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9 Attorneys for Receiver
THOMAS C. HEBRANK

11 **UNITED STATES DISTRICT COURT**
12 **SOUTHERN DISTRICT OF CALIFORNIA**

13
14 SECURITIES AND EXCHANGE
COMMISSION,

15 Plaintiff,

16 v.

17 LOUIS V. SCHOOLER and FIRST
18 FINANCIAL PLANNING
CORPORATION d/b/a WESTERN
19 FINANCIAL PLANNING
CORPORATION,

20 Defendants.
21

Case No. 3:12-cv-02164-GPC-JMA

**RECEIVER'S NOTICE OF
MOTION AND MOTION FOR
APPROVAL OF SALE OF RENO
PARTNERS' PROPERTY**

Date: April 14, 2017
Time: 1:30 p.m.
Ctrm.: 2D
Judge: Hon. Gonzalo P. Curiel

1 **TO ALL PARTIES AND THEIR ATTORNEYS OF RECORD:**

2 **NOTICE IS HEREBY GIVEN** that on April 14, 2017, at 1:30 p.m. in
 3 Courtroom 2D of the United States District Court, Southern District of California,
 4 located at 221 West Broadway, San Diego, California 92101, Thomas C. Hebrank
 5 ("Receiver"), the Court-appointed receiver for First Financial Planning Corporation
 6 d/b/a Western Financial Planning Corporation ("Western"), its subsidiaries and the
 7 General Partnerships listed in Schedule 1 to the Preliminary Injunction Order
 8 entered on March 13, 2013 (collectively, "Receivership Entities"), will, and hereby
 9 does, move this Court for an order approving the sale of the Reno Partners property
 10 ("Motion").

11 This Motion is based upon this notice, the accompanying Memorandum of
 12 Points and Authorities and Declaration of Thomas C. Hebrank, all pleadings and
 13 papers on file in this action, and upon such other matters as may be presented to the
 14 Court at the time of hearing.

15 **Procedural Requirements:** If you oppose the Motion, you are required to
 16 file your written opposition with the Office of the Clerk, United States District
 17 Court, Southern District of California, 333 West Broadway, Suite 420, San Diego,
 18 California 92101, and serve the same on the undersigned no later than 14 calendar
 19 days prior to the hearing date. An opposing party's failure to file an opposition to
 20 any motion may be construed as consent to the granting of the motion pursuant to
 21 Civil Local Rule 7.1(f)(3)(c).

22
 23 Dated: February 27, 2017

ALLEN MATKINS LECK GAMBLE
 MALLORY & NATSIS LLP

24
 25 By: /s/ Edward Fates

EDWARD G. FATES
 Attorneys for Receiver
 THOMAS C. HEBRANK

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14 SECURITIES AND EXCHANGE
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16 v.

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18 FINANCIAL PLANNING
CORPORATION d/b/a WESTERN
19 FINANCIAL PLANNING
CORPORATION,

20 Defendants.
21

Case No. 3:12-cv-02164-GPC-JMA

**MEMORANDUM OF POINTS AND
AUTHORITIES IN SUPPORT OF
RECEIVER'S MOTION FOR
APPROVAL OF SALE OF RENO
PARTNERS' PROPERTY**

Date: April 14, 2017
Time: 1:30 p.m.
Ctrm.: 2D
Judge: Hon. Gonzalo P. Curiel

1 Thomas C. Hebrank ("Receiver"), Court-appointed receiver for First Financial
2 Planning Corporation d/b/a Western Financial Planning Corporation ("Western"), its
3 subsidiaries and the General Partnerships listed in Schedule 1 to the Preliminary
4 Injunction Order entered on March 13, 2013 (collectively, "Receivership Entities"),
5 submits this Memorandum of Points and Authorities in Support of his concurrently-
6 filed Motion for Approval of Sale of Reno Partners' Property ("Motion").

7 I. INTRODUCTION

8 Pursuant to the order entered on January 14, 2016, adopting the Receiver's
9 recommendation to engage a broker for the three separate properties collectively
10 known as the Washoe 1 property, the Receiver engaged Bradway Properties
11 ("Bradway"), who listed and marketed the three properties for sale. Multiple offers
12 were received for two of the three properties (Reno Vista and Reno View) and the
13 Receiver negotiated with the prospective purchasers to obtain the highest and best
14 price. The Receiver filed a motion for approval of the sale, which was granted on
15 August 30, 2016. Dkt. No. 1360.

16 The Receiver has now received an offer on the third property (Reno Partners)
17 for the full list price of \$32,000. The proposed sale is the result of engaging a
18 licensed broker to market the property through the customary channels, negotiating
19 terms with the prospective purchaser at arm's length, and entering into a purchase
20 and sale agreement, subject to overbid and Court approval. The purchase and sale
21 agreement is attached as Exhibit A to the Declaration of Thomas C. Hebrank
22 ("Hebrank Declaration.") filed herewith. The overbid/auction process will further
23 ensure that the highest and best price for the property is obtained. Accordingly, the
24 Receiver requests Court approval of the sale.

25 II. PROCEDURAL BACKGROUND

26 Reno Vista Partners, Reno View Partners, and Reno Partners each own
27 separate properties that have historically been grouped together and referred to as
28 the Washoe 1 property. The three GPs hold their separate properties outright,

1 however, and are not co-tenants with one another. The three properties are made up
2 of seven parcels located on a two-lane mountain road in Washoe County, Nevada
3 called Geiger Grade Road. Hebrank Declaration, ¶ 2.

4 Pursuant to the Court's order entered on January 14, 2016 (Dkt. No. 1168), the
5 Receiver engaged Bradway as broker for the properties to list the properties for sale
6 with a combined price for all parcels of \$88,200. Hebrank Declaration, ¶ 3.

7 Bradway then listed the properties for sale on the Multiple Listing Service ("MLS"),
8 LoopNet, Lands of America, Land Watch, Zillow/Trulia, Realtor.com, Craigslist,
9 Facebook, YouTube (a drone video of the properties), HomesForSaleNV.com, and
10 Bradway Properties' own blog. Bradway promptly responded to all interested
11 persons. Dkt. No. 1285-3. The Receiver then proposed a sale of two of the three
12 properties (Reno Vista and Reno View) for a total purchase price of \$75,640, which
13 was approved on August 30, 2016. Dkt. No. 1360.

14 In January 2017, the Receiver received an offer for the full list price of the
15 Reno Partners property (\$32,000). Notice of the offer was sent by email to
16 investors, but no responses addressing the offer were received. The Receiver and
17 the buyer, James Alford ("Buyer"), then negotiated and executed a purchase and sale
18 agreement, subject to overbid and Court approval. Buyer has no known connection
19 to the Receiver, his company, his counsel, Louis Schooler, Western, or the General
20 Partnerships. Hebrank Declaration, ¶ 4.

21 III. PROPOSED SALE

22 The proposed vacant land purchase agreement ("Agreement") is attached to
23 the Hebrank Declaration as Exhibit A. Its key terms are summarized as follows:

24 **Purchase Price.** The purchase price is \$32,000, which is to be paid in all
25 cash.

26 **Deposit.** The Buyer has made an earnest money deposit of \$1,000 into
27 escrow.

28 **Closing Date.** Closing shall occur within 30 days of Court approval.

As Is. The sale is on an "as is, where is" basis with no representations or warranties made by the Receiver.

Broker Commission. Pursuant to the Court-approved listing agreement for the property, Bradway will be paid a commission of 10% of the purchase price, or \$3,200.

IV. LEGAL STANDARD

"The power of a district court to impose a receivership or grant other forms of ancillary relief does not in the first instance depend on a statutory grant of power from the securities laws. Rather, the authority derives from the inherent power of a court of equity to fashion effective relief." *SEC v. Wencke*, 622 F.2d 1363, 1369 (9th Cir. 1980). The "primary purpose of equity receiverships is to promote orderly and efficient administration of the estate by the district court for the benefit of creditors." *SEC v. Hardy*, 803 F.2d 1034, 1038 (9th Cir 1986). As the appointment of a receiver is authorized by the broad equitable powers of the court, any distribution of assets must also be done equitably and fairly. *See SEC v. Elliot*, 953 F.2d 1560, 1569 (11th Cir. 1992).

District courts have the broad power of a court of equity to determine the appropriate action in the administration and supervision of an equity receivership. *See SEC v. Capital Consultants, LLC*, 397 F.3d 733, 738 (9th Cir. 2005). The Ninth Circuit explained:

A district court's power to supervise an equity receivership and to determine the appropriate action to be taken in the administration of the receivership is extremely broad. The district court has broad powers and wide discretion to determine the appropriate relief in an equity receivership. The basis for this broad deference to the district court's supervisory role in equity receiverships arises out of the fact that most receiverships involve multiple parties and complex transactions. A district court's decision concerning the supervision of an equitable receivership is reviewed for abuse of discretion.

Id. (citations omitted); *see also CFTC. v. Topworth Int'l, Ltd.*, 205 F.3d 1107, 1115 (9th Cir. 1999) ("This court affords 'broad deference' to the court's supervisory role,

1 and 'we generally uphold reasonable procedures instituted by the district court that
2 serve th[e] purpose' of orderly and efficient administration of the receivership for
3 the benefit of creditors."). Accordingly, the Court has broad discretion in the
4 administration of the receivership estate and the disposition of receivership assets.

5 **A. The Court's Authority to Approve Sale**

6 It is widely accepted that a court of equity having custody and control of
7 property has power to order a sale of the same in its discretion. *See, e.g., SEC v.*
8 *Elliott*, 953 F.2d 1560, 1566 (11th Cir. 1992) (the District Court has broad powers
9 and wide discretion to determine relief in an equity receivership). "The power of
10 sale necessarily follows the power to take possession and control of and to preserve
11 property." *See SEC v. American Capital Invest., Inc.*, 98 F.3d 1133, 1144 (9th Cir.
12 1996), *cert. denied* 520 U.S. 1185 (decision abrogated on other grounds) (*citing*
13 2 Ralph Ewing Clark, Treatise on Law & Practice of Receivers § 482 (3d ed. 1992)
14 (*citing First Nat'l Bank v. Shedd*, 121 U.S. 74, 87 (1887))). "When a court of equity
15 orders property in its custody to be sold, the court itself as vendor confirms the title
16 in the purchaser." 2 Ralph Ewing Clark, Treatise on Law & Practice of
17 Receivers § 487 (3d ed. 1992).

18 "A court of equity, under proper circumstances, has the power to order a
19 receiver to sell property free and clear of all encumbrances." *Miners' Bank of*
20 *Wilkes-Barre v. Acker*, 66 F.2d 850, 853 (2d Cir. 1933). *See also*, 2 Ralph Ewing
21 Clark, Treatise on Law & Practice of Receivers § 500 (3d ed. 1992). To that end, a
22 federal court is not limited or deprived of any of its equity powers by state statute.
23 *Beet Growers Sugar Co. v. Columbia Trust Co.*, 3 F.2d 755, 757 (9th Cir. 1925)
24 (state statute allowing time to redeem property after a foreclosure sale not applicable
25 in a receivership sale).

26 Generally, when a court-appointed receiver is involved, the receiver, as agent
27 for the court, should conduct the sale of the receivership property. *Blakely Airport*
28 *Joint Venture II v. Federal Sav. and Loan Ins. Corp.*, 678 F. Supp. 154, 156

(N.D. Tex. 1988). The receiver's sale conveys "good" equitable title enforced by an injunction against the owner and against parties to the suit. *See* 2 Ralph Ewing Clark, Treatise on Law & Practice of Receivers §§ 342, 344, 482(a), 487, 489, 491 (3d ed. 1992). "In authorizing the sale of property by receivers, courts of equity are vested with broad discretion as to price and terms." *Gockstetter v. Williams*, 9 F.2d 354, 357 (9th Cir. 1925).

B. 28 U.S.C. § 2001

28 U.S.C. § 2001 imposes specific requirements for public sales of real property under subsection (a) and specific requirements for private sales of real property under subsection (b). Although both involve unnecessary cost and delay, the cost and delay of a public sale are significantly less than those for a private sale. *SEC v. Goldfarb*, 2013 U.S. Dist. LEXIS 118942, at *5 (N.D. Cal. 2013) ("Section 2001 sets out two possible courses of action: (1) property may be sold in public sale; or (2) property may be sold in a private sale, provided that three separate appraisals have been conducted, the terms are published in a circulated newspaper ten days prior to sale, and the sale price is no less than two-thirds of the valued price."). Therefore, by proceeding under Section 2001(a), the receivership estate can avoid the significant costs and delay of (a) the Court having to appoint three disinterested appraisers, and (b) obtaining three appraisals from such appraisers.

The requirements of a public sale under Section 2001(a) are that notice of the sale be published as proscribed by Section 2002 and a public auction be held at the courthouse "as the court directs." 28 U.S.C. § 2001(a); *SEC v. Capital Cove Bancorp LLC*, 2015 U.S. Dist. LEXIS 174856, at *13 (C.D. Cal. 2015); *SEC v. Kirkland*, 2007 U.S. Dist. LEXIS 45353, at *5 (M.D. Fla. 2007). In terms of publication of notice, Section 2002 provides:

A public sale of realty or interest therein under any order, judgment or decree of any court of the United States shall not be made without notice published once a week for at least four weeks prior to the sale in at least one newspaper regularly issued and of general circulation in the county,

1 state, or judicial district of the United States wherein the
2 realty is situated.

3 If such realty is situated in more than one county, state,
4 district or circuit, such notice shall be published in one or
5 more of the counties, states, or districts wherein it is
6 situated, as the court directs. The notice shall be
7 substantially in such form and contain such description of
8 the property by reference or otherwise as the court
9 approves. The court may direct that the publication be
10 made in other newspapers.

11 This section shall not apply to sales and proceedings under
12 Title 11 or by receivers or conservators of banks appointed
13 by the Comptroller of the Currency.

14 The notice of sale is sufficient if it describes the property and the time, place,
15 and terms of sale. *Breeding Motor Freight Lines, Inc. v. Reconstruction Finance*
16 *Corp.*, 172 F.2d 416, 422 (10th Cir. 1949). The Court may limit the auction to
17 qualified bidders, who "(i) submit to the Receiver . . . in writing a bona fide and
18 binding offer to purchase the [property]; and (ii) demonstrate . . ., to the satisfaction
19 of the Receiver, that it has the current ability to consummate the purchase of the
20 [property] per the agreed terms." *Regions Bank v. Egyptian Concrete Co.*,
21 2009 U.S. Dist. LEXIS 111381, at *8 (E.D. Mo. 2009).

22 V. DISCUSSION

23 The proposed sale of the Reno Partners property should be approved. The
24 property was listed for sale with Bradway with permission from the Court.
25 Moreover, the Xpera Group report states "[a]s property values along Geiger Grade
26 are not expected to increase, nothing could be gained by holding these parcels any
27 longer. It is recommended that they be sold now, as-is." Dkt. No. 1234-2, p. 95 of
28 172.

Bradway has fully marketed and exposed the property to the marketplace.
Despite being marketed for more than a year, no other offers have been received.
Buyer's offer is at the list price and a purchase and sale agreement has been signed,
subject to overbid and Court approval. Hebrank Declaration, ¶ 5.

1 The proposed purchase price is fair and reasonable. The value of the entire
2 Washoe 1 property (all three properties combined) was estimated by the local broker
3 contacted in 2015 (the GPs did not have sufficient funds to obtain an appraisal) to be
4 \$88,200, with the Reno Partners property valued at \$32,250. Dkt. No. 1181-1,
5 Exhibit A. In April 2016, Xpera Group estimated the value range for the entire
6 Washoe 1 property to be "from a low of \$75,546 to a high of \$99,720 (\$500/acre-
7 \$660/acre)." Dkt. No. 1234-2, p. 95 of 172. Not only does the purchase price of
8 \$32,000 for the Reno Partners property align with the 2015 broker opinion of value
9 and the 2016 Xpera valuation, but, along with the purchase price of \$75,640 for the
10 Reno Vista and Reno View properties, the purchase price for all three properties
11 together (\$107,640) exceeds the 2015 broker opinion of value and the 2016 Xpera
12 valuation. Hebrank Declaration, ¶ 6.

13 Moreover, the proposed sale is subject to overbid to further ensure the highest
14 and best price is obtained. Bradway has continued to market the property to
15 interested persons. The Receiver proposes to conduct a public auction consistent
16 with the requirements of Section 2001(a). Specifically, the Receiver will publish the
17 following notice of the sale once a week for four weeks in the Reno Gazette Journal,
18 a newspaper of general circulation in the Reno area of Nevada:

19 In the action pending in U.S. District Court for the
20 Southern District of California, Case No. 12-CV-2164-
21 GPC-JMA, Securities and Exchange Commission v.
22 Louis V. Schooler et al., notice is hereby given that the
23 court-appointed receiver will conduct a public auction for
24 the undeveloped real property with APNs: 016-76-228
25 and 016-76-229, located near Geiger Grade Road,
26 Washoe County, Nevada. Sale is subject to Court
27 approval after the auction is held. Minimum bid price is
28 \$37,000. The auction will take place on March 28, 2017,
at 1:00 p.m. in front of the entrance to the United States
Courthouse, 221 W. Broadway, San Diego, California.
To be allowed to participate in the auction, prospective
purchasers must meet certain bid qualification
requirements, including submitting a signed purchase and
sale agreement, an earnest money deposit of 10% of the
purchase price, and proof of funds. All bidders must be
qualified by 5:00 p.m. PST on March 27, 2017, by
submitting the required materials to the receiver at
401 W. A Street, Suite 1830, San Diego, California,

92101. If interested in qualifying as a bidder, please contact Megan LoPresti of Bradway Properties at (775) 671-1447 or megan@bradwayproperties.com.

In order to conduct an orderly auction and provide sufficient time for the publication of notices discussed above, the Receiver will require bidders to complete the above steps by March 27, 2017 ("Bid Qualification Deadline") and conduct the live public auction on March 28, 2017, and immediately in front of the courthouse (221 West Broadway, San Diego, California 92101 - same address in notice text above).

Hebrank Declaration, ¶ 7.

Bradway will inform all interested persons of the opportunity to overbid at the public auction, provided they qualify themselves to bid by the Bid Qualification Deadline by (a) signing a purchase and sale agreement for the property on the same terms and conditions as Buyer, but with a purchase price of at least \$37,000, (b) providing the Receiver with an earnest money deposit of 10% of the purchase price, and (c) providing proof of funds necessary to close the sale transaction in the form of a current bank statement, cashier's check delivered to the Receiver, or other evidence deemed sufficient by the Receiver. Hebrank Declaration, ¶ 8.

In the event one or more prospective purchasers qualify themselves to bid, the auction will be conducted by the Receiver as noted above and bids will be allowed in increments of \$1,000. The Receiver will then file a notice advising the Court of the result of the auction (*i.e.*, the highest bid) and seek entry of an order confirming the sale. Earnest money deposits provided by bidders who are unsuccessful will be promptly returned to them. In the event no prospective purchasers qualify themselves to bid by the Bid Qualification Deadline, the Receiver will notify the Court and seek entry of an order approving the sale to Buyer. Hebrank Declaration, ¶ 9.

With respect to the proposed broker commission, the Receiver seeks authority to pay Bradway \$3,200 directly from escrow. Industry standard broker commissions for sales of undeveloped land range from 6% to 10% of the purchase

1 price, depending on the value of the property and the difficulties in selling it.
2 Bradway has worked diligently to market the property, generate interest, promptly
3 respond to interested parties, assist with negotiations with Buyer, and continue to
4 market the property to potential overbidders. Accordingly, the Receiver believes the
5 proposed commission of \$3,200 is fair and reasonable. Hebrank Declaration, ¶ 10.

6 **VI. CONCLUSION**

7 For the reasons discussed above, the Receiver requests an order approving the
8 sale of the Reno Partners property to Buyer pursuant to the Agreement attached to
9 the Hebrank Declaration as Exhibit A, authorizing the Receiver to take all steps
10 necessary to close the sale, and authorizing the Receiver to pay Bradway \$3,200
11 directly from escrow.

12
13 Dated: February 27, 2017

ALLEN MATKINS LECK GAMBLE
MALLORY & NATSIS LLP

14
15 By: /s/ Edward Fates

16 EDWARD G. FATES
Attorneys for Receiver
THOMAS C. HEBRANK
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THOMAS C. HEBRANK

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12 **SOUTHERN DISTRICT OF CALIFORNIA**

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15 Plaintiff,

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18 FINANCIAL PLANNING
CORPORATION d/b/a WESTERN
19 FINANCIAL PLANNING
CORPORATION,

20 Defendants.
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Case No. 3:12-cv-02164-GPC-JMA

**DECLARATION OF THOMAS C.
HEBRANK IN SUPPORT OF
RECEIVER'S MOTION FOR
APPROVAL OF SALE OF RENO
PARTNERS' PROPERTY**

Date: April 14, 2017
Time: 1:30 p.m.
Ctrm.: 2D
Judge: Hon. Gonzalo P. Curiel

1 I, Thomas C. Hebrank, declare:

2 1. I am the Court-appointed receiver for First Financial Planning
3 Corporation d/b/a Western Financial Planning Corporation ("Western"), its
4 subsidiaries, and the General Partnerships listed on Schedule 1 to the Preliminary
5 Injunction Order entered on March 13, 2013 (collectively, "Receivership Entities").
6 I make this declaration in support of my Motion for Approval of Sale of Reno
7 Partners' Property ("Motion"). I have personal knowledge of the facts stated herein,
8 and if called upon to do so, I could and would personally and competently testify to
9 them.

10 2. Reno Vista Partners, Reno View Partners, and Reno Partners each own
11 separate properties that have historically been grouped together and referred to as
12 the Washoe 1 property. The three GPs hold their separate properties outright,
13 however, and are not co-tenants with one another. The three properties are made up
14 of seven parcels located on a two-lane mountain road in Washoe County, Nevada
15 called Geiger Grade Road.

16 3. Pursuant to the Court's order entered on January 14, 2016 (Dkt.
17 No. 1168), I engaged Bradway Properties ("Bradway") as broker to list the
18 properties for sale with a combined price for all parcels of \$88,200. The sale of the
19 Reno Vista and Reno View properties for \$75,460 was approved by the Court on
20 August 30, 2016 (Dkt. No. 1360).

21 4. In January 2017, I received an offer for the full list price of the Reno
22 Partners property (\$32,000). Notice of the offer was sent by email to investors, but
23 no responses addressing the offer were received. The buyer, James Alford
24 ("Buyer"), and I then negotiated and executed a purchase and sale agreement,
25 subject to overbid and Court approval. Buyer has no known connection to me, my
26 company, my counsel, Louis Schooler, Western, or the General Partnerships. The
27 purchase and sale agreement is attached hereto as Exhibit A.

28

1 5. Bradway has fully marketed and exposed the property to the
2 marketplace. Despite being marketed for more than a year, no other offers have
3 been received. Buyer's offer is at the list price and a purchase and sale agreement
4 has been signed, subject to overbid and Court approval.

5 6. Not only does the purchase price of \$32,000 for the Reno Partners
6 property align with the 2015 broker opinion of value and the 2016 Xpera valuation,
7 but, along with the purchase price of \$75,640 for the Reno Vista and Reno View
8 properties, the combined purchase price for all three properties (\$107,640) exceeds
9 the 2015 broker opinion of value and the 2016 Xpera valuation.

10 7. Moreover, the proposed sale is subject to overbid to further ensure the
11 highest and best price is obtained. Bradway has continued to market the property to
12 interested persons. I propose to conduct a public auction consistent with the
13 requirements of Section 2001(a). Specifically, I will publish the following notice of
14 the sale once a week for four weeks in the Reno Gazette Journal, a newspaper of
15 general circulation in the Reno area of Nevada:

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In the action pending in U.S. District Court for the Southern District of California, Case No. 12-CV-2164-GPC-JMA, Securities and Exchange Commission v. Louis V. Schooler et al., notice is hereby given that the court-appointed receiver will conduct a public auction for the undeveloped real property with APNs: 016-76-228 and 016-76-229, located near Geiger Grade Road, Washoe County, Nevada. Sale is subject to Court approval after the auction is held. Minimum bid price is \$37,000. The auction will take place on March 28, 2017, at 1:00 p.m. in front of the entrance to the United States Courthouse, 221 W. Broadway, San Diego, California. To be allowed to participate in the auction, prospective purchasers must meet certain bid qualification requirements, including submitting a signed purchase and sale agreement, an earnest money deposit of 10% of the purchase price, and proof of funds. All bidders must be qualified by 5:00 p.m. PST on March 27, 2017, by submitting the required materials to the receiver at 401 W. A Street, Suite 1830, San Diego, California, 92101. If interested in qualifying as a bidder, please contact Megan LoPresti of Bradway Properties at (775) 671-1447 or megan@bradwayproperties.com.

In order to conduct an orderly auction and provide sufficient time for the publication of notices discussed above, I will require bidders to complete the above steps by March 27, 2017 ("Bid Qualification Deadline") and conduct the live public auction on March 28, 2017, and immediately in front of the courthouse (221 West Broadway, San Diego, California 92101 - same address in notice text above).

8. Bradway will inform all interested persons of the opportunity to overbid at the public auction, provided they qualify themselves to bid by the Bid Qualification Deadline by (a) signing a purchase and sale agreement for the property on the same terms and conditions as Buyer, but with a purchase price of at least \$37,000, (b) providing me with an earnest money deposit of 10% of the purchase price, and (c) providing proof of funds necessary to close the sale transaction in the form of a current bank statement, cashier's check delivered to me, or other evidence deemed sufficient.

9. In the event one or more prospective purchasers qualify themselves to bid, I will conduct the auction as noted above and bids will be allowed in increments of \$1,000. I will then file a notice advising the Court of the result of the auction

1 (i.e., the highest bid) and seek entry of an order confirming the sale. Earnest money
2 deposits provided by bidders who are unsuccessful will be promptly returned to
3 them. In the event no prospective purchasers qualify themselves to bid by the Bid
4 Qualification Deadline, I will notify the Court and seek entry of an order approving
5 the sale to Buyer.

6 10. With respect to the proposed broker commission, I request authority to
7 pay Bradway \$3,200 directly from escrow. Industry standard broker commissions
8 for sales of undeveloped land range from 6% to 10% of the purchase price,
9 depending on the value of the property and the difficulties in selling it. Bradway has
10 worked diligently to market the property, generate interest, promptly respond to
11 interested parties, assist with negotiations with Buyer, and continue to market the
12 property to potential overbidders. Accordingly, I believe the proposed commission
13 of \$3,200 is fair and reasonable.

14 I declare under penalty of perjury under the laws of the State of California
15 that the foregoing is true and correct.

16 Executed this 27 day of February, 2017, at San Diego, California.

17 
18 THOMAS C. HEBRANK

EXHIBIT INDEX

Exhibit A	Vacant Land Offer and Acceptance Agreement	7
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EXHIBIT A

EXHIBIT A

Feb 01 17 01:38p

SMITH

775-355-1094

p.1



PROPERTIES
EST. 1979
VACANT LAND OFFER AND ACCEPTANCE AGREEMENT



1 RECEIVED FROM James Alford
2 hereinafter designated as BUYER, the amount set forth below as EARNEST MONEY DEPOSIT on account of the
3 PURCHASE PRICE OF \$ 32,000.00 for the real property situated in the
4 ☐ City OR ☒ Unincorporated Area of Reno County of Washoe
5 State of Nevada, commonly described as
6 consisting of approximately 56.141 ☒ acres ☐ square feet.
7 APN 01676228 & 01676229 (legal description to be supplied in escrow.)
8
9 EARNEST MONEY DEPOSIT Evidenced by ☒ Check or ☐ other
10 payable to Title Company held uncashed until
11 acceptance and then deposited within one (1) business day with Title Company \$ 1,000.00
12 Authorized escrow holder to be selected by ☒ BUYER ☐ SELLER
13
14 BALANCE OF CASH DOWN PAYMENT (not including closing costs) \$ 31,000.00
15 Source of down payment
16
17 CASH PURCHASE BUYER to provide evidence, satisfactory to SELLER, of sufficient cash available to complete this
18 purchase within 2 days of written acceptance.
19
20 NEW FIRST LOAN PROCEEDS: TYPE ☐ Private ☐ Conventional ☐ SELLER Financing \$ 0.00
21 ☐ Fixed Rate for _____ years. Initial Interest not to exceed _____ %
22 ☐ Adjustable Rate for _____ years. Initial Interest not to exceed _____ % maximum lifetime rate
23 not to exceed _____ %.
24
25 SUBORDINATION CLAUSE
26 SELLER ☐ shall ☐ shall not subordinate to a ☐ construction loan.
27 Said loan ☐ shall ☐ shall not be on voucher control.
28
29 BUYER to lock loan terms within _____ days of acceptance or BUYER agrees to pay prevailing rates.
30
31 BUYER to pay discount points not to exceed _____ %.
32 SELLER to pay discount points not to exceed _____ %.
33 Any reduction in discount points at closing to be allocated proportionately.
34 Loan origination fee not to exceed _____ % paid by ☐ BUYER ☐ SELLER.
35 SELLER agrees to pay up to \$ _____ in fees which cannot be paid by the BUYER pursuant to FHA
36 or VA regulation.
37
38 All remaining loan fees shall be paid as required by law, ordinance and/or regulation.
39
40 ☒ OTHER (Specify in Additional Terms and Conditions or Financing Addendum): \$ 0.00
41
42 TOTAL PURCHASE PRICE in the sum of (not including closing costs): \$ 32,000.00
43
44 CLOSING Close of Escrow to be 3/15/2017 Unless otherwise
45 agreed upon in writing, close of escrow date shall not change from the originally agreed upon closing date. Both parties shall
46 deposit with the authorized escrow holder all funds and instruments necessary to complete the transaction in accordance with
47 the terms herein.

Property Address _____
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APN 01676228 & 01676229 Reno

APN 01676228 & 01676229

Buyer [Signature]

and Seller [Signature]

I have read this page.

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1 **DEFINITIONS** BROKER includes cooperating Brokers and all Licensees. DAYS means calendar days unless otherwise
2 specified. BUSINESS DAY is a day other than a Saturday or Sunday or a day on which banks in Nevada are authorized or
3 required by law to close. ACCEPTANCE (DATE OF ACCEPTANCE) means the date on which this Agreement and any
4 other counter offers are fully executed and delivered. DELIVERY or RECEIPT shall mean personal delivery, transmission
5 by facsimile (fax), electronic delivery, or certified mail to BUYER, SELLER, BROKER or their representative. In the event
6 of fax transmission, delivery shall be deemed to have occurred at the time noted on the confirmation sheet generated by the
7 sender's fax. In the event of the use of certified mail, delivery and receipt shall be deemed to have occurred three (3) days
8 following the date of mailing, evidenced by the postmark on the envelope containing the delivered material. In the event of
9 electronic delivery, delivery and receipt shall be deemed to have occurred as set forth in Nevada Revised Statutes (NRS)
10 719.320.

11
12 **COUNTERPARTS AND SIGNATURES** BUYER and SELLER acknowledge and agree this Agreement may be
13 executed in several counterparts, each of which shall be deemed an original and all of which counterparts together shall
14 constitute one and the same instruments. BUYER and SELLER agree that this transaction may be conducted by electronic
15 means, and that signatures transmitted by electronic delivery shall be acceptable for all purposes under this Agreement.
16 Signatures transmitted by electronic delivery shall be accepted original signatures.

17
18 **VESTED TITLE** Title shall vest as designated in Escrow Instructions.

19
20 **EXAMINATION OF TITLE** In addition to any encumbrances referred to herein, BUYER shall take title to the property
21 subject to: (1) Real Estate Taxes not yet due, and (2) Covenants, Conditions, Restrictions (CC&Rs), rights of way, and
22 easements of record, if any, which do not materially affect the value or intended use of the property. Within two (2)
23 business days of acceptance, SELLER shall order a preliminary report from a title company and CC&Rs if applicable, for
24 the property. Within five (5) days from BUYER's receipt of the preliminary report and CC&Rs, all exceptions shall be
25 deemed approved unless written objection is delivered to SELLER's Broker within this five (5) day period. Should BUYER
26 object to any exceptions, SELLER shall use due diligence to remove those exceptions before close of escrow. If those
27 exceptions cannot be removed before close of escrow, BUYER may elect to purchase, subject to the existing exceptions or
28 BUYER may elect to terminate all rights and obligations hereunder, and the deposit shall be returned to BUYER, less
29 expenses incurred by BUYER to date of termination. If SELLER is unwilling or unable to remove such objections, SELLER
30 shall deliver written notification to BUYER's Broker within ten (10) days of receipt of the objections.

31
32 **TITLE AND CLOSING COSTS**
33 ☐ BUYER ☒ SELLER ☐ split equally ☐ other _____ shall pay for a (Standard) owner's policy of title insurance.
34 ☐ BUYER ☐ SELLER ☐ split equally ☐ other _____ shall pay for a (Standard) lender's policy of title insurance.
35 BUYER is aware additional coverage policies are available. All costs associated with additional coverage policies to be paid
36 for by ☒ BUYER ☐ SELLER ☐ split equally ☐ other _____
37 Escrow Fee to be paid by ☐ BUYER ☐ SELLER ☒ split equally ☐ other _____
38 Transfer Tax(es) to be paid by ☐ BUYER ☒ SELLER ☐ split equally ☐ other _____
39
40 All remaining closing costs shall be paid in customary manner as required by law, ordinance and/or regulation.

41
42 **OMISSIONS FROM ESCROW INSTRUCTIONS** The omission from escrow instructions of any provision herein shall
43 not preclude any party from enforcing that provision. All written representations and warranties shall survive the conveyance
44 of the property.

45
46 **BONDS AND ASSESSMENTS (Other than Common-Interest Communities)** In the event there is a bond or assessment
47 which has a principal balance or requires settlement in full prior to close of escrow, the bond or assessment shall be paid by
48 ☒ SELLER ☐ BUYER ☐ assumed by BUYER if allowed ☐ split equally ☐ other _____
49

50 **PRORATION** Any and all rents, taxes, interest, homeowner association fees, payments on bonds and assessments
51 assumed by BUYER, and other expenses of the property shall be prorated as of the date of recordation of the deed. Security
52 deposits, advance rentals, or considerations involving future lease credits shall be credited to BUYER at close of escrow.

Property Address Geiger Grade, 016-762-28 Reno APN 01676228
Page 3 of 9 Buyer [Signature] and Seller [Signature] have read this page. RSAR 01/17
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1 **REASSESSMENT OF PROPERTY TAX** BUYER is advised the property may be reassessed in the future which may
2 result in a tax increase or decrease.

4 **ITEMS NOT ADDRESSED** Items of a general maintenance or cosmetic nature which do not materially affect value or
5 use of the subject property, which existed at the time of acceptance and which are not expressly addressed in this Agreement
6 are deemed accepted by BUYER.

8 **INSPECTIONS** Acceptance of this offer is subject to the following reserved right. BUYER has the right to inspect the
9 property, order all inspections, and select qualified professionals including, but not limited to, licensed contractors, certified
10 building inspectors and other qualified professionals who will inspect the property.

11 BUYER shall indicate inspections to be included or waived in the list below. The following is not a comprehensive list of
12 possible inspections; therefore, BUYER should add any additional inspections necessary to satisfy BUYER under
13 "OTHER."

14 All inspections and due diligence shall be completed and copies of all inspections shall be provided to both BUYER and
15 SELLER at no additional expense to either party

16 ☐ within days of the date of acceptance; OR

17 ☐ within days of other contingency _____

18 Within the time frame specified above, BUYER shall deliver to SELLER one of the following:

19 A. approval of the inspections and completion of due diligence; OR

20 B. approval of the inspections and completion of due diligence with an attached list of objections.

21 SELLER shall respond in writing within five (5) business days of delivery; OR

22 C. termination of this Agreement including an explanation how the condition(s) revealed by any inspection and/or due
23 diligence report materially and/or reasonably justify such a decision.

24 If any inspection and/or due diligence is not completed by the deadlines, that inspection and/or due diligence is deemed
25 waived and SELLER is released from liability for the cost of repairs that inspection and/or due diligence would have
26 reasonably identified had it been conducted, except as otherwise provided by law. If BUYER acts reasonably in terminating
27 the Agreement based upon objectionable conditions revealed by the inspection(s) and/or due diligence, BUYER is released
28 from any and all obligations to SELLER and entitled to a refund of the earnest money deposit, less expenses incurred by
29 BUYER. BUYER will be responsible for repairs/restoration of any damage to the property that may be caused by inspections
30 and/or due diligence.

32 INSPECTIONS	Included	Waived	N/A	Paid by	
33 ENVIRONMENTAL	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> BUYER	<input type="checkbox"/> SELLER
34 GEOTECHNICAL REPORT	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> BUYER	<input type="checkbox"/> SELLER
35 PERCOLATION TEST	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> BUYER	<input type="checkbox"/> SELLER
36 SURVEY Type _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> BUYER	<input type="checkbox"/> SELLER
37 WELL QUALITY	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> BUYER	<input type="checkbox"/> SELLER
38 WELL QUANTITY	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> BUYER	<input type="checkbox"/> SELLER
39 OTHER _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> BUYER	<input type="checkbox"/> SELLER
40 OTHER _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> BUYER	<input type="checkbox"/> SELLER
41 OTHER _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> BUYER	<input type="checkbox"/> SELLER

Property Address Geiger Grade, 016-762-28 Reno

APN 01676228

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	Included	Waived	N/A	Paid by	
1 DUE DILIGENCE					
2 ACCESS EASEMENTS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> BUYER	<input type="checkbox"/> SELLER
3 AVAILABILITY OF UTILITIES	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> BUYER	<input type="checkbox"/> SELLER
4 DEED RESTRICTIONS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> BUYER	<input type="checkbox"/> SELLER
5 DETERMINATION IF SITE IS BUILDABLE	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> BUYER	<input type="checkbox"/> SELLER
6 EASEMENTS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> BUYER	<input type="checkbox"/> SELLER
7 FUTURE LAND USE DESIGNATION(S)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> BUYER	<input type="checkbox"/> SELLER
8 GOVERNMENTAL APPROVALS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> BUYER	<input type="checkbox"/> SELLER
9 IMPACT AND/OR DEVELOPMENT FEES	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> BUYER	<input type="checkbox"/> SELLER
10 LEGAL ACCESS (ingress & egress)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> BUYER	<input type="checkbox"/> SELLER
11 MINE AL RIGHTS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> BUYER	<input type="checkbox"/> SELLER
12 ROAD MAINTENANCE AGREEMENT	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> BUYER	<input type="checkbox"/> SELLER
13 WATER RIGHTS (in the amount of _____)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> BUYER	<input type="checkbox"/> SELLER
14 WILL SERVE LETTER FROM UTILITY PROVIDER(S)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> BUYER	<input type="checkbox"/> SELLER
15 ZONING	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> BUYER	<input type="checkbox"/> SELLER
16 OTHER _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> BUYER	<input type="checkbox"/> SELLER
17 OTHER _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> BUYER	<input type="checkbox"/> SELLER
18 OTHER _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> BUYER	<input type="checkbox"/> SELLER

20 [] / [] (Buyer Initials) BUYER affirms the above selections.

21
22 SELLER agrees to provide reasonable access to the property to BUYER, as well as inspectors representing BUYER, for both
23 inspections and re-inspections as provided in this Agreement and to representatives of lending institutions for appraisal
24 purposes.

25
26 RE-INSPECTIONS (BUYER Initial Required)

27 Included Waived
28 [] / [] SELLER shall have all agreed upon repairs completed no later than
29 days prior to close of escrow and BUYER shall have the right to re-inspect. Re-inspections to be paid by ☐ BUYER
30 ☐ SELLER ☐ split equally ☐ other _____

31
32 FINAL WALKTHROUGH BUYER shall have the right to a final walkthrough prior to close of escrow to ensure
33 compliance with the terms of this Agreement.

34
35 PHYSICAL POSSESSION Physical possession of the property shall be delivered to BUYER ☒ upon recordation of the
36 deed or ☐ by separate agreement.

37
38 COMMON-INTEREST PROPERTIES DISCLOSURE

39 The property ☐ is ☒ is not located in a Common-Interest Community.

40 If so, complete the following:

41 SELLER shall provide, at SELLER's expense, Common-Interest Community documents ("Resale Package") as required by
42 NRS 116.4109. SELLER shall order Resale Package within 5 days of acceptance and deliver to BUYER upon receipt.

43 Association transfer fees paid by ☐ BUYER ☐ SELLER ☐ split equally ☐ other _____

44 Association set up fees paid by ☐ BUYER ☐ SELLER ☐ split equally ☐ other _____

45 Other Association fees related to the transfer of the Common-Interest Community paid by ☐ BUYER ☐ SELLER ☐ split
46 equally ☐ other _____

47 The amount of any delinquent assessments including penalties, attorney's fees, and other charges provided for in the
48 management documents shall be paid current by SELLER at close of escrow.

49 Existing Assessments levied shall be paid by ☐ BUYER ☐ SELLER ☐ split equally ☐ other _____

50 Assessments levied, but not yet due, shall be paid by ☐ BUYER ☐ SELLER ☐ split equally ☐ other _____

51 BUYER to have five (5) days from receipt of Resale Package for review. If BUYER does not approve the Resale Package,
52 then written notice to cancel must be given within that same five (5) day period.

Property Address Geiger Grapes 916-762-28 Reno APN 01676228
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1 **AREA RECREATION PRIVILEGES AND RULES** If applicable, SELLER shall relinquish, on or before close of
2 escrow, recreation privileges, passes, identification cards or keys for access to common-interest community facilities and
3 general improvements. Upon close of escrow, SELLER agrees to pay replacement charges for identification cards or keys
4 that are not relinquished. BUYER shall become familiar with the current common-interest community facilities and general
5 improvement policies regarding recreation privileges and associated costs prior to close of escrow.

6
7 **LAND USE REGULATION** BUYER is advised the property may be subject to the authority of the federal government,
8 state, county, city and/or the various courts having jurisdiction. These governmental entities, from time to time, have
9 adopted and revised land use and environmental regulations that may apply to the property, and which, among other things,
10 may restrict new construction, expansion, remodeling and rebuilding of buildings and other improvements. Due to the
11 uncertain effect of land use and environmental regulations that may apply to the property and may affect BUYER's intended
12 use of the property. BUYER is advised to research the possible effect of applicable land use and environmental regulations.
13 Broker makes no representations or warranties regarding the existing permissible uses or future revisions to the land use
14 regulations.

15
16 **ENVIRONMENTAL CONDITIONS** BUYER is advised the property may be located in an area found to have special
17 flood hazards as indicated by FEMA, avalanche conditions, freezing temperatures, snow loads, seismic activity and/or
18 wildland fires. It may be necessary to purchase additional insurance in order to obtain any loan secured by the property from
19 any federally regulated financial institution or a loan insured or guaranteed by an agency of the U.S. Government. For
20 further information, consult your lender, insurance carrier or other appropriate agency.

21
22 **HAZARDOUS/NOXIOUS CONDITIONS** SELLER represents, to the best of SELLER's knowledge, the property is not
23 contaminated with any hazardous conditions, including but not limited to, asbestos, processed petroleum derivatives, PCB
24 transformers, other toxic, hazardous or contaminated substances, noxious weed, and underground storage tanks. SELLER
25 agrees to disclose to Licensee(s), BUYER, and all prospective BUYER(s) any and all information which SELLER has or
26 may acquire regarding the presence and location of any hazardous/noxious conditions on or about the Property. Both
27 BUYER and SELLER should seek the advice of independent experts regarding the potential presence and/or effect of toxic,
28 hazardous or noxious substances on real property and any improvements to be sold or purchased.

29
30 **WATER METERS** BUYER may be required, at some future date, to incur the costs of installation of water meters and/
31 or conversion to metered rates.

32
33 **WELLS** Many factors may affect the performance of a well system. If the property includes a well, BUYER may be
34 required, at some future date, to incur the costs of connecting the lot to a public water system. See Information Regarding
35 Private Well and Septic System.

36
37 **ADDITIONAL FEES** Some areas may include/impose additional fees or charges for the remediation of water systems.

38
39 **SEPTIC SYSTEMS** If the property includes a septic system, BUYER may be required, at some future date, to incur the
40 costs of connecting the lot's plumbing to a public sewer system. See Information Regarding Private Well and Septic System.

41
42 At close of escrow, BUYER assumes all future costs associated with water meters, wells and septic systems.

43
44 **PRIVATE ROADS** SELLER shall disclose if the property shares a common road or access driveway or right of way with
45 other property. If a road maintenance agreement exists, SELLER to provide the agreement to BUYER.

46
47 **WATER RIGHTS** Water rights, if any, to be included with the property unless specifically excluded by deed or mutual
48 agreement.

49
50 **AGRICULTURAL DEFERMENT TAX** BUYER and SELLER are advised property may be subject to a deferred
51 Agricultural Recapture tax.

Property Address: Seiger Grade, 016-762-28 Reno APN 01676228
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1 **ADDITIONAL TERMS AND CONDITIONS:**

2 _____
3 _____
4 _____
5 _____
6 _____
7 _____
8 _____
9 _____

10
11 **TAX WITHHOLDING (FIRPTA)** Unless the property is sold for no more than \$300,000, SELLER agrees to provide
12 BUYER with (a) Non-Foreign Seller Affidavit, or (b) Withholding Certificate Form from the Internal Revenue Service stating
13 that withholding is not required. In the event none of the foregoing is applicable, BUYER requires a percentage of
14 SELLER's proceeds to be withheld by escrow to comply with the FOREIGN INVESTMENT AND REAL PROPERTY
15 TAX ACT (IRC Section 1445).

16
17 **TAX DEFERRED EXCHANGE** In the event BUYER or SELLER wishes to enter into an IRC tax deferred exchange for
18 the real property described herein, each of the parties agrees to cooperate with the other party in connection with such
19 exchange, including the execution of such documents as may be reasonably necessary to effectuate the same. Provided that
20 the other party shall not be obligated to delay the closing, all additional costs in connection with the exchange should be
21 borne by the party requesting the exchange, and the other party shall not be obligated to execute any note, contract, deed, or
22 other document providing for any personal liability which would survive the exchange. The other party shall be indemnified
23 and held harmless against any liability arising or is claimed to have arisen on account of the acquisition of ownership of the
24 exchange property.

25
26 **VERIFICATION OF INFORMATION** Any information relating to land or its use, and/or improvements of the land are
27 approximate or estimates only, and neither SELLER nor Brokers involved make any representation or guarantee regarding
28 the accuracy. Any oral or written representations by SELLER or Brokers regarding age of improvements, size, and square
29 footage of parcel or building, or location of property lines, may not be accurate. Apparent boundary line indicators such as
30 fences, hedges, walls, or other barriers may not represent the true boundary lines. Brokers are not obligated to investigate the
31 status of permits, zoning, or code compliance. BUYER to satisfy any concerns with conditions that are an important or
32 critical element of the purchase decision. BUYER has not received or relied upon any representations by either Brokers or
33 SELLER with respect to the condition of the property which are not contained in this Agreement or in any attachments. The
34 information contained in the Multiple Listing Service, computer or advertisements, and feature sheets pertaining to this
35 property are not warranted or guaranteed by Brokers. Errors and/or omissions in inputting information, while uncommon,
36 are possible. BUYER shall be responsible for verifying the accuracy of pertinent information. Deposit of all funds necessary
37 to close escrow shall be deemed as final acceptance of the property. SELLER agrees to hold all Brokers in the transaction
38 harmless and to defend and indemnify them from any claim, demand, action or proceedings resulting from any omission or
39 alleged omission by SELLER's statements.

40
41 **NEVADA LAW TO APPLY** Nevada law shall apply to the interpretation and enforcement of this Agreement.

42
43 **MEDIATION** For information purposes only. If a dispute arises out of or relates to this Agreement, or its breach, the
44 parties are aware that the local Association of REALTORS® has a Dispute Resolution Service (DRS) available. A DRS
45 brochure is available upon request.

46
47 **ATTORNEY FEES** In the event either party is required to engage the services of an attorney to enforce this Agreement,
48 the prevailing party in any proceeding shall be entitled to an award of reasonable attorney's fees, legal expenses and costs.

49
50 **CODE OF ETHICS** Not all real estate licensees are REALTOR(S)®. A REALTOR® is a member of the National
51 Association of REALTORS® and therefore subscribes to a higher ethical standard in the industry, known as the REALTOR®
52 Code of Ethics. To receive a copy of the REALTOR® Code of Ethics, ask your real estate professional or, the local
53 Association of REALTORS®.

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1 **PROFESSIONAL CONSULTATION ADVISORY** A real estate Broker is qualified to advise on real estate. The parties
2 are advised to consult with appropriate professionals, including but not limited to, engineers, surveyors, appraisers, lawyers,
3 CPAs, or other professionals, on specific topics, including but not limited to, land use regulation, boundaries and setbacks,
4 square footage, physical condition, legal, tax, water rights and other consequences of the transaction.
5

6 **THE FOLLOWING HAVE BEEN RECEIVED AND ACKNOWLEDGED BY BUYER:**

- 7 ☐ Common Interest Community Information Statement "Before You Purchase...."
8 ☒ Consent to Act
9 ☒ Duties Owed by a Nevada Real Estate Licensee
10 ☒ Information Regarding Well and Septic System
11 ☒ Vacant Land Due Diligence Resource Guide
12 ☐ Other _____
13 ☐ Other _____
14

15 **THE FOLLOWING ADDENDA AND EXHIBITS ARE ATTACHED AND INCORPORATED:**

- 16 ☒ Range Land Disclosure
17 ☐ SELLER Financing Addendum (Residential)
18 ☐ Other _____
19 ☐ Other _____
20

21 **CONDITIONS SATISFIED OR WAIVED IN WRITING** Each condition, contingency, approval and disapproval shall
22 be satisfied according to its terms unless waived in writing by the benefiting party within the time limits specified, or an
23 extension in writing is agreed to by the parties. Each party shall diligently pursue the completion of this transaction.
24

25 **ENTIRE AGREEMENT** This document and the documents incorporated and attached contain the entire Agreement of
26 the parties and supersede all prior Agreements or representations with respect to the property which are not expressly set
27 forth herein. This Agreement may be modified only in writing, signed and dated by both parties. Both parties acknowledge
28 that they have not relied on any statements of any real estate Brokers which are not herein expressed. BUYER acknowledges
29 having read and approved each of the provisions of this Agreement and agrees to purchase the described property for the
30 price and on the terms and conditions specified.
31

32 **SELLER DEFAULT** If SELLER defaults in the performance of this Agreement, BUYER shall have the right to recover
33 from SELLER all of BUYER's actual damages that BUYER may suffer as a result of SELLER's default, and to pursue any
34 and all other remedies available at law or in equity (including specific performance).
35

36 **BUYER DEFAULT** BUYER must initial only one of the following.

37 If BUYER defaults in the performance of this Agreement SELLER shall have the right to:

38 A. (Buyer Initials) Liquidated Damages: SELLER may retain, as its sole legal recourse, the
39 earnest money deposit. BUYER and SELLER hereby acknowledge that SELLER's actual damages would be difficult to
40 measure and that the earnest money deposit is a fair and reasonable estimate of such damages.
41

42 OR

43
44 B. (Buyer Initials) Actual Damages: SELLER shall have the right to recover from BUYER all of
45 SELLER's actual damages that SELLER may suffer as a result of BUYER's default, and to pursue any and all other
46 remedies available at law or in equity.
47

48 C.

48 **TIME IS OF THE ESSENCE** Time is of the essence of this Agreement.
49

50 **SELLER** has agreed, by separate listing agreement, to pay real estate commissions for services rendered, at close of escrow.
51 As published in the MLS, 5 % of the accepted price, or \$ _____, shall be paid to BUYER's real estate
52 company, Sierra Nevada Properties-Reno, irrespective of the agency relationship.

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1 EXPIRATION OF OFFER Per NRS 645.254 all offers must be presented to SELLER. This offer shall expire unless
2 acceptance, including delivery thereof, to BUYER or to Buyer's agent

3 on/or before James Alford ☐ A.M. ☒ P.M. on 01/31/17

4
5 BUYER James Alford DATE _____ TIME _____

6
7 BUYER _____ DATE _____ TIME _____

8
9 BUYER's Representation:

10
11 BUYER's Licensee Name Byron Smith BUYER's Broker Name Darrell Plummer

12 (Print Name)
13 BUYER's Licensee Nevada License # BS.1189 BUYER's Broker Nevada License # B.0015108.CORP

14
15 Phone 775-336-6100 Fax 775-852-6890 Company Name Sierra Nevada Properties-Reno

16
17 BUYER's Licensee Email byronsmith@bellsouth.net Office Address 6990 S. McCarran Blvd. Ste. 300

18
19 BUYER's Licensee Signature Byron Smith City/State/Zip Reno NV 89509

20 (Print Name)
21
22

23 SELLER'S ACCEPTANCE, COUNTER OFFER OR REJECTION OF AGREEMENT

24
25 SELLER acknowledges having read and approved each of the provisions of this Agreement. Authorization is hereby given
26 Brokers in this Agreement to deliver a signed copy to BUYER and to disclose the terms of sale to members of a Multiple
27 Listing Service or Association of REALTORS® at close of escrow.

28 SELLER to check one of the following options and date, time and sign this Agreement.

29
30 ☐ Acceptance of Offer SELLER accepts this offer to purchase, agrees and has the authority to sell the above described
31 property on the terms and conditions as stated herein.

32
33 ☐ Counter Offer SELLER signs this offer subject to a Counter Offer dated _____

34
35 ☐ Rejection SELLER rejects the foregoing offer.

36
37 SELLER Thomas C Hebrant DATE 2/3/17 Time _____

38 RECEIVED
39 SELLER _____ DATE _____ Time _____

40
41 SELLER's Representation:

42
43 SELLER's Licensee _____ SELLER's Broker Name _____

44 (Print Name)
45 SELLER's Nevada License # _____ SELLER's Brokers Nevada License # _____

46
47 Phone _____ Fax _____ Company Name _____

48
49 SELLER's Licensee Email _____ Office Address _____

50
51 City/State/Zip _____

Property Address Gallego Grade, 016-762-28 Reno APN 01676228
Page 9 of 9

RSAR 01/17
LOA 9/9

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BRADWAY
PROPERTIES

ADDENDUM # 1



1 This addendum to the offer & Acceptance dated 1/30/17
2 regarding the property located at APN 016-752-28 Reno NV 89521
3 between JAMES ALFORD and

4 _____
5 is being attached this date 1/30/17

6 The property is currently subject to litigation filed in the United
7 States District Court Southern District of California Case No. 12 CV 2164
8 GPC JMA and is under the authority of that Court. Notwithstanding any
9 other provisions in this agreement, any disputes arising from this
10 agreement will be heard in that venue.

11 All references to seller will mean Thomas C. Hebrank, solely in his
12 capacity as Court Appointed Receiver.

13
14 Broker's commission is subject to District Court approval and Broker
15 agrees to accept as full compensation the amount approved and authorized
16 to be paid by the District Court. The Receiver will request authority
17 from the District Court to pay Broker the commission provided for in this
18 Agreement. Broker shall inform any and all brokers and agents of the
19 Buyer of the requirement of District Court approval of the commission to
20 be paid and obtain their written acknowledgement.

21
22 Final sale is subject to overbidding by third parties at the court
23 hearing.

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38 All other terms to remain the same.

39

40 Dated: 1-30-17 Time: _____ Dated: 2/3/17 Time: _____

41
42 BUYER/TENANT: James Alford SELLER/OWNER: Thomas C. Hebrank
43 Thomas C. Hebrank, Court Appointed Receiver

44 BUYER/TENANT: _____ SELLER/OWNER: _____

45

46 This agreement is not valid unless signed by all parties.

BUYERS AGENT

ADDENDUM TO LAND PURCHASE AGREEMENT

This Addendum to Land Purchase Agreement (this "**Addendum**") is attached to, and a part of, that certain Land Purchase Agreement (the "**Agreement**") dated as of February 2, 2017 (the "**Effective Date**") by and between Reno Partners as "**Seller**," by and through Thomas C. Hebrank, solely in his capacity as Receiver ("**Receiver**"), appointed by the United States District Court for the Southern District of California (the "**Court**"), and James Alford, an individual, as "**Buyer**", with respect to that certain unimproved real property located in an unincorporated portion of Washoe County, Nevada consisting of approximately 56.141 acres of land and referred to as Washoe County Assessor Parcel Nos 016-762-28 and 016-762-29 (the "**Property**"). In the event of any conflict between the provisions of this Addendum and those of the Agreement, the provisions of this Addendum shall prevail. For convenience, all capitalized terms not otherwise defined in this Addendum have the same meaning ascribed to them in the Agreement.

1. As-Is Sale

A. Independent Investigation. Subject to the contingency period specified in the Agreement, Buyer shall have independently investigated, analyzed and appraised the value, profitability and condition of the Property, including, without limitation, the geological and soil condition of the Property, the fitness or suitability of the Property for Buyer's intended use of the Property and all environmental matters relating to the Property (including, but not limited to, the presence or absence of hazardous or toxic substances or industrial hygiene in violation of any and all applicable environmental laws), without relying on any representations of any kind (whether oral or written, express or implied) made by Seller to Buyer. Buyer is purchasing the Property in its "AS IS, WHERE IS" condition as of the Effective Date solely in reliance upon Buyer's own investigations and evaluation thereof and without any representation or warranty by Seller as to the condition of the Property.

B. AS-IS Purchase; No Side Agreements Or Representations. Buyer acknowledges and agrees that Buyer has independently and personally inspected the Property, and the improvements, entitlements, plans and specifications related to the Property, Buyer has elected to go forward with the purchase of the Property on the basis of such personal examinations and inspections as Buyer has deemed appropriate to make. Buyer agrees that **AS A MATERIAL INDUCEMENT TO THE EXECUTION AND DELIVERY OF THIS AGREEMENT BY SELLER, BUYER IS PURCHASING THE PROPERTY IN AN "AS IS" AND "WHERE IS" PHYSICAL CONDITION AND IN AN "AS IS" STATE OF REPAIR, WITH ALL FAULTS.** No person acting on behalf of Seller is authorized to make, and by execution hereof Buyer acknowledges and agrees that, except as specifically provided in this agreement, Seller has not made, does not make, and specifically negates and disclaims any representations, warranties, promises, covenants, agreements or guaranties of any kind or character whatsoever, whether express or implied, oral or written, past, present or future, of and to, concerning or with respect to:

- (1) the value of the Property;
- (2) the income to be derived from the Property;
- (3) the suitability of the Property for any and all activities and uses which Buyer may conduct thereon, including without limitation any development of the Property;
- (4) the habitability, merchantability, marketability, profitability or fitness for a particular purpose of the Property;
- (5) the manner, quality, state of repair, or lack of repair, of the Property;
- (6) the nature quality or condition of the Property including, without limitation, the water, soil and geology;
- (7) the compliance of or by the Property or the operation of the Property with any laws, rules, ordinances, or regulations of any applicable governmental authority or body;
- (8) the manner, condition, or quality of the construction or materials, if any, incorporated into the Property;
- (9) compliance with any environmental protection, pollution or land use laws, rules, regulation, orders or requirements, including but not limited to, the Endangered Species Act;
- (10) the presence or absence of hazardous or toxic substances at, on, under, or adjacent to the Property;
- (11) the content, completeness or accuracy of the due diligence materials, including any informational package, document list or other materials prepared by Seller;
- (12) the conformity of the improvements to any plans or specifications for the Property, including any plans and specifications that may have been or may be provided to Buyer;
- (13) the conformity of the Property to past, current or future applicable zoning or building requirements;
- (14) deficiency of any undershoring;
- (15) deficiency of any drainage;
- (16) the existence of land use zoning or building entitlements affecting the Property;
- (17) deficiency of any access to the Property or any portion thereof; and

(18) with respect to any other matter concerning the Property, except as may be otherwise expressly stated herein, including any and all such matters referenced discussed or disclosed in any documents delivered by Seller to Buyer, in any public records of any governmental agency, entity or utility company, or in any other documents available to Buyer.

Buyer acknowledges and agrees that the opportunity to inspect the Property and review information and documentation respecting the Property as provided in this Agreement is sufficient to allow the Buyer to make an adequate investigation of the Property and that Buyer is relying solely on its own investigation of the Property and review of such information and documentation, and not on any information provided or to be provided by Seller. Buyer further acknowledges and agrees that any information made available to Buyer or provided or to be provided by or on behalf of Seller with respect to the Property was obtained from a variety of sources and that Seller has not made any independent investigation or verification of such information and make no representations as to the accuracy or completeness of such information except as may otherwise be provided herein. Buyer agrees to fully and irrevocably release all such sources of information and preparers of information and documentation to the extent such sources or preparers are Seller, or its employees, members, officers, directors, representatives, agents, servants, attorneys, affiliates, parent companies, subsidiaries, successors or assigns, from any and all claims that it may now have or hereafter acquire against such sources and preparers of information for any costs, loss, liability, damage, expense, demand, action or cause of action arising from such information or documentation. Seller is not liable or bound in any manner by any oral or written statements, representations or information pertaining to the Property or the operation thereof furnished by any of the foregoing entities and individuals or any other individual or entity. Buyer further acknowledges and agrees that to the maximum extent permitted by law, the sale of the Property as provided for herein is made on an "AS-IS" condition and basis, with all faults, and that Seller has no obligations to make repairs, replacements or improvements.

C. NO LIABILITY TO RECEIVER. WITHOUT LIMITATION OF THE FOREGOING, AS AN ESSENTIAL INDUCEMENT TO RECEIVER TO ENTER INTO THIS AGREEMENT, AND AS PART OF THE DETERMINATION OF THE CONSIDERATION GIVEN HEREUNDER, BUYER ACKNOWLEDGES, UNDERSTANDS AND AGREES AS FOLLOWS:

(1) BUYER ACKNOWLEDGES AND AGREES THAT RECEIVER IS ENTERING INTO THIS AGREEMENT SOLELY IN CONNECTION WITH HIS OR HER DUTIES AS RECEIVER PURSUANT TO THE ORDERS. IN NO EVENT SHALL RECEIVER BE LIABLE FOR ANY ERROR OF JUDGMENT OR ACT DONE BY RECEIVER, OR BE OTHERWISE RESPONSIBLE OR ACCOUNTABLE UNDER ANY CIRCUMSTANCE WHATSOEVER, EXCEPT IF THE RESULT OF RECEIVER'S GROSS NEGLIGENCE OR INTENTIONAL MISCONDUCT. RECEIVER SHALL NOT BE PERSONALLY LIABLE IN CONNECTION WITH ANY DUTIES PERFORMED BY RECEIVER PURSUANT TO THE ORDERS.

(2) NO PROVISION OF THIS AGREEMENT SHALL OPERATE TO PLACE ANY OBLIGATION OR LIABILITY FOR THE CONTROL, CARE, MANAGEMENT OR REPAIR OF THE PROPERTY UPON RECEIVER, NOR SHALL IT OPERATE TO MAKE RECEIVER RESPONSIBLE OR LIABLE FOR ANY WASTE COMMITTED ON THE PROPERTY BY ANY PERSON OR FOR ANY DANGEROUS OR DEFECTIVE CONDITION OF THE PROPERTY OR FOR ANY NEGLIGENCE IN MANAGEMENT, UPKEEP, REPAIR OR CONTROL OF THE PROPERTY RESULTING IN LOSS OR INJURY OR DEATH TO ANY PERSON.

D. Survival. The provisions of this Section 1 shall survive the closing of the Agreement.

2. Release and Indemnity

A. Release. To the maximum extent permitted by law, Buyer, on behalf of itself and its past, present and future agents, representatives, partners, shareholders, principals, attorneys, affiliates, parent corporations, subsidiaries, officers, directors, employees, predecessors, successors, heirs and executors and assigns (collectively, "**Buyer's Parties**"), hereby releases and forever discharges Seller, and each of their respective past, present and future agents (including Receiver and Broker), representatives, partners, attorneys, members, shareholders, principals, affiliates, parent corporations, subsidiaries, officers, directors, employees, predecessors, successors, heirs, executors and assigns (collectively, "**Indemnitees**"), from and against all claims, rights, remedies, recourse or other basis for recovery, legal or administrative proceedings, losses, liabilities, damages, penalties, fines, liens, judgments, costs or expenses whatsoever (including, without limitation, attorneys' fees and costs) ("**Claims**"), whether direct or indirect, known or unknown, foreseen, whether before or after the Closing Date, including without limitation any loss, damage, injury, illness, death or other claim attributable to: (1) the use of the Property or any part thereof; (2) a defect in the design or construction of any improvements on or about the Property or the physical condition of the Property, including without limitation the grading of the Property or land adjacent to the Property, whether or not performed by an Indemnatee, and any surface and subsurface conditions; (3) the presence on the Property of any threatened or endangered species, or any archaeological sites, artifacts or other matters of archaeological significance, or any hazardous or toxic substances or industrial hygiene in violation of any and all applicable environmental laws including, without limitation, all claims in tort or contract and any claim for indemnification or contribution arising under the Comprehensive Environmental Response, Compensation, and Liability Act (42 U.S.C. Section 9601, *et seq.*) or any similar federal, state or local statute, rule or ordinance relating to liability of property owners for environmental matters; (4) any act, omission or representation of Buyer or any of Buyer's Parties; (5) any accident or casualty on the Property caused by or attributable to the acts or omissions of any Indemnitees, Buyer or Buyer's Parties on or about the Property; (6) a violation or alleged violation by any Indemnatee, Buyer, or Buyer's Parties of any law now or hereinafter enacted; (7) a slope failure or surface or subsurface geologic or groundwater condition caused by or

attributable to any Indemnitee, Buyer or Buyer's Parties; (8) the design, construction, engineering or other, work with respect to the Property provided or performed by or caused by or attributable to any Indemnitee, Buyer or Buyer's Parties, whether before or after the Closing Date; (9) any other cause whatsoever in connection with Buyer's use of the Property or Buyer's performance under the Agreement or any of the instruments executed and delivered at Closing in connection herewith; (10) any breach by Buyer in the performance of its obligations under this Agreement or the other instruments executed and delivered at Closing in connection herewith; or (11) the application of the principles of strict liability in connection with the Property (collectively, the "**Released Claims**"). Notwithstanding the foregoing, the Buyer shall not be required to or be deemed to have waived any Claims against any particular Indemnitee from an event which arises from a pre-existing relationship or claim between the Buyer and such Indemnitee.

With respect to this release and discharge, Buyer, on behalf of itself and all of Buyer's Parties, hereby acknowledges that the Released Claims may include Claims of which Buyer is presently unaware, or which Buyer does not presently suspect to exist, or which may not yet have accrued or become manifest, and which, if known by Buyer on the Effective Date or the Closing Date would materially affect Buyer's release and discharge of Seller and the other Indemnitees, and Buyer, on behalf of itself and all of Buyer's Parties, hereby waives application of the California Civil Code Section 1542 which provides as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS
WHICH CREDITOR DOES NOT KNOW OR SUSPECT
EXISTS IN HIS OR HER FAVOR AT THE TIME OF
EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM
MUST HAVE MATERIALLY AFFECTED HIS OR HER
SETTLEMENT WITH THE DEBTOR.

Buyer understands and acknowledges that the significance and consequence of this waiver of California Civil Code Section 1542 is that, even if Buyer or any of Buyer's Parties suffer future damages arising out of or resulting from any Released Claims, neither Buyer nor any of Buyer's Parties will be able to make any claim for those damages against Seller or any other Indemnitee. Furthermore, Buyer acknowledges that it intends these consequences for any such Claims which may exist as of the date of this release but which Buyer does not know exist, and which, if known, would materially affect Buyer's decision to execute this Agreement, regardless of whether Buyer's lack of knowledge is the result of ignorance, oversight, error, negligence or any other cause.


Buyer's Initials

B. Survival. The provisions of this Section 2 shall survive the closing of the Agreement.

3. Dispute Resolution

A. Court Trial. Each party to this Agreement hereby expressly waives any right to trial by jury with respect to any claim, demand, action or cause of action (1) arising under this Agreement, including, without limitation, any present or future modification thereof, or (2) in any way connected with or related or incidental to the dealings of the parties hereto or any of them with respect to this Agreement (as now or hereafter modified) or any other instrument, document or agreement executed or delivered in connection herewith, or the transactions related hereto or thereto, in each case whether such claim, demand, action or cause of action is now existing or hereafter arising, and whether sounding in contract or tort or otherwise; and each party hereby agrees and consents that any such claim, demand or cause of action shall be decided by court trial without a jury, and that any party to this Agreement may file an original counterpart or a copy of this section with any court as written evidence of the consent of the parties hereto to the waiver of any right they might otherwise have to trial by jury. The parties shall be entitled to recover only their actual damages, and no party shall be entitled to recover any consequential damages, punitive damages, or any other damages that are not actual damages.

B. Venue. Any action shall be commenced and maintained in the Court. The parties irrevocably consent to jurisdiction and venue in such Court and agree not to seek transfer or removal of any action commenced in accordance with the terms of this article.

4. Default by Buyer

A. DEFAULT BY BUYER. UPON DEFAULT BY BUYER, SELLER SHALL BE ENTITLED TO TERMINATE THIS AGREEMENT UPON WRITTEN NOTICE TO BUYER AND THE ESCROW HOLDER. IN SUCH EVENT, ESCROW HOLDER SHALL RELEASE THE DEPOSIT TO SELLER, AND SELLER SHALL BE ENTITLED TO RECEIVE AND RETAIN THE DEPOSIT AS LIQUIDATED DAMAGES AND, EXCEPT FOR BUYER'S INDEMNITY AND OTHER SPECIFIC OBLIGATIONS REFERRED TO HEREIN WHICH MAY BE ENFORCED BY SELLER, NEITHER PARTY SHALL HAVE ANY FURTHER RIGHTS OR OBLIGATIONS HEREUNDER. IN THE EVENT THE CLOSING DOES NOT OCCUR BECAUSE OF BUYER'S DEFAULT, BUYER AND SELLER AGREE THAT IT WOULD BE IMPRACTICABLE AND EXTREMELY DIFFICULT TO ESTIMATE THE DAMAGES SUFFERED BY SELLER AS A RESULT OF BUYER'S FAILURE TO COMPLETE THE PURCHASE OF THE PROPERTY PURSUANT TO THIS AGREEMENT, AND THAT UNDER THE CIRCUMSTANCES EXISTING AS OF THE EFFECTIVE DATE, THE LIQUIDATED DAMAGES PROVIDED FOR IN THIS SECTION REPRESENT A REASONABLE ESTIMATE OF THE DAMAGES WHICH SELLER WILL INCUR AS A RESULT OF SUCH DEFAULT; PROVIDED, HOWEVER, THAT THIS PROVISION SHALL NOT: (1) LIMIT SELLER'S RIGHT TO RECEIVE REIMBURSEMENT FOR ATTORNEYS' FEES; (2) WAIVE OR AFFECT BUYER'S INDEMNITY OBLIGATIONS AND SELLER'S RIGHTS TO SUCH INDEMNITY; OR (3) WAIVE OR AFFECT BUYER'S OBLIGATIONS TO RETURN OR PROVIDE TO SELLER DOCUMENTS, REPORTS OR OTHER INFORMATION PROVIDED TO OR PREPARED BY OR FOR BUYER PURSUANT TO APPLICABLE

PROVISIONS OF THIS AGREEMENT. THEREFORE, BUYER AND SELLER DO HEREBY AGREE THAT AS OF THE EFFECTIVE DATE, A REASONABLE ESTIMATE OF THE TOTAL NET DETRIMENT THAT SELLER WOULD SUFFER IN THE EVENT THAT BUYER DEFAULTS AND FAILS TO COMPLETE THE PURCHASE OF THE PROPERTY IS AN AMOUNT EQUAL TO THE DEPOSIT (WHICH INCLUDES ANY ACCRUED INTEREST THEREON). SAID AMOUNT SHALL BE THE FULL, AGREED AND LIQUIDATED DAMAGES FOR THE BREACH OF THIS AGREEMENT BY BUYER. THE PAYMENT OF SUCH AMOUNT AS LIQUIDATED DAMAGES IS NOT INTENDED AS A FORFEITURE OR PENALTY WITHIN THE MEANING OF CALIFORNIA CIVIL CODE SECTIONS 3275 OR 3369, BUT IS INTENDED TO CONSTITUTE LIQUIDATED DAMAGES TO SELLER PURSUANT TO CALIFORNIA CIVIL CODE SECTIONS 1671, 1676 AND 1677. SELLER HEREBY WAIVES THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 3389.


Buyer's initials

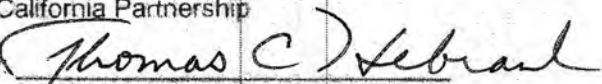

Seller's initials

B. Default by Seller; Exculpation. Subject to Section 1.C of this Addendum, above, if the sale of the Property is not consummated because of a material default by Seller under this Agreement, Buyer's sole remedy shall be to (i) terminate this Agreement and recover the deposit set forth in Section 1.A of the Agreement, or (ii) specifically enforce Seller's obligations to convey the Property and recover professional fees and costs. In no event shall Buyer seek or attempt to obtain any recovery or judgment against any of Seller's Indemnitees, members, shareholders or partners (or their constituent members, shareholders or partners) or any director, officer, employee or shareholder of any of the foregoing.

IN WITNESS THEREOF, this Addendum to Land Purchase Agreement is executed and delivered by Buyer and Seller as of the Effective Date.

SELLER:

Reno Partners.,
a California Partnership

By 
Name: Thomas C. Hebrank
Its: Receiver

BUYER:


James Alford, an individual