

AUCTION BIDDING INSTRUCTIONS

West Floral Avenue Ranches

Two Properties
Totaling 190.3± acres
Fresno County, California

The property will be auctioned on Wednesday, September 19th, 2012
at 1:30pm
Pearson Realty Fresno Office
7480 North Palm Avenue
Fresno, CA 93711

Bid Process

Bids must be in writing, signed and submitted to Jim Olivas, or Charise Mackey of Pearson Realty before 1:30PM, Wednesday, September 19th, 2012 at which time each bid will be opened.

Step 1 - Sealed Bid Each sealed bid should include the following:

1. Completed and signed sealed bid auction bid form with \$10,000 deposit made payable to Pearson Realty Trust Account. (Exhibit A);
2. All sealed bids must be in possession of Pearson Realty before 1:30pm on day of auction.

Step 2 - Live Auction

All qualified sealed Bidders will be eligible to participate in a **live overbid auction** at 1:30pm on Wednesday September 19th at Pearson Realty 7480 North Palm Avenue, Fresno, California. No overbids will be accepted unless a sealed bid has been received and verified as a qualified bid. A qualified bidder is one that has completed, signed and submitted a bid form (Exhibit A) together with the \$10,000 deposit, to the auction company prior to the opening of sealed bids. The final Seller acceptance is subject to the terms and conditions specified in these instructions, sealed bid form and purchase agreement. The first minimum overbid will start at \$10,000 above the highest sealed bid. After the first overbid for each parcel or combination of parcels any amount can be bid until the highest bid price is reached.

Step 3 - Property Transfer

The winning bidder(s) will be required to sign a purchase contract (Exhibit E) within two (2) business days after notice of acceptance. A winning bidder must make a deposit equal to 10% of the final purchase price; this deposit must be delivered to Chicago Title Company or Pearson Realty Auction Manager with the mutually signed purchase contract. This 10% deposit shall be non-refundable to the bidder and shall be credited to the purchase price. Escrow shall close no later than October 5th, 2012.

INVITATION TO BIDDERS

All qualified bidders and guests are invited to a pre-auction reception at 12:30PM at Pearson Realty, 7480 North Palm Avenue, to share refreshments and have auction staff review any questions prior to opening of the sealed bids at 1:30pm day of Auction event.

Absentee Bidders

If Bidder is unable to physically attend the auction then arrangements can be made directly with Auction Management for overbid by proxy or the auction company can connect via audio or visual hookups. For arrangements contact the Auction Company or administrator within 48 hours of scheduled auction.

Minimum Bid

The following is a schedule of available bid parcels with recommended initial bid amounts:

<u>Property Number</u>	<u>Acres & Location</u>	<u>Minimum Bid</u>
Property 1	South Ranch 73.3± acres	\$ 960,000
Property 2	North Ranch 116.99± acres	\$ 1,465,000
Property 3	Combination North & South 190.3± acres	\$ 2,425,000

The Seller will review sealed bids and overbids on individual properties and combinations to select the winning bidder. A qualified bidder may complete a form for an individual parcel and then compete for other parcels or combination of parcels at the [live overbid session](#). To qualify for a combination bid, a bidder must have submitted a qualified bid on at least one parcel or any combination. The Auction Company encourages multiple parcel bidding and combinations to provide greater opportunities for bidder.

The Auctioneer and Seller reserve the right at any time to withdraw from sale any of the properties listed or to sell at this auction items not listed and also reserve the right to group one or more lots into one or more selling lots or to sub-divide in two or more selling lots. The Seller reserves the right to sell all of the parcels listed in bulk, separately or in any combination thereof in Seller's sole and absolute discretion.

Seller reserves the right to reject any bid lower than the minimum. Seller reserved the right to reject any and all offers at anytime during the Auction. Any qualified bid at or above the suggested minimum will automatically go to overbid.

If any disputes arise between two or more bidders the Auctioneer or Seller may decide the same or may immediately put the lot up for sale again and resale to the highest bidder. The decision of the Auctioneer and Seller shall be final.

Additional Terms and Conditions – Any additional terms or conditions of the sale added by Auctioneer or Seller shall be announced prior to the auction.

Terms and Conditions of Sale

The transfer of these properties are for all cash. Bidder must be qualified and prepared to complete this all cash transaction by October 5th, 2012. Highest bidder will be announced at Auction site or notified the following day after sealed bids are opened if bidder is not present.

The winning bidder will be required to sign a purchase contract (Exhibit E), within 2 business days after notification of acceptance. Final winning bidder's deposit will equal 10% of the final purchase price and be delivered to Chicago Title Company in Visalia with a mutually signed contract. This deposit will be non-refundable to bidder but will be credited to the purchase price.

The highest bid shall be considered an agreement to buy and is final. Buyers acknowledge that these properties are being sold at private auction subject to all existing covenants, conditions, restrictions, reservations, easements, rights of way, assessments, zoning and all governmental doctrines. See Preliminary Title Report (Exhibit G)

Seller Representations

Other than specifically disclosed herein Sellers have not made, do not make and expressly disclaim any warranties, representations, covenants or guarantees expressed or implied or arising out of operation of law as to the merchantability, habitability, quantity, quality or environmental conditions of the property or its suitability of fitness for any particular purpose or use. 50% of any mineral, oil and gas rights are reserved by Seller.

Seller Possession of Property

Seller has advised Broker that Seller acquired the subject property by Deed in Lieu of Foreclosure on or about April 11, 2012.

Seller gained access to the property following its acquisition on April 11, 2012 but has never operated a dairy or conducted any business on the property. Auction Company and Brokers has advise any potential Buyer that they are purchasing the property "AS IS" without representation or warranty from either Seller or Broker as to the condition of the property or its fitness for the Buyer's intended use.

Property Descriptions

West Floral Avenue Ranches – 190.3± Acres Farmland

North Ranch – 116.99± Acres

The property consists of two contiguous assessed county parcels located on the north side of Floral Avenue immediately east of Hayes. This prime property includes Class I & II soils, diesel driven irrigation well with 1500± GPM, concrete pipelines with valves for flood irrigation and 6 modern homes (Exhibit G). The property is located within the Raisin City Water District with no surface water provided. The soils are described as Fresno sandy loam, Hesperia sandy loam and can be developed to row, field and permanent crops. The property includes 6 residences with a 2500± 3 bedroom, 2 ½ bath executive residence with pool, fireplace and landscaping. The remaining 5 homes include residences all with modern improvements. Rental income can be derived from the residential properties or used for farm employees and families. Currently the property is planted to sorghum grain and the growing crop will be transferred with the property at the close of escrow. The residences are serviced by 3 domestic wells and all residences include septic services and electric utilities and bottled propane gas (see photos and residential description schedule Exhibit C and G). Rental income is available.

South Ranch – 73.31± Acres

73.31± acres includes prime Hesperia sandy loam Class I soils. A new irrigation well has been drilled on the north side of the property (Exhibit G). The property was formerly used as a dairy site and demolished has been completed by the current owners to increase the useable crop acreage. The property includes 6 residences with an executive-owner's primary residence in excess of 2,600±sf. This 3 bedroom 3 bath house includes fully landscaped fenced yard and pool. Adjacent to this main dwelling is a duplex with two 1 bedroom, 1 bath, kitchenette units. Each have approximately 650±sf. Adjacent to the main residence in the headquarters area is an all metal 6,000±sf multipurpose utility building with covered and enclosed parking and office area. There is a non-operative truck scale at the headquarters along with a wood framed multipurpose storage building. This area is serviced by a domestic well and approximately 500 gallon pressure system. This ranch includes 5 additional residential units ranging in size from 750sf to 900sf. Suitable for rental income and/or farm employees. The residences are serviced by public utilities, onsite septic tanks and a separate domestic well. (See Photos Exhibit C and Exhibit G Summary of Residences) Rental income is available.

Highest and Best Use

The highest and best use for all properties is agricultural and residential income. The executive homes are suitable for use by buyers or for additional added rental income. Estimated annual income from residential properties could be in excess of \$80,000 per year. The Buyer should review all improvements on the property and determine rental values. Estimated irrigated farm land cash rents in the area range from \$150 to \$250 per acre.

(Shown by Appointment Only, Do Not Disturb Tenants)

To tour the properties contact Jim Olivas, Pearson Realty, direct line 559.302.1903, cell 559.287.9939, email jolivas@pearsonrealty.com .

Buyer Affirmation

Upon submission of sealed bid form Buyer affirms that it has:

1. Investigated and inspected the property to its satisfaction and is familiar with the condition and location of the property and has made its own determination as to the merchant ability, quantity, and quality condition of the property including the presence or absence of toxic or hazardous substances.
2. Acknowledged that the property is suitable for Buyer's particular use. Buyer hereby accepts the property in its present condition on an "As Is, Where Is", basis and acknowledges the existing condition and location of the property and therefore Sellers shall be under no obligation whatsoever to undertake any repairs or alterations with respect to any portion of the property.

Buyer Premium

Buyer will add an additional three percent (3%) to the final purchase price. This fee will be paid at close of escrow and collected by the Escrow Company.

Title Escrow and Fees

The Seller warrants that title to the property on the date of transfer is free of all monetary liens except non-delinquent real property taxes and assessments. Title insurance, documentary transfer tax, auction fees, and ½ of escrow fee will be paid by Seller. Bidder shall be responsible for all other customary closing costs. Chicago Title Company, Ms. Beverly Coffman Escrow Officer, Phone 559-636-4300 at 1750 West Walnut Avenue, Visalia, CA 93277 who will process all escrow documentation and title transfer.

Buyer's Broker Participation

A 2% fee will be paid to any properly licensed real estate broker who registers a successful bidder according to the broker participation agreement. Buyer registration forms are available from the auction office and must be signed by the broker and bidder. Fax or Email completed and signed forms to Pearson Realty, Jim Olivas at jolivas@pearsonrealty.com, no later than 24 hours before auction. (Exhibit H)

Disclaimer

Dimensions and acreage are based on information provided by the Sellers and public records, and are believed to be correct. However, Purchaser and/or Purchaser's Agent shall bear the responsibility to confirm all calculations prior to auction. The Auction Company believes the information contained herein to be correct. It is obtained from sources which we regard as reliable, but Sellers, Auction Company and real estate brokers assume no liability for its accuracy. All property is being sold AS-IS/WHERE-IS and Seller or its Agents make no warranties or guarantees expressed or implied. All information contained here-in is from sources we regard as reliable. We will assume no liability for errors or omissions.

Contact

For additional property information and complete due diligence packages contact:

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