as may reasonably be required to evaluate Buyer's qualifications to purchase and operate the Business.
 - Within DONE days of Seller's request, Buyer shall provide all requested information.
 - Within DONE days of Seller's receipt, Seller shall review and approve in writing information requested and provided.
- Should either party not approve in writing, as provided in 5.a.ii or 5.b.iii, as applicable, within days from Signing, the other party may terminate this Agreement with written notice and failure to cure within 48 hours of such notice, and the Buyer's deposit will be returned, less Buyer's share of any escrow fees and costs incurred to the termination date.
- c. **Lease contingency:** Within N/A days from Signing or upon COP if sooner,
- Written consent of the landlord to assignment of the existing premises lease, if required by the lease, or
 - The making of a new lease between the landlord and Buyer which is acceptable to Buyer.
- d. **Financing contingency:**
- Buyer shall submit complete loan application(s) to N/A lenders within N/A days from Signing.
 - Buyer shall receive a commitment letter for third party financing in the amount of \$ N/A within days from Signing.
 - Buyer shall receive funding in the amount indicated in 5.d.ii within N/A days after Signing. Buyer shall use its best efforts to obtain said financing and Seller shall fully and promptly comply with lender requests for information and access to the Business.

 Buyer Seller

e. Attorney review: Buyer's and Seller's attorneys' review and approval of this Agreement. Such approval shall be conclusively presumed unless contrary written notice is given to the escrow holder or the other party's Broker within _____ days from Signing or upon Closing if sooner.

f. Other contingencies: OPG, CITY OF LOS ANGELES, CHP, LA COUNTY SHERIFF, PROPERTY MANAGEMENT CONTRACTS, BUYER SHALL SECURE NEW LOCATION TO RELOCATE THE BUSINESS.

If Buyer is unable to satisfy conditions 5.c, 5.d, 5.e or 5.f within the specified time limits, either party may terminate this Agreement by giving written notice to the other party's Broker, and the Buyer's deposit will be returned.

6. ESCROW: The Consideration, closing costs and closing adjustments shall be paid through an escrow to be established with WAIVED KHAM ING TO PROCESS THE CLOSING the escrow holder. Upon removal of conditions 5.a, 5.b and _____, Buyer and Seller agree to sign separate escrow instructions that define the duties of the parties and the escrow holder. All parties shall cooperate with the escrow holder in completing any documents and performing any acts necessary to complete this transaction. The Broker is a party to the escrow as to the payment of any broker's fees and an irrevocable assignee of the sale proceeds to the extent of such fees.

7. CLOSING DATE AND POSSESSION: The estimated date for Closing is JANUARY 31, 2021. Buyer and Seller shall make their best efforts to close on or before that date. COP shall occur at Closing.

8. SELLER AND BUYER DISCLOSURE STATEMENTS:

- a. Buyer has received and read the completed Seller's Disclosure Statement, or Seller shall provide to Buyer the completed Seller's Disclosure Statement within 3 days from Signing
- b. Buyer has received and read the completed Buyer's Disclosure Statement, or Seller shall provide to Seller the completed Buyer's Disclosure Statement within 3 days from Signing

The parties warrant the accuracy and completeness of their respective Disclosure Statements. The parties warrant that those representations are true, shall be true as of Closing and shall survive Closing.

9. SELLER REPRESENTATIONS AND WARRANTIES: Except as noted in paragraph 9.i. below, Seller represents and warrants as follows:

a. STATUS OF CORPORATION AND STOCK:

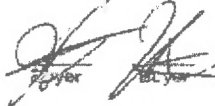

- i. Corporation is duly organized, validly existing and in good standing with the State of California and has all corporate powers and authority to conduct the Business as it is now being conducted. All the Stock is owned by the Seller and is validly issued, fully paid and non-assessable. The Corporation has no commitments to issue additional shares.
- ii. Seller is operating the Business in compliance with all applicable laws, environmental regulations and contracts. This compliance will not be violated by this sale and the Business will pass all applicable inspections upon COP. If any inspection by a government agency is required to complete Closing, Seller shall make whatever remedies are required to satisfy said inspection, and if remedies are not complete and paid for by Closing, then sufficient monies shall be held in Escrow to fund and or pay for the completion of such remedies.
- iii. All restrictions on the transfer of the Stock will be duly complied with or effectively waived.
- iv. This sale will not (a) cause the acceleration of any note balance or lease-purchase obligation, (b) if it has not been checked, cause the landlord to modify or end the premises lease, (c) end any financing or credit extended to the Corporation by any third party not listed in paragraph 9.d.iv. below, or (d) affect any of the following leases or contracts to which the Business is a party due to a change of control of the Corporation:

- | | |
|---|--|
| <input checked="" type="checkbox"/> Advertising contracts, including yellow pages | <input checked="" type="checkbox"/> Vehicle agreements |
| <input checked="" type="checkbox"/> Alarm system agreements | <input checked="" type="checkbox"/> Web site agreements |
| <input checked="" type="checkbox"/> Copier agreements | <input checked="" type="checkbox"/> <u>POSTAGE MACHINE</u> |
| <input checked="" type="checkbox"/> Telephone agreements | <input type="checkbox"/> _____ |
| <input checked="" type="checkbox"/> Other equipment leases | <input type="checkbox"/> _____ |
| <input checked="" type="checkbox"/> Other equipment service agreements | <input type="checkbox"/> _____ |
| <input checked="" type="checkbox"/> Software maintenance agreements | <input type="checkbox"/> _____ |

c. FINANCIAL STATEMENTS

All the financial information and statements furnished to Buyer are complete, accurate and prepared in a manner consistent with prior statements, and fairly present the financial condition of the Business as of the date stated on them.

Since the date of the last financial statements furnished, there have been no material adverse changes in the aggregate in the assets, liabilities, revenues, expenses or any other items shown on such statements.

 Buyer
 Seller

c. ASSETS OF THE BUSINESS:

- i. All assets currently used in the Business are owned by the Corporation, free from liens and encumbrances, and they are in good and operable condition, except as otherwise noted in 9.c.vii. below
- ii. All assets conform with all applicable building and zoning ordinances and regulations and other laws.
- iii. All accounts receivable of the Corporation arose from the normal course of business, none have been previously assigned and they are fully collectable
- iv. All resale inventory of the Business is marketable and in good condition.
- v. All leases and contracts relevant to the ownership and operation of the Business are complete and in effect, and there are no undisclosed amendments.
- vi. All insurance policies and other agreements of the Corporation are in full force and effect and Seller is not in default as to any of their provisions.
- vii. Exceptions _____

(Attach Exhibit _____ if more space is needed)

d. LIABILITIES:

- i. The financial and other information furnished to Buyer includes a full disclosure of all liabilities of the Corporation and all facts which might reasonably give rise to liability.
- ii. There are no claims or investigations existing that would affect the Business or its assets or the transfer of good title, and all pending or threatened litigation involving the Corporation has been disclosed.
- iii. There are no claims by distributors, sales representatives or customers because of defective products or services already delivered or rendered by Corporation, arising either now or in the future, which will be asserted against the Corporation. This warranty shall only apply so long as the Corporation maintains liability insurance comparable to that presently in force.
- iv. Seller shall remove the following liabilities from the Corporation prior to closing: SELLER SHALL USE FUNDS FROM PROCEEDS TO PAY OFF TRUCKS AT CLOSING _____ (Attach Exhibit _____ if more space is needed)

e. COMPLIANCE:

- i. Corporation has all necessary permits and authority and is operating the Business in compliance with all applicable laws and contracts. This compliance will not be violated by this sale. The Business will pass all applicable inspections upon Closing.
- ii. The Business and its premises are in compliance with all applicable hazardous waste and other environmental regulations.

f. TAXES: All tax returns required to be made by Corporation have been properly prepared, signed and timely filed and all tax liabilities have been paid.

g. EMPLOYEES:

- i. There are no material facts known to Seller or Corporation indicating employee or labor disputes which could adversely affect Corporation's business operations.
- ii. Balance sheet at COP will reflect all accrued payroll, vacation pay, bonuses, pension, profit sharing or other benefits accrued or owed to employees and all employee advances and loans (See 15.a).

h. SURVIVAL: All representations and warranties will be true at Closing as if made then and will survive Closing.

i. EXCEPTIONS: _____

10. SELLER COVENANTS: Seller and Corporation covenant jointly and severally that from signing until Closing:

- a. The Corporation's articles, by-laws and ownership will not change in any way.
- b. The Corporation will not incur or permit any additional encumbrances on the assets of the Business or dispose of any such assets, except in the normal course of business.
- c. The Corporation will not enter into any material or long-term contracts or any other transactions except in the normal course of business, and will make no changes in its labor or employment agreements.
- d. Corporation will continue to operate the Business in the usual way, protect its assets and goodwill, allow the Buyer to make reasonable inspections and maintain good relations with suppliers, customers and employees
- e. The Corporation will hold appropriate director and stockholder meetings and take all other steps necessary to legally perform this Agreement.
- f. Prompt notice will be given to Buyer of any event that materially alters the accuracy of the above Seller Representations, Warranties and Covenants.



Buyer



Seller



Signer

transferred as part of any future transfer of the Business. Any part of the purchase price to be allocated to this covenant shall be agreed upon by the parties and submitted to escrow prior to COP.

- 20. **CONDITIONS TO SELLER CLOSING:** Seller's obligations at Closing are subject to the satisfaction of the following conditions:
 - a. As of Closing, all the Buyer Representations and Warranties shall be true and all the Buyer Covenants shall be complied with and performed in all material respects.
 - b. All consents of third parties necessary to the performance of this Agreement by Buyer shall have been received.

- 21. **CONDITIONS TO BUYER CLOSING:** Buyer's obligations at Closing are subject to the satisfaction of the following conditions:
 - a. As of Closing, all the Seller Representations and Warranties shall be true and all the Seller Covenants shall be complied with and performed in all material respects.
 - b. All consents of third parties necessary to the performance of this Agreement by Seller shall have been received.

22. **MEDIATION OF DISPUTES:** Except as reasonably necessary for a party to seek equitable relief from a court, such as an injunction or other expedited relief (writ of attachment, specific performance, appointment of a receiver or similar remedies), as a condition precedent to initiation of any legal action or arbitration proceeding by either party, Buyer and Seller shall mediate any dispute or claim between them arising out of this Agreement or any resulting relationship or transaction between such parties. Either party may demand mediation by notice to the other party, which notice shall state the nature of the dispute to be resolved. From the date such notice is given, the parties shall agree upon a mediator not later than the tenth business day thereafter. If the parties cannot agree upon a mediator, the matter shall be submitted to the American Arbitration Association ("AAA") for appointment of a mediator and to conduct the mediation. Mediation shall occur in the county in which the Seller's Broker's office is located. The parties shall have 45 days from the selection of the mediator to commence the first mediation session. The parties shall share all mediation costs equally. The parties agree that any mediated settlement agreement may be converted to an arbitration award or judgment (or both) and enforced according to the governing rules of civil procedure. Should either party fail to participate timely and in good faith in the selection process for the mediator or in the mediation process, such party will be deemed to have refused mediation, and that party shall not be entitled to attorney fees that might be otherwise available to it in any subsequent court action or arbitration.

23. **BROKER FEE:** The Broker(s) identified in paragraph 17 has/have acted as the only Broker(s) for this sale and earned a broker's fee. Seller agrees to pay a broker's fee for services as follows:

- _____ percent of the Consideration to _____ Broker(s)
- _____ percent of the Consideration to _____ Broker(s)
- as per representation agreement between Seller and Seller's Broker
- as per agreement between Buyer and Buyer's Broker.

Broker's fee shall be payable (a) at Closing, or (b) if Closing is prevented by default of Seller, upon Seller's deposit with the deposit returned to Buyer.

24. **LIQUIDATED DAMAGES:** If Buyer fails to complete this purchase because of Buyer's default, Buyer shall relinquish and Seller shall retain, as liquidated damages, the entire sum of deposits paid under 3.a and 3.b, payable first to the broker's fee and any remaining amount released to Seller. Buyer and Seller agree that this amount is a reasonable sum given that it is impractical or extremely difficult to establish the amount of damages that would actually be suffered by Seller in the event Buyer were to default under this Agreement. In any action, proceeding or arbitration relating to the payment of such a fee, the prevailing party shall be entitled to reasonable attorney's fees and costs.

Buyer Initials: _____ Seller Initials: HS

25. **SUMMARY:** The entire agreement of the parties relating to the sale of the Stock is set forth in this Agreement and can only be modified in writing signed by the parties. There are no other representations, agreements, arrangements or understandings, either oral or written, between or among the parties hereto relating to the subject matter of this Agreement that are not fully expressed herein. This Agreement shall bind and benefit the parties and their legal successors and shall supersede any prior written or oral agreements. This Agreement may be signed in counterparts and faxed and electronic signatures may be considered as originals. Captions in this Agreement are for convenience only and shall not be considered in construing its meaning. In any action, proceeding or arbitration between buyer and Seller to enforce this Agreement, the prevailing party shall be entitled to reasonable attorney's fees, costs and expert witness cost, except as provided in paragraph 22. Venue shall be the county in which the Seller's Broker's office is located.

26. **NOTICES:** All notices or approvals required or permitted by this Agreement shall be in writing and shall be addressed to the parties at the respective addresses set forth below. Notice shall be sufficiently given for all purposes when: (a) personally delivered to the recipient; (b) delivered by an overnight delivery service, charges prepaid or charged to the sender's account; or (c) verification of electronic transmission is received. Any party or Broker may change its address by giving written notice of the change to the other parties and Broker(s) in accordance with the provisions of this paragraph.

[Signature]
Buyer

[Signature]
Seller

27. **ACKNOWLEDGMENT AND PERSONAL GUARANTEE:** By signing below, the Buyer and Seller each acknowledges that they have carefully read and fully understand this Agreement and have received a copy of it. The undersigned individuals signing for Buyer and Seller warrant that their signatures are legally sufficient to bind the Buyer and Seller. If the Buyer and/or Seller is a corporation or other entity, the undersigned personally guarantee the performance of this Agreement and any other agreements necessary to complete the purchase.

28. **ACCEPTANCE:** This offer shall expire unless it is accepted in writing by Seller and that acceptance is communicated to Buyer by N/A a.m. p.m. on N/A, 20 . Any later acceptance shall constitute a counteroffer. The undersigned Seller accepts and agrees to sell the Business Stock on the above terms and conditions.

THE CALIFORNIA ASSOCIATION OF BUSINESS BROKERS MAKES NO REPRESENTATION AS TO THE LEGAL VALIDITY OR ADEQUACY OF ANY PROVISION OF THIS FORM IN ANY SPECIFIC TRANSACTION. A BUSINESS BROKER IS NOT LICENSED OR QUALIFIED TO PROVIDE LEGAL, ACCOUNTING OR TAX ADVICE. SELLER AND BUYER ARE ADVISED TO CONSULT WITH INDEPENDENT ATTORNEYS, ACCOUNTANTS, AND OTHER COMPETENT PROFESSIONALS IN ENTERING INTO AND COMPLETING THE TRANSACTION.

Subject to attached addendum

Subject to attached counteroffer

BUYER

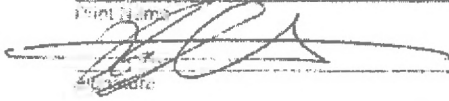
SELLER

HOWARD SCHMERS TOWING, INC.

SEE ATTACHED

Print Name

Name of Authorized Shareholder

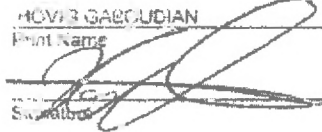


11, 30, 20
Date

Signature

HOVER GABOUDIAN

Print Name



11, 30, 20
Date

HOWARD SCHMERS TOWING, INC.

Corporation (or other entity)

By _____

Print Name and Title

Signature

Date

Address 9020 NORRIS AVE

Address 7891 DEERING AVE

City, State Zip SUN VALLEY, CA 91352

City, State Zip CANORA PARK, CA 91304

Signature of Broker's Agent (for Buyer)

Date

Signature of Broker's Agent (for Seller)

Date


LIST OF ATTACHMENTS AT TIME OF SIGNING:

- Agency Disclosure
- Shareholder Authorization
- Balance Sheet at Signing
- Equipment List
- Seller's Disclosure Statement
- Buyer's Disclosure Statement
- SECURED NOTE
- STOCK PLEDGE AGREEMENT
- ADDENDUM

Attachment to Stock Purchase Agreement


Seller Signature Page

Dated: November 30, 2020




Randi M. Sommers, Trustee
Third Amended and Complete Restatement of
The Randi M. Sommers Trust
Dated June 8, 2005, and
Executed October 23, 2007

Dated: November 30, 2020



Eleanor R. Sommers, Trustee
The Eleanor R. Sommers Trust Agreement
Dated July 12, 2013

Dated: November 30, 2020



Eleanor R. Sommers, Trustee
The Priscilla Sommers Trust created under the
First Amended and Fully Restated
Sommers Family Trust
Dated November 14, 2007