

TERM SHEET

This Term Sheet sets forth preliminary terms outlining the basis upon which Metrolist, Inc. d/b/a REcolorado (“Buyer”) proposes to acquire certain assets and liabilities of Information and Real Estate Services, LLC (“Seller” or “Seller’s Business”). Such transaction is hereinafter referred to as the “Transaction.”

This Term Sheet is intended to summarize certain basic terms of the Transaction, and is not intended as a definitive list of all Buyer’s requirements in connection with the Transaction. Each of Seller and Buyer intend and agree that, except for the sections captioned “Applicable Law”, “Exclusivity” and “Expenses”, which shall be binding and enforceable, no agreement shall exist among them and there shall be no obligations whatsoever based on such things as parole evidence, extended negotiations, “handshakes”, oral understandings, or courses of conduct (including reliance and changes of position).

1.	Form of Transaction:	Sale of all assets of Seller’s Business unless otherwise specified and certain related liabilities to Buyer. The parties will cooperate and work in good faith to structure the transaction in a tax efficient manner.
2.	Timeframe:	Buyer is prepared to act expeditiously and shall in good faith use its commercially reasonable best efforts to negotiate and execute a mutually satisfactory definitive agreement by February 28, 2017.
3.	Consideration:	\$3,000,000 in total target consideration to be paid to Seller as follows: a) \$375,000 in cash paid at the closing of the Transaction, b) \$750,000 in cash paid at the closing of the Transaction to acquire the net assets of Seller (defined as total tangible assets less total liabilities), as such amount may be adjusted upward or downward after Buyer’s due diligence to align with the actual net assets indicated on Seller’s most recent balance sheet, c) a \$1,875,000 promissory note in favor of Seller due in five (5) equal annual installments of \$375,000, commencing on January 1, 2018 and occurring on each January 1 st thereafter until fully paid.
4.	Balance Sheet:	This proposal assumes that Seller’s tangible assets shall not be less than its total liabilities, that Seller does not have any long-term debt, and that Seller does not have any liabilities outside the ordinary course of business. If, after an evaluation of Seller’s financial statements, it is determined that Seller’s tangible assets are less than its total liabilities, the Consideration will be reduced by the amount that Seller’s total liabilities exceeds its tangible assets. This proposal also assumes that the Business will be free of all intercompany indebtedness.
5.	Representation:	The pre-closing shareholders of Seller shall, subject to the approval by Buyer’s shareholders, be entitled to elect and/or appoint three (3) representatives to serve on Buyer’s Board of Directors with voting rights consistent with Buyer’s Articles of Incorporation and By-Laws, provided

		that such appointed representatives meet the criteria for an individual to serve on Buyer's Board of Directors. The pre-closing shareholders of Seller shall be entitled to appoint three (3) representatives to serve on Buyer's Rules and Regulations Committee.
6.	MLS Rules & Regulations:	To the extent that there are inconsistencies in Buyer's and Seller's Multiple Listing Service Rules and Regulations, Buyer will, where in good faith deemed necessary in Buyer's discretion, conform Buyer's Rules and Regulations to those of Seller's Rules and Regulations in effect on the date of this Term Sheet.
7.	Covenant not to Compete:	For a period of ten (10) years after closing (the "Lock-Out Period"), Seller will not and will cause its directors, officers, employees, subsidiaries, affiliates, attorneys, advisors, investment bankers and other agents or representatives (collectively, "Representatives") not to, directly or indirectly (including through Seller), take any action that would compete, or could reasonably be expected to compete, with Buyer in the business of providing Multiple Listing Services or other services to real estate professionals and consumers in the State of Colorado. For avoidance of doubt, activities that are considered to be in competition with Buyer include but are not limited to providing Multiple Listing Services, hosting or otherwise making available to the public any property search website, soliciting or contacting Buyer's current or future customers or shareholders, selling any products or services to real estate brokers and/or agents and/or Buyer's shareholders that are ancillary, complimentary or related to the purchase and sale of real estate, or selling any products or services to real estate brokers and/or agents and/or Buyer's shareholders that facilitate the purchase, sale, rental or leasing of real estate.
8.	Conditions:	This proposal shall be subject to customary closing conditions including: (a) completion of due diligence with results satisfactory to Buyer in its discretion, (b) negotiation and execution of mutually acceptable definitive agreements relating to the transaction, including customary representations, warranties, undertakings and indemnities by the Seller and customary closing conditions, (c) absence of any material adverse change to the Seller's Business from the date hereof through the closing date, (d) final approval of Buyer's and Seller's respective Boards of Directors, if required, (e) receipt of any necessary third party approvals and consents, (f) Seller continuing to conduct its business in the ordinary course between the date hereof and the closing, and (g) the results of the Business receiving no benefit from cost allocations to non-Business cost centers, contract close-outs, settlements of lawsuits, or any similar time-shift in financial performance or cash collection.
9.	Treatment of Intellectual Property:	Pursuant to an intellectual property agreement (the "Intellectual Property Agreement") between Buyer and Seller to be entered into at the closing, Seller will grant to Buyer the intellectual property rights that Seller owns for all intellectual property used in or useful for the Seller's Business except as otherwise explicitly excluded.
10.	Expiration:	This Term Sheet will be valid only until 11:59 p.m. MT, January 31, 2017 unless executed by both parties prior to that time.

11.	Applicable Law:	This Term Sheet and all matters arising out of or related hereto shall be governed by, and shall be construed and enforced in accordance with, the laws of the State of Colorado without regard to conflicts of laws principles that would defer to the substantive law of any other jurisdiction. If any provision of this Term Sheet that is expressly intended to be binding and enforceable is held invalid or unenforceable, the remaining provisions shall be unaffected and a provision as similar to such invalid or unenforceable provision as can be made and still be valid and enforceable shall be automatically added in its place.
12.	Exclusivity:	Seller acknowledges that time, effort and expense will be undertaken by Buyer in connection with the matters described above, and agrees that for the period commencing on the date on which Seller countersigns below and ending on the earlier of: (1) 11:59 p.m. MT on the day that is 45 days thereafter and (2) the date on which Buyer advises Seller in writing that Buyer is terminating negotiations regarding the Transaction (the "Exclusivity Period"), Seller will negotiate in good faith exclusively with Buyer with respect to the Transaction.
13.	No-Shop:	During the Exclusivity Period as set forth above, Seller will not and will cause its directors, officers, employees, subsidiaries, affiliates, attorneys, advisors, investment bankers and other agents or representatives (collectively, "Representatives") not to, directly or indirectly (including through Seller), take any of the following actions regarding the Seller's Business or its assets with any party other than Buyer and Buyer's directors, officers, employees, affiliates and Representatives: (i) solicit, initiate, or encourage inquiries or proposals with respect to, furnish any information relating to, participate in any negotiations or discussions concerning, or cooperate in any manner relating to, the acquisition by any person (other than Buyer) of any material portion of the Seller's Business or any of its subsidiaries, their capital stock, assets or business, whether directly or indirectly, through a purchase, merger, consolidation, similar transaction or otherwise (an "Acquisition"); (ii) provide information to any person (other than Buyer) relating to, or otherwise cooperate with, facilitate or encourage any effort or attempt by any person or entity with regard to, an Acquisition; or (iii) enter into any agreement with any person or entity (other than Buyer) providing for an Acquisition, or which makes an Acquisition by Buyer impossible or impractical. Seller will terminate in writing any existing discussions regarding an Acquisition with any third party. In the event Seller or one of its subsidiaries receives, during the Exclusivity Period, any communication from a third party, Seller will immediately notify Buyer in writing and promptly deliver to Buyer a written detailed summary of such communication as well as copies of any written offers or inquiries.
14.	Extension:	Upon the last day of the Exclusivity Period as set forth above, and for each extension period, the Exclusivity Period shall automatically be extended for an additional five (5) business days unless Buyer has received proper written notice of termination from Seller at least two (2) business days prior to the end of the applicable period.
15.	Indemnification:	Transaction agreement will contain customary indemnification provisions for a transaction of this nature. Any amount due to Buyer from Seller

		pursuant to the indemnification provisions shall be offset against the Consideration.
16.	Employee Matters:	Employees of Seller's Business selected by Buyer in Buyer's sole discretion (the "Transferred Employees"), will be offered employment with Buyer post-closing. Buyer shall provide each Transferred Employee compensation and benefits at least as favorable as those provided to other employees of Buyer, its affiliates, and subsidiaries. Buyer shall not assume any ongoing liabilities regarding Seller's 401k, equity reward or other employee compensation and/or benefit programs covering Transferred Employees prior to the closing. Notwithstanding anything to the contrary set forth herein, Seller will pay all accrued compensation and/or bonuses of any Transferred Employee outstanding as of the closing. For any employee of Seller who is not selected by Buyer to be a Transferred Employee, Buyer will offer such employees the opportunity to enter into an employment separation arrangement with separation terms, conditions and compensation that is usual and customary under the circumstances.
17.	Non-Compete /Non-Solicitation:	The Transaction agreement will include non-compete and customer and employee non-solicitation obligations of Seller (including its consolidated affiliates) relating to the Seller's Business as conducted at the closing.
18.	Transition Services:	<p>Certain aspects of the Transaction will not be capable of being completed at the closing and therefore the parties will enter into a transition services agreement (the "Transition Services Agreement") in connection with the closing. The Transition Services Agreement will define the transition services to be provided and the cost of such transition services. Transition services may include Seller's MLS services, consulting services to be provided by Seller employees, office space, access to computer networks, accounting/payroll, test/simulation equipment and other services to be determined.</p> <p>In addition to the Transition Services Agreement, Buyer agrees to offer 12-month consulting services agreements (the "Consulting Services Agreement(s)") to two (2) key employees designated by Seller. The Consulting Services Agreements will define the services to be provided and the consulting fees payable by Buyer to such employees.</p>
19.	Access to Information:	While this Term Sheet remains in effect, Buyer and its advisors, agents and representatives shall have reasonable access to Seller's books, records, financial statements and personnel files, and shall receive such financial and operational data and other information as Buyer shall reasonably request. Any information so received shall be kept confidential by Buyer. Upon the termination or expiration of this Term Sheet, Buyer shall promptly return or destroy any and all printed information received from Seller in connection with the Transaction.
20.	Representations and Warranties	<p>Seller represents and warrants to Buyer that Seller is authorized to enter into this letter agreement and that entering into this letter agreement does not violate any other agreement Seller has with any third party.</p> <p>Additionally, the definitive agreement will contain customary representations and warranties for a transaction of this nature, including but not limited to representations addressing the following matters: (a)</p>

		<p>corporate organization, qualification and good standing of Seller, (b) identification of all necessary consents, approvals or waivers in connection with the Transaction; no violation of law or material contract, etc., (c) accuracy and completeness of financial statements, (d) no material liabilities other than as disclosed in financial statements or otherwise disclosed to Buyer, (e) absence of material changes or circumstances with respect to Seller since the date hereof, (f) good valid and free title to real and material personal property; validity of leases other than as disclosed, (g) validity of intellectual property owned or used by Seller; no infringement by Seller or upon Seller intellectual property; no challenge to ownership by Seller of its intellectual property, (h) no litigation commenced or threatened against, or affecting, Seller, except as disclosed or as is not likely to have a material adverse effect, (i) compliance by Seller with applicable laws and regulations; adequacy of licenses to conduct business; approvals required for Transaction, (j) customary representations with respect to tax liability and reporting of Seller status of audits and open returns; tax withholdings, (k) identification and status of material contracts; enforceability of material contracts; no breach by any party to a material contract, (l) identification of material funded debt or guarantees; no default under debt or guarantees, (m) status of Seller's relationships with its suppliers and customers, (n) no unlawful payments to government officials or similar activities, (o) accuracy and completeness of information provided by Seller to Buyer and that contained in the definitive agreement.</p>
21.	Expenses:	<p>Each party shall be responsible for the payment of its own out-of-pocket expenses incurred in conjunction with the Transaction.</p>

Metrolist, Inc., d/b/a REcolorado

By: _____
Name: Kirby Slunaker
Title: President & Chief Executive Officer

Accepted and Agreed to:

Information and Real Estate Services, LLC

By: _____
Name:
Title:
Date: [XXXXXX XX, 20XX]