

AUCTION CONTRACT
(Lot 1, Ponderosa Pt)

TO: Liz Svenningsen, Senior Escrow Officer ("**Escrow Holder**")
Northern Nevada Title Company
Phone (775) 883-7513
Fax (775) 887-5065
lizes@nntc1.com

Buyer(s):

- A. Full Name: _____
Physical Address: _____
Mailing Address: _____
City, State, Zip: _____
Telephone: _____
Facsimile: _____
Email: _____
- B. Full Name: _____
Physical Address: _____
Mailing Address: _____
City, State, Zip: _____
Telephone: _____
Facsimile: _____
Email: _____

(List additional Buyer(s), if any, on separate addendum.)

1. **DESCRIPTION:** That certain real property and improvements located Lot 1, Ponderosa Pt, Carson City, Nevada, more particularly described in the attached Exhibit A (the "**Property**")
2. **PARTIES:** This Auction Contract is made by and between Ponderosa Land & Livestock Co. Inc., ("**Seller**"), whose address is _____, and that certain Buyer(s) whose name(s), address(es) and telephone number(s) are more particularly set forth above ("**Buyer**"). Buyer was the winning bidder at the auction of the Property completed on November 16th 2009, and enters into this Contract pursuant to the terms and conditions of the registration form executed by Buyer (the "**Registration Form**") and the auction terms and conditions for this Property set forth at www.purplewave.com and incorporated by reference therein ("**Auction Terms**"). All capitalized terms used in this Contract but not defined shall have the meaning ascribed them in either the Registration Form or the Auction Terms.
3. **AGREEMENT TO BUY AND SELL:** For the consideration herein stated and subject to the terms and conditions set forth herein, Buyer agrees to purchase, and Seller agrees to sell to Buyer, the Property.
4. **PURCHASE PRICE:** The purchase price shall consist of the winning bid in the amount of \$ _____ plus the 10% Buyer's premium (as described in the Auction Terms), for a total purchase price of \$ _____ (the "**Purchase Price**"), payable as follows:

- (a) A 10% (of the winning bid price) non-refundable deposit will be due from buyer immediately after buyer is declared the winner, which shall then be delivered by Auctioneer to Northern Nevada Title ("Escrow Holder") and which shall be credited against the Purchase Price
- (b) the balance of the Purchase Price (not including closing costs) shall be deposited on or before

December 31, 2009 with Escrow Holder ("Closing Date"). Good faith deposits in any amount will be accepted in the form of check, cash, or wire transfer.

Additional terms are as follows:

- A. Sale is not contingent upon Buyer obtaining new financing
- C. All earnest money deposits shall become non refundable to Buyer.

D. All funds held in escrow shall be placed in a non-interest bearing account and either applied toward the Purchase Price at closing or returned to the Buyer only in the event the Seller defaults or fails to deliver to Buyer clear title to the Property as described in the preliminary title report reviewed and approved by Buyer prior to the auction as acknowledged in the Registration Form. In any other event that the Buyer does not successfully fulfill and close this purchase transaction in accordance with the terms of this Contract, all deposits shall be released to the Seller and Seller shall be free to retain title unencumbered in any manner by Buyer, including Seller's sale of the Property to another party.

5. **BONDS AND ASSESSMENTS:** All bonds and assessments which are part of or paid with the property tax bill will be assumed by the Buyer. In the event there are other bonds or assessments which have an outstanding principal balance and are a lien upon the Property, the current installment will be prorated between Buyer and Seller as of the date of closing. Future installments will be assumed by Buyer WITHOUT CREDIT toward the Purchase Price.

6. **DESTRUCTION OF IMPROVEMENTS:** If the improvements of the Property are destroyed, materially damaged, or found to be materially defective as a result of such damage prior to close of escrow and the costs of restoring same does not exceed ten (10%) percent of the assessed valuation of the improvements so damaged, cost of restoration shall be an obligation of the Seller and closing shall proceed pursuant to the terms of Contract with costs therefore escrowed at closing. In the event the cost of repair or restoration exceeds ten (10%) percent of the assessed valuation of the improvements so damaged, Buyer shall have the option of either taking the Property as-is, together with either the said ten (10%) percent or any insurance proceeds payable by virtue of such loss or damage, or of canceling the Contract and receiving return of deposit(s) made hereunder.

7. **EXAMINATION OF TITLE:** Buyer did, prior to the auction, obtain and review a preliminary title report issued by Escrow Holder (Preliminary Report No. _____ dated _____, on the Property (the "**Report**"), which Report shows certain exceptions to title. Buyer hereby affirms, represents and warrants to Seller that Buyer has reviewed the Report with the assistance of legal and/or other professional consultants of Buyer's choice and Buyer has no objections to title to the Property arising from Buyer's review of the Report and that Buyer hereby accepts all exceptions described therein, excepting only monetary encumbrances, liens and judgments. If, on or after execution of this Contract and prior to Close of Escrow, Seller or Buyer shall discover an exception to title (a "**Late Exception**") which is a material exception and which was not disclosed by the Report or otherwise known to Buyer prior to his or her execution of this Contract, the discovering party shall immediately notify the other party thereof; Buyer shall then have three (3) business days to notify Seller if Buyer objects to the Late Exception. If Buyer does object to a Late Exception, then Seller, within the next three (3) days shall notify Buyer whether or not Seller will remove the Late Exception and, if yes, how. If there is any Late Exception to which Purchaser objects and which Seller is unable or unwilling to remove, Buyer shall have the right either to proceed under this Contract or to terminate this Contract by written notice to Seller and Title/Escrow Holder.

8. **EVIDENCE OF TITLE:** Will be in the form of a CLTA policy of title insurance, issued by the above herein named Title Company, paid by the Buyer (100%).

9. **PRORATIONS AND INSURANCE:** Taxes, assessments, rent, interest, insurance and other expenses and revenue of the Property shall be prorated as of date of closing. Buyer shall have the option of taking over any existing policies of insurance on the Property, if assumable, in which even premiums shall be prorated. The cash at closing shall be increased or decreased as may be required by said prorations. All references in Contract to prorations as of date of closing will be deemed "date of occupancy" if occupancy occurs prior to closing, unless otherwise provided for herein.

10. **TIME FOR ACCEPTANCE AND EFFECTIVE DATE:** If this offer is not executed by Buyer on or before 5:00 p.m. (PST) December 31, 2009, the aforesaid Initial Deposit Money shall be released to the Seller and this offer shall thereafter be null and void. The date of this Contract ("**Effective Date**") shall be the date when the last one of the Seller and Buyer has signed this offer.

11. **CLOSE OF ESCROW:** Full Purchase Price to be paid and deed to be recorded on or before the Closing Date. Signed escrow instructions will be delivered to escrow holder within twenty-four (24) hours. Escrow fees and County/City transfer taxes are to be paid 50% by Buyer and 50% by Seller. If there is more than one Buyer, then Buyers shall hold title, as between such Buyers, as they desire and Buyers shall be solely responsible for instructing Escrow Holder as to the manner in which title to the Property subject to this Contract shall be vested among the Buyers.

12. **PLACE OF CLOSING:** Closing shall be held in Carson City, NV at a place mutually agreed upon by Buyer and Seller; provided, however, that if a portion of the Purchase Price is to be derived from an institutional mortgagee, the requirements of said mortgagee as to time of day, place and procedures for closing, and for disbursement of mortgage process, shall control, anything in this Contract to the contrary notwithstanding.

13. **NO CONTINGENCIES:** This Contract is a cash contract and is not contingent upon Buyer obtaining financing, conducting inspections or appraisals, or any other contingency of any kind. This Contract may be terminated by Buyer only if Seller is unable to deliver marketable title to the Property as described in the Report.

14. **OCCUPANCY.** Buyer's right to occupy the Property shall commence upon the Close of Escrow.

15. **BUYER'S ACKNOWLEDGMENTS.** Buyer's signature on this Contract constitutes Buyer's acknowledgment that he or she has received, reviewed, and accepts the terms and conditions of the Registration Form, the Auction Terms and this Contract.

16. **INSPECTION OF PROPERTY; "AS-IS" CONDITION:** Buyer acknowledges it has undertaken and completed its inspection of the Property, its review of the physical condition of the Property, including but not limited to, inspection and examination of soils, environmental factors, hazardous substances, if any, and its review and investigation of the effect of any zoning, maps, permits, reports, engineering data, regulations, ordinances, and laws affecting the Property, as Buyer, in its sole discretion, has deemed necessary. Buyer hereby approves of the results of its inspection and review and elects to proceed under this Contract.

Buyer acknowledges and agrees that the Property is to be sold and conveyed to, and accepted by Buyer, in an "AS IS" condition with all faults, if any, except as otherwise set forth in this Contract. Buyer has investigated and has knowledge of operative or proposed governmental laws and regulations, including, without limitation, zoning, environmental and land use laws and regulations, to which the

Property is or may be subject and accepts the Property solely upon the basis of its review and determination of the applicability and effect of such laws and regulations. Buyer acknowledges it is entering into this Contract on the basis of Buyer's own investigation of the physical and environmental conditions of the Property, including subsurface conditions, and Buyer assumes the risk that adverse physical and environmental conditions may not have been revealed by its own investigation. Buyer further acknowledges that neither Seller nor Auctioneer nor their respective agents and employees and other persons acting on behalf of Seller and/or Auctioneer, have made no representation or warranty of any kind in connection with any matter relating to the condition, value, fitness, or zoning of the Property upon which Buyer has relied directly or indirectly for any purpose.

Neither Seller nor Auctioneer has any knowledge of any adverse physical or environmental conditions of the Property, except as Seller or Auctioneer have disclosed to Buyer in writing. Buyer hereby waives, releases, and forever discharges Seller and Auctioneer and their respective shareholders, members, directors, officers, managers, employees, agents, successors, assigns, or any other person acting on behalf of Seller and/or Auctioneer (collectively, "**Indemnities**"), of and from any claims, actions, causes of action, demands, rights, damages, costs, expenses or compensation whatsoever, direct or indirect, known or unknown, foreseen or unforeseen, which Buyer now has or which may arise in the future on the account of or in any way growing out of or connected with the physical or environmental condition of the Property or any law or regulation applicable thereto. Buyer further agrees to indemnify, defend and hold harmless the Indemnities, and each of them, from and against any and all loss, damage, liability, claim, cost or expense including, without limitation, attorney's fees and court costs, resulting from any injury to persons or damage to property, arising from and adverse physical or environmental condition of the Property.

17. **LEASES:** Seller guarantees to Buyer that NO leases to third parties will be in effect at the close of escrow.

18. **COMPLIANCE WITH LOCAL LAWS:** Seller will comply with any local laws applicable to the sale or transfer of the Property, including but not limited to providing inspections and or reports for compliance with local building and permit regulations. It is understood that if Seller has given notice that necessary permits or final approvals were not obtained for some improvements, Seller will not be responsible for bringing the improvements into compliance.

19. **PENDING LITIGATION:** Seller warrants and represents that there are not legal actions, suits or other legal or administrative proceedings, including cases, pending or threatened or similar proceedings affecting the Property or any portion thereof, nor has Seller knowledge that any such action is presently contemplated which might or does affect the conveyance contemplated hereunder.

20. **DEFAULT BY SELLER:** In the event that the Seller should fail to consummate the transaction contemplated herein for any reason, except Buyer's default; (i) Buyer may enforce specific performance of this Contract in a court of competent jurisdiction and in such action shall have the right to recover damages suffered by Buyer by reason of the delay in the acquisition of the Property, or (ii) may bring suit for damages from breach of this Contract, in which event, the deposit made hereunder shall be forthwith returned to Buyer, or (iii) declare a default, demand and receive the return of the deposit. All rights, powers, options or remedies afforded to Buyer either hereunder or by law shall be cumulative and not alternative and the exercise of one right, power, option or remedy shall not bar other rights, powers, options or remedies allowed herein or by law.

21. **DEFAULT BY BUYER:** In the event Buyer defaults in the performance of this Contract, Seller shall be entitled to retain all money deposits, such sum being agreed upon as liquidated damages for the failure of Buyer to perform the duties and obligations imposed upon it by the terms and provisions of this Contract.

22. **ATTORNEY FEES:** In any action, arbitration or other proceeding involving a dispute between Buyer and Seller arising out of the execution of this Contract or the sale, whether for tort or for breach of contract, and whether or not brought to trial or final judgment, the prevailing party will be entitled to receive from the other party a reasonable fee.

23. **MEDIATION OF DISPUTES:** If a dispute arises out of or relates to this Contract or its breach, both parties agree to first try in good faith to settle the dispute by voluntary mediation before resorting to court action or arbitration. The fees of the mediator will be shared equally between all parties to the dispute.

24. **ARBITRATION:** Any dispute, claim, counterclaim, controversy, action or grievance arising out of or relating to this auction, or the marketing, sale or purchase of the Property or the breach, termination, enforcement, interpretation or validity of the Auction Terms or this Contract, including the determination of the scope or applicability of this arbitration clause, shall, if not resolved within ten (10) days after any aggrieved party gives notice to the others of its desire to arbitrate, be determined by binding arbitration in Reno, Nevada, before three (3) arbitrators, one of whom shall be a lawyer with at least ten (10) years' experience in legal disputes involving real estate auctions. The arbitration shall be administered by JAMS pursuant to its Streamlined Arbitration Rules and Procedures. Judgment on the arbitration award may be entered in any court having jurisdiction. This clause shall not preclude parties from seeking provisional remedies in aid of arbitration from a court of appropriate jurisdiction. The arbitrators shall, in the arbitration award, allocate all or part of the costs of the arbitration, including the fees of the arbitrator, expert witness fees, arbitration filing fees, and reasonable attorneys' fees of the prevailing party. The arbitration record, award and enforcement proceedings, if any, shall be permanently kept sealed and confidential among the parties, and the parties agree to jointly petition all relevant tribunals for an order sealing all records pertaining to enforcement or enforceability of the arbitration award.

25. **RESTRICTIONS, EASEMENTS, LIMITATIONS:** The Buyer shall take title subject only to zoning, restrictions, prohibitions and other requirements imposed by governmental authority; Restrictions and matters appearing on the plat of the Property or otherwise common to the subdivision in which the Property is located; Public utility easements or record: Taxes for year of closing and subsequent years, assumed mortgages and purchase money mortgages, provided, however, that none of the foregoing shall prevent use of the Property for the purpose of a single family residence.

26. **TIME:** Time is the essence of this Contract. Any reference herein to time periods of less than six (6) days shall in the computation thereof, exclude Saturdays, Sundays and legal holidays, and any time period provided for herein which shall end on a Saturday, Sunday or legal holiday shall extend to 5:00 p.m. of the next business day.

27. **OTHER AGREEMENTS:** With the exception of the Registration Form and the Auction Terms, no prior or present agreements or representations shall be binding upon any of the Parties hereto unless incorporated in this Contract. No modification or change in this Contract shall be valid or binding upon the Parties unless in writing, executed by the Parties to be bound thereby.

28. **AGENTS OF SELLER ONLY:** Auctioneer represents only Seller in this transaction. Auctioneer does not represent any bidder or buyer in any manner. Auctioneer has an exclusive right to list and market the Property, and all inquiries and transactional matters must be conducted through Auctioneer. The winning bidder(s) will be required to acknowledge receipt of a "Duties Owned by a Nevada Real Estate Licensee" prior to signing this Contract.

THE UNDERSIGNED BUYER ACKNOWLEDGES that he and/or she has thoroughly read and approved each of the provisions of this offer and agrees to purchase the Property for the price and terms and conditions specified. Buyer acknowledges a receipt of a copy of this offer.

EXECUTED BY BUYER: _____, 2009, at _____ .m PST

Buyer Name Here

Buyer Signature Here _____ Date _____

Buyer Name Here

Buyer Signature Here _____ Date _____

Buyer's Agent Name Here and License #

Buyer Agent's Signature Here _____ Date _____

EXECUTED BY SELLER: _____, 2009, at _____ .m PST

Seller Name Here

Seller Signature Here _____ Date _____

Seller's Agent Name Here and License #

Seller's Agent Signature Here _____ Date _____

Exhibit A

Legal Description

Parcel # 055-301-39