

MAINTENANCE AGREEMENT

This Agreement made this ___ day of May, 2008, by and between City of Lawrence, Kansas, a municipal corporation, and Free State Holdings, Inc., a Kansas corporation, Free State Group, LLC, a Kansas limited liability company, and Bauer Farms Residential, LLC, a Kansas limited liability company.

RECITALS

A. On or around October 2007, Free State Holdings, Inc., Free State Group, LLC, and Bauer Farms Residential, LLC (individually, an “**Owner**” and collectively, the “**Owners**”), acquired by purchase certain parcels of real estate located in Lawrence, Kansas, generally referred to as Bauer Farm, and legally described on Exhibit A attached to this Agreement.

B. On or around March 2008, the Owners received conditional approval of a Preliminary Development Plan (the “**PDP**”) from the City of Lawrence, Kansas (the “**City**”) for its proposed plan of development of Bauer Farm.

C. One of the conditions of approval of the PDP is a requirement that “A written agreement will executed between the City and Bauer Farm owners to specifically identify the extent of public/private areas and maintenance responsibilities within the development, prior to the submittal of a Final Development Plan Application.”

D. The Owners may form one or more owners’ associations (individually “**OA**” or collectively “**OAs**”) that shall be responsible for maintenance of certain portions of the Bauer Farm project.

AGREEMENT

1. **Recitals.** The recitals are hereby incorporated into and made part of this Agreement.

2. **Definitions.**

a. **Alleyways.** As shown on Exhibit B attached, the Bauer Farm project contains certain areas that serve as alleys between residential buildings that will be used to provide access to private garages located at the back of the residential units (“**Alleyways**”). The Owners intend to dedicate the Alleyways to the City as part of the Final Plat process

b. **Amenity Areas.** As shown on Exhibit B attached, the Bauer Farm project contains certain areas that have been designated amenity areas that will be owned, maintained and cared for by the OAs.

c. **Angled and Parallel Parking.** As shown on Exhibit B attached, the Bauer Farm project contains angled parking and parallel parking located within the public streets and rights of way (“Street Parking”). There may be angled or parallel parking located in areas that are not within or adjacent to a public street or right of way, and this Agreement is not intended to apply to these areas, which maintenance is to remain the responsibility of the Owners or one or more of the OAs.

d. **CCRs.** Owners shall file a legal document that may be called “Declaration of Covenants, Restrictions, Easements, Reservations and Assessments,” or similar title, that will designate certain common areas as Amenity Areas, create certain covenants, conditions and restrictions on the ownership and use of the property, and to create enforceable rights in the OA with respect to future maintenance of the property in the Bauer Farm development (there may be separate declarations filed, one for the commercial areas and one covering the residential areas). These documents (the “CCRs”) will bind the present and future owners of the properties. Owners shall be responsible for insuring that the CCRs are consistent with the maintenance obligations imposed on the Owners, the OAs, and the individual property owners pursuant to this Agreement.

e. **Final Plat.** The “Final Plat” is a document recorded with the Douglas County Register of Deeds office that shows the actual location of the rights of way (e.g., public streets and alleyways), and easements that are to be dedicated to the City. There may be several Final Plats filed with respect to this Project, and there may be rights of way and easements dedicated by separate instrument or an easement plat. Any reference in this document to Final Plat shall be deemed to refer to the respective Final Plat or easement plat that pertains to that particular area in the Bauer Farm project.

3. **Location of Utilities in Rights of Way.** All rights of way will be shown on the Final Plat to be filed with the City, following compliance with all City rules and regulations governing filing of final plats. The parties anticipate that certain public and private utilities – e.g. cable, telephone, electric, sanitary sewer, storm sewer, and water lines, may be located within or under rights of way that have been dedicated to the City. The location of such utilities may be shown on a plan that is approved by the City Public Works Department. Utilities installed underground shall be completed prior to any streets or sidewalk improvements.

4. **Snow Removal.** Unless and until such time as City policy shall be revised to include snow removal from alleys, snow removal from Alleyways shall be the responsibility of an OA. Snow removal from public streets and Street Parking (both parallel and angled) shall be responsibility of the City. Owners may create or designate areas that excess snow may be piled by City. The parties acknowledge that tight areas

located between the sidewalks and back of curb may create areas where snow plowed from streets and parallel parking areas is deposited on sidewalks. Snow removal on sidewalks shall be responsibility of either an OA or individual property owners, as set forth in the CCRs. The parties also acknowledge that in residential areas that snow may be “windrowed” into parallel and angled parking areas which may block vehicles that are parked in these areas or may block use of these areas. The City shall have no responsibility to remove windrowed snow in these situations.

5. **Maintenance of Frontage Between Property Line and Back of Curb.**

Maintenance such as mowing and landscaping, or repair of sidewalks or irrigation equipment in areas located between the property line and the back of curb or building and any public street, even if located in dedicated rights of way or utility easement areas, shall be the responsibility of either an OA or the individual property owners, as set forth in the CCRs.

6. **Pedestals and Transformers.**

Maintenance and mowing around any mechanical equipment pad site (i.e., electric, cable, or telephone) situated throughout the site shall be the responsibility of either an OA or individual property owners, as set forth in the CCRs. Nothing in this paragraph shall be construed to create an obligation to maintain the equipment or the pad site if these types of responsibilities are normally done by the respective utility provider or by the City.

7. **Street Lights in in Public Commercial Areas and Public Residential**

Areas. Owners shall pay for cost of initial installation of street lights in Public Commercial Areas and Public Residential Areas. Owner may select a decorative pole, and a decorative light fixture. In order for the City to assume maintenance responsibilities, the decorative pole and the kind of decorative light fixture must be agreed upon in advance by the Owners and the Public Works Department. If the decorative pole and decorative light fixture are approved by the City in advance, the City shall pay for electricity and ongoing maintenance of these street lights, including replacement of light bulbs.

8. **Surface Maintenance of Streets, Street Parking Areas and Alleyways.**

City shall maintain all public streets, Street Parking (both angled and parallel parking), curbs and gutters adjacent thereto public streets and public parking spaces, required or authorized public traffic parking control signage, and cross-walks located in public streets in accordance with existing City policies. The Alleyways are to be constructed of either concrete or asphalt and in accordance with City standards. Design standards for Alleyways shall be equivalent to street standards because the Alleyways are intended to be used for sanitation vehicles. Alleyways shall be used by the City for solid waste disposal and for access to utilities. Current City policy is to provide only minimum maintenance for alleys and there is no formal maintenance program for improved alleys. Alleyways in the Project shall be maintained by City in accordance with its current policies for alley maintenance.

9. **Islands and Roundabout.** Individual Owners or an OA , as set forth in the CCRs, shall install and plant all landscaping in islands and roundabouts in compliance with City standards, and an OA or individual property owners shall be responsible for all maintenance of plants and materials from back of curb, including irrigation equipment, if any, as set forth in the CCRs.

10. **Stormwater Detention Tracts and Common Commercial Signage.** Installation of stormwater detention tracts and common commercial signage shall be done in accordance with City standards, and with all normally required City approvals. The OAs or the individual property owners shall be responsible for all maintenance of plants and materials from back of curb, including irrigation equipment, if any, located in the stormwater detention tracts pursuant to the terms of one or more detention area maintenance agreements between the OAs and the individual property owners. Individual property owners related to the signage shall be responsible for maintenance of any common commercial signage located in these areas.

11. **Retaining Walls and Screening Walls.** Individual owners or an OA, as set forth in the CCRs, shall maintain all retaining walls, screening walls, fences or berms and associated landscape materials.

12. **Traffic and Parking Control Signs.** Individual owners or an OA, as set forth in the CCRs, shall maintain any private traffic and parking control signs located adjacent to or that serve any private drives located in the Bauer Farm project.

13. **Private Commercial or Directional Signage.** Any private directional or commercial signage located in the Bauer Farm project, whether located within or adjacent to any public street or rights of way, shall be maintained by an OA or the individual property owners, as set forth in the CCRs. Prior to placement of any private directional or commercial signage in a public street or right of way, the party placing the sign must obtain permission from the City and execute a license agreement with the City.

14. **No OA Formed or In Existence.** If there is no OA formed to perform any obligation herein provided to be performed by an OA, then the obligations imposed by this Agreement on such OA shall instead be the responsibility of the Owners. If after formation, an OA is later dissolved or disbanded, then the obligations imposed by this Agreement on an OA shall thereupon be the responsibility of the then current and future owners of the respective properties.

15. **Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which, when taken together, shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this document to be signed as of the day and year first written above.

OWNERS:

CITY OF LAWRENCE:

FREE STATE HOLDINGS, INC.,

a Kansas corporation

By: _____
Michael Dever, Mayor

By: _____
Michael L. Treanor, President

FREE STATE GROUP, L.L.C.,
a Kansas limited liability company

By: _____
Michael L. Treanor, Manager

BAUER FARMS RESIDENTIAL, LLC, a Kansas limited liability company

By: _____
Michael L. Treanor, Manager

By: _____
Doug Compton, Manager

STATE OF KANSAS)
)ss:
COUNTY OF DOUGLAS)

BE IT REMEMBERED, that on this _____ day of _____, 2008, before me, the undersigned, a Notary Public in and for the County and State aforesaid, came Michael Dever, Mayor of the City of Lawrence, Kansas, to me personally known to be the same person who executed the within instrument of writing, and duly acknowledged the execution of the same.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal the day and year last above mentioned.

Notary Public

My Appointment Expires: _____

STATE OF KANSAS)
)ss:
COUNTY OF DOUGLAS)

BE IT REMEMBERED, that on this _____ day of _____, 2008, before me, the undersigned, a Notary Public in and for the County and State aforesaid, came Michael L. Treanor, President of Free State Holdings, Inc., a Kansas corporation, and Manager of Free State Group, L.L.C., a Kansas limited liability company and Bauer Farms Residential, L.L.C., a Kansas limited liability company, to me personally known to be the same person who executed the within instrument of writing, and duly acknowledged the execution of the same.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal the day and year last above mentioned.

Notary Public

My Appointment Expires: _____

STATE OF KANSAS)
)ss:
COUNTY OF DOUGLAS)

BE IT REMEMBERED, that on this _____ day of _____, 2008, before me, the undersigned, a Notary Public in and for the County and State aforesaid, came Douglas J. Compton, Manager of Bauer Farms Residential, L.L.C., a Kansas limited liability company, to me personally known to be the same person who executed the within instrument of writing, and duly acknowledged the execution of the same.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal the day and year last above mentioned.

Notary Public

My Appointment Expires: _____

**EXHIBIT A
LEGAL DESCRIPTIONS**

BAUER FARMS - TRACT 1

A TRACT OF LAND IN THE SOUTHEAST QUARTER OF SECTION 28, TOWNSHIP 12 SOUTH, RANGE 19 EAST OF THE SIXTH PRINCIPAL MERIDIAN, IN THE CITY OF LAWRENCE, DOUGLAS COUNTY, KANSAS, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT WHICH IS SOUTH 88°11'38" WEST, 1040.80 FEET ALONG THE SOUTH LINE, AND NORTH 01°48'22" WEST, 75.00 FEET FROM THE SOUTHEAST CORNER OF SAID QUARTER SECTION, SAID POINT BEING ON THE NORTH RIGHT OF WAY LINE OF WEST SIXTH STREET; THENCE SOUTH 88°11'38" WEST, ALONG SAID NORTH RIGHT OF WAY LINE, 1494.15 FEET; THENCE NORTH 56°15'24" WEST, ALONG SAID NORTH LINE, 68.50 FEET TO THE EAST RIGHT OF WAY LINE OF WAKARUSA DRIVE; THENCE NORTH 01°44'19" WEST, ALONG SAID EAST RIGHT OF WAY LINE, 295.38 FEET; THENCE NORTH 26°45'46" WEST, ALONG SAID EAST LINE, 28.93 FEET; THENCE NORTH 01°52'17" WEST, ALONG SAID EAST LINE, 21.68 FEET; THENCE NORTH 88°11'38" EAST, 68.82 FEET; THENCE ON A 135.00 FOOT RADIUS CURVE TO THE RIGHT WITH A 130.49 FOOT CHORD BEARING SOUTH 62°54'23" EAST, AN ARC DISTANCE OF 136.19 FEET; THENCE ON A 135.00 FOOT RADIUS CURVE TO THE LEFT WITH A 130.49 FOOT CHORD BEARING SOUTH 62°54'23" EAST, AN ARC DISTANCE OF 136.19 FEET; THENCE NORTH 88°11'38" EAST, 1264.47 FEET; THENCE SOUTH 01°48'22" EAST, 257.00 FEET TO THE POINT OF BEGINNING. CONTAINS 9.622 ACRES, MORE OR LESS.

BAUER FARMS - TRACT 2

A TRACT OF LAND IN THE SOUTHEAST QUARTER OF SECTION 28, TOWNSHIP 12 SOUTH, RANGE 19 EAST OF THE SIXTH PRINCIPAL MERIDIAN, IN THE CITY OF LAWRENCE, DOUGLAS COUNTY, KANSAS, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT WHICH IS SOUTH 88°11'38" WEST, 1152.80 FEET ALONG THE SOUTH LINE, AND NORTH 01°48'22" WEST, 332.00 FEET FROM THE SOUTHEAST CORNER OF SAID QUARTER SECTION; THENCE SOUTH 88°11'38" WEST, 1152.47 FEET; THENCE ON A 135.00 FOOT RADIUS CURVE TO THE RIGHT WITH A 130.49 FOOT CHORD BEARING NORTH 62°54'23" WEST, AN ARC DISTANCE OF 136.19 FEET; THENCE ON A 135.00 FOOT RADIUS CURVE TO THE LEFT WITH A 130.49 FOOT CHORD BEARING NORTH 62°54'23" WEST, AN ARC DISTANCE OF 136.19 FEET; THENCE SOUTH 88°11'38" WEST, 68.82 FEET TO THE EAST RIGHT OF WAY LINE OF WAKARUSA DRIVE; THENCE NORTH 01°52'17" WEST, ALONG SAID EAST RIGHT OF WAY LINE, 7.85 FEET; THENCE NORTH 04°15'53" WEST, ALONG SAID EAST LINE, 247.85 FEET; THENCE NORTH 01°55'21" WEST, ALONG SAID EAST LINE, 121.41 FEET TO THE SOUTH RIGHT OF WAY LINE OF OVERLAND DRIVE; THENCE NORTH 88°11'38" EAST, ALONG SAID SOUTH RIGHT OF WAY LINE, 1460.65 FEET; THENCE SOUTH 01°48'22" EAST, 503.00 FEET TO THE POINT OF BEGINNING. CONTAINS 16.271 ACRES, MORE OR LESS.

BAUER FARMS - TRACT 3

A TRACT OF LAND IN THE SOUTHEAST QUARTER OF SECTION 28, TOWNSHIP 12 SOUTH, RANGE 19 EAST OF THE SIXTH PRINCIPAL MERIDIAN, IN THE CITY OF LAWRENCE, DOUGLAS COUNTY, KANSAS, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT WHICH IS SOUTH 88°11'38" WEST, 273.91 FEET ALONG THE SOUTH LINE, AND NORTH 01°48'22" WEST, 75.00 FEET FROM THE SOUTHEAST CORNER OF SAID QUARTER SECTION, SAID POINT BEING ON THE NORTH RIGHT OF WAY LINE OF WEST

SIXTH STREET; THENCE SOUTH 88°11'38" WEST, ALONG SAID NORTH RIGHT OF WAY LINE; 766.89 FEET; THENCE NORTH 01°48'22" WEST, 257.00 FEET; THENCE SOUTH 88°11'38" WEST, 112.00 FEET; THENCE NORTH 01°48'22" WEST, 503.00 FEET TO THE SOUTH RIGHT OF WAY LINE OF OVERLAND DRIVE; THENCE NORTH 88°11'38" EAST, ALONG SAID SOUTH RIGHT OF WAY LINE, 678.88 FEET; THENCE CONTINUING ALONG SAID SOUTH LINE ON A 260.00 FOOT RADIUS CURVE TO THE RIGHT WITH A 171.77 FOOT CHORD BEARING SOUTH 72°31'03" EAST, AN ARC DISTANCE OF 175.06 FEET; THENCE CONTINUING ALONG SAID SOUTH LINE ON A 340.00 FOOT RADIUS CURVE TO THE LEFT WITH A 224.62 FOOT CHORD BEARING SOUTH 72°31'03" EAST, AN ARC DISTANCE OF 228.92 FEET; THENCE NORTH 88°11'38" EAST, ALONG SAID SOUTH LINE, 59.99 FEET TO THE WEST RIGHT OF WAY LINE OF FOLKS ROAD; THENCE SOUTH 01°47'22" EAST, ALONG SAID WEST RIGHT OF WAY LINE, 316.06 FEET; THENCE SOUTH 88°12'38" WEST, 25.62 FEET; THENCE ON A 200.00 FOOT RADIUS CURVE TO THE LEFT WITH A 105.89 FOOT CHORD BEARING SOUTH 72°51'34" WEST, AN ARC DISTANCE OF 107.17 FEET; THENCE ON A 200.00 FOOT RADIUS CURVE TO THE RIGHT WITH A 105.84 FOOT CHORD BEARING SOUTH 72°51'04" WEST, AN ARC DISTANCE OF 107.11 FEET; THENCE SOUTH 88°11'38" WEST, 4.21 FEET; THENCE SOUTH 01°48'22" EAST, 257.00 FEET TO THE POINT OF BEGINNING. CONTAINS 16.442 ACRES, MORE OR LESS.

BAUER FARMS - TRACT 4

A TRACT OF LAND IN THE SOUTHEAST QUARTER OF SECTION 28, TOWNSHIP 12 SOUTH, RANGE 19 EAST OF THE SIXTH PRINCIPAL MERIDIAN, IN THE CITY OF LAWRENCE, DOUGLAS COUNTY, KANSAS, DESCRIBED AS FOLLOWS:

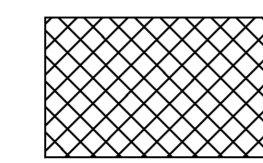
BEGINNING AT A POINT WHICH IS SOUTH 88°11'38" WEST, 40.00 FEET ALONG THE SOUTH LINE, AND NORTH 01°48'22" WEST, 75.00 FEET FROM THE SOUTHEAST CORNER OF SAID QUARTER SECTION, SAID POINT BEING THE INTERSECTION OF THE NORTH RIGHT OF WAY LINE OF WEST SIXTH STREET AND THE WEST RIGHT OF WAY LINE OF FOLKS ROAD; THENCE SOUTH 88°11'38" WEST, ALONG SAID NORTH RIGHT OF WAY LINE, 233.93 FEET; THENCE NORTH 01°48'22" WEST, 257.00 FEET; THENCE NORTH 88°11'38" EAST, 4.21 FEET; THENCE ON A 200.00 FOOT RADIUS CURVE TO THE LEFT WITH A 105.84 FOOT CHORD BEARING NORTH 72°51'04" EAST, AN ARC DISTANCE OF 107.11 FEET; THENCE ON A 200.00 FOOT RADIUS CURVE TO THE RIGHT WITH A 105.89 FOOT CHORD BEARING NORTH 72°51'34" EAST, AN ARC DISTANCE OF 107.17 FEET; THENCE NORTH 88°12'38" EAST, 25.62 FEET TO THE WEST RIGHT OF WAY LINE OF FOLKS ROAD; THENCE SOUTH 01°47'22" EAST, ALONG SAID WEST RIGHT OF WAY LINE, 313.00 FEET TO THE POINT OF BEGINNING. CONTAINS 1.544 ACRES, MORE OR LESS.

"Exhibit B"

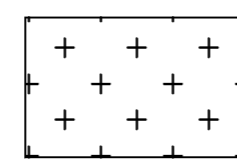
BAUER FARM



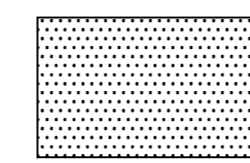
LEGEND



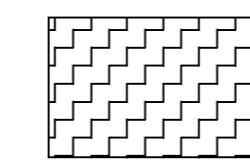
LANDSCAPED AREAS



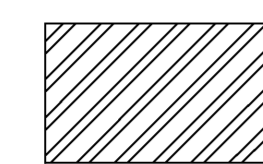
DETENTION AREAS



PUBLIC STREETS



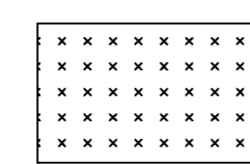
ALLEYWAYS



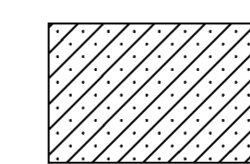
AMENITY AREAS



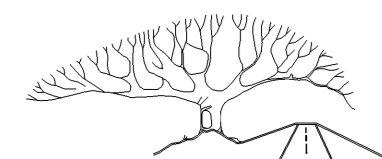
SIGN EASEMENT AREAS



PRIVATE STREETS



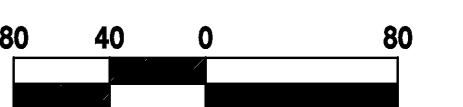
ANGLED & PARALLEL PARKING



Landplan Engineering, P.A.



NORTH



DATE: 7/22/08