

CONTRACT OF SALE

THIS AGREEMENT, made and entered into this 29th day of July, 1988, by and between ARNOLD JAY FLYNT and VALERIE M. FLYNT, husband and wife, hereinafter called "Sellers", and DUANE R. PETITE and PAMELA L. PETITE, husband and wife, as joint tenants, hereinafter called "Buyers".

W I T N E S S E T H:

That the Sellers and Buyers, in consideration of their mutual promises to each other hereinafter stated, have agreed and by these presents do agree as follows:

1. SALE. Sellers, in consideration of the covenants and agreements of Buyers hereinafter set forth herein, and in the "General Contract of Sale Provisions", attached hereto and by this reference incorporated herein, agree to sell and convey unto Buyers, and Buyers agree to buy, all that certain real property, together with all and singular, the rights and appurtenances thereto, in anywise belonging, situate in the County of Douglas, State of Nevada, described as follows, to-wit:

All that certain lot, piece or parcel of land situate in the County of Douglas, State of Nevada, described as follows:

Lot 20, as shown on the map of PINENUT SUBDIVISION, UNIT NO. 1, filed in the office of the County Recorder of Douglas County, Nevada, on June 11, 1963, in Book 1 of Maps, as File No. 22783.

APN 23-222-07

2. PURCHASE PRICE. Buyers agree to buy such property and to pay the Sellers therefor the sum of SEVENTY-TWO THOUSAND AND NO/100 DOLLARS (\$72,000.00), payable as follows:

Monthly INTEREST ONLY installments of \$645.00, or more, per month, bearing interest at the rate of 10.75% per annum, with the first payment due on the 1st day of Sept., 1988, and

Mail Tax statements:
Mr. & Mrs. A.J. Flynt
812 N. McVean Place
Fullerton, CA 92631

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continuing thereafter on the same day of each and every succeeding month until 1st Sept. 1993, at which time then unpaid balance, plus accrued interest, shall become all due and payable in full. There shall be no prepayment penalty.

The purchase price of \$72,000.00 includes the following:

The remaining unpaid balance existing upon a promissory note and first Deed of Trust encumbering the subject property and in favor of Federal Home Loan Mortgage Corporation, assignee, which Deed of Trust is dated the 14th day of October, 1986, recorded on the 4th day of November, 1986, as Document No. 144577, in Book 1186, at Page 324, Official Records, Douglas County, Nevada. Buyers acknowledge familiarity with the terms of said promissory note and Deed of Trust.

BUYERS AND SELLERS ACKNOWLEDGE THAT THE PROMISSORY NOTE AND FIRST DEED OF TRUST REFERRED TO ABOVE CONTAINS ACCELERATION CLAUSES, WHICH CLAUSES MAY ENABLE THE HOLDERS AND BENEFICIARIES OF SAID NOTE AND FIRST DEED OF TRUST TO DECLARE THE UNPAID BALANCE OF SAME IMMEDIATELY DUE AND PAYABLE UPON SALE OF THE SUBJECT PROPERTY. FURTHER, THAT THIS CONTRACT MAY CONSTITUTE SUCH A SALE AS COULD ENABLE THE HOLDERS AND BENEFICIARIES OF THE NOTE SECURED BY THE FIRST DEED OF TRUST TO DECLARE THE UNPAID BALANCE OF SAME IMMEDIATELY DUE AND PAYABLE. FURTHER, IN THE EVENT FEDERAL HOME LOAN MORTGAGE DOES SO ACCELERATE AND DECLARE, BUYERS AGREE TO ASSUME SOLE RESPONSIBILITY THEREFOR, WHETHER BY INCREASE IN INTEREST RATE, EXERCISE OF SUCH DUE ON SALE CLAUSE OR OTHERWISE, AND TO PAY ANY PREPAYMENT PENALTIES, COSTS OR OTHER CHARGES, FEES OR OTHER AMOUNTS INCURRED IN CONNECTION THEREWITH, INCLUDING ANY COSTS OR CHARGES IN CONNECTION WITH ASSUMPTION OR REFINANCING OF SAID OBLIGATION.

At all times, the equity of Sellers under this Contract of Sale shall be the difference between the unpaid balance of this Contract of Sale and the unpaid balance of the existing Deed of

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BOOK 888 PAGE 145

Trust in favor of Federal Home Loan Mortgage Corporation referred to above. Said Deed of Trust in favor of Federal Home Loan Mortgage Corporation is not assumed by Buyers, and Sellers agree to make the installment payments therein required, as well as complying with all other terms and provisions thereof, and agree to discharge said Deed of Trust prior to recording the Deed referred to herein in order that the property will be free and clear of said encumbrance.

Should Sellers default in any of the installment payments upon the existing Deed of Trust in favor of Federal Home Loan Mortgage Corporation, Buyers herein may make that payment directly to the holder of said Deed of Trust, and any and all payments so made shall be credited to this Contract of Sale.

Provided that prepayment can be made without penalty under the promissory note and first Deed of Trust in favor of Federal Home Loan Mortgage Corporation, Buyers reserve the right to prepay all or any part of the principal sums due upon this Contract without penalty, but with interest to the date of payment. Any sum prepaid shall first be applied to accrued interest on the principal balance then unpaid and the remainder shall be applied to the principal balance then unpaid.

The payments herein required shall be collected through Statewide Trust Deed Services of Reno, Nevada, and the collection account and monthly fees shall be paid by the parties equally. At such time as this Contract has been paid in full, Statewide Trust Deed Services shall record the Grant, Bargain and Sale Deed hereinafter referred to at the expense of Sellers.

3. GENERAL CONTRACT OF SALE PROVISIONS. This Contract is made upon and pursuant to, and the parties hereby agree to faithfully observe and perform the terms, conditions and covenants set forth in those certain General contract of Sale Provisions attacher hereto, and hereby made part and parcel of this contract as though the same were fully set forth.

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IN WITNESS WHEREOF, this contract, consisting of this instrument having 5 pages, and the General Contract of Sale Provisions having 3 pages attached hereto, have been executed the day and year first above written.

"BUYERS"

Duane R. Petite
DUANE R. PETITE
Pamela L. Petite
PAMELA L. PETITE

"SELLERS"

X Arnold Jay Flynt
ARNOLD JAY FLYNT
X Valerie M. Flynt
VALERIE M. FLYNT

CALIFORNIA)
STATE OF ~~NEVADA~~)
RIVERSIDE : ss.
COUNTY OF ~~DOUGLAS~~)

On this 29th day of July, 1988, before me, the undersigned, a Notary Public in and for said County and State, personally appeared ARNOLD JAY FLYNT, known to me to be the person described in and who executed the foregoing instrument, who acknowledged to me that he executed the same freely and voluntarily and for the uses and purposes therein mentioned.

WITNESS my hand and official seal.

C. L. Hassell
NOTARY PUBLIC

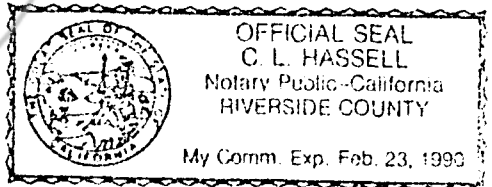


CALIFORNIA)
STATE OF ~~NEVADA~~)
RIVERSIDE : ss.
COUNTY OF ~~DOUGLAS~~)

On this 29th day of July, 1988, before me, the undersigned, a Notary Public in and for said County and State, personally appeared VALERIE M. FLYNT, known to me to be the person described in and who executed the foregoing instrument, who acknowledged to me that she executed the same freely and voluntarily and for the uses and purposes therein mentioned.

WITNESS my hand and official seal.

C. L. Hassell
NOTARY PUBLIC

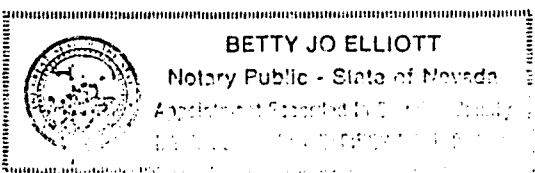


STATE OF NEVADA)
) : ss.
COUNTY OF DOUGLAS)

On this 1st day of August, 1988, before me, the undersigned, a Notary Public in and for said County and State, personally appeared DUANE R. PETITE, known to me to be the person described in and who executed the foregoing instrument, who acknowledged to me that he executed the same freely and voluntarily and for the uses and purposes therein mentioned.

WITNESS my hand and official seal.

Betty Jo Elliott
NOTARY PUBLIC



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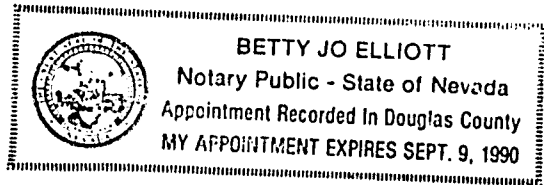
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STATE OF NEVADA)
 : ss.
COUNTY OF DOUGLAS)

On this 1st day of AUGUST, 1988, before me, the undersigned, a Notary Public in and for said County and State, personally appeared PAMELA L. PETITE, known to me to be the person described in and who executed the foregoing instrument, who acknowledged to me that she executed the same freely and voluntarily and for the uses and purposes therein mentioned.

WITNESS my hand and official seal.

Betty Jo Elliott
NOTARY PUBLIC



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General Contract of Sale Provisions

The following are the "General Contract of Sale Provisions" of the Contract of Sale to which the same are attached:

1. POSSESSION. Buyers may take possession of such property and continue in such possession for and during the life of this Agreement. Buyers shall maintain such premises and all improvements thereon in good repair, shall permit no waste thereof, and shall take the same care thereof that a prudent owner would take.

2. PRESERVATION OF IMPROVEMENTS AND INSURANCE. Buyers covenant to keep all buildings that may now or at any time be on said property during the continuance of this contract in good repair and insured against loss by fire, with extended coverage endorsement, in a company or companies authorized to issue such insurance in the State of Nevada, and as may be approved by Sellers, for at least such sum or sums as shall equal the total amount of Sellers' equity as set forth in this contract and the total amount of all Deeds of Trust or other obligations assumed by Buyers; or, the maximum full insurable value of such buildings, in the event such maximum insurable value is less than the foregoing, and upon demand of Sellers shall deliver to Sellers copies of said insurance policies to evidence compliance with this paragraph.

3. LIENS, TAXES AND ASSESSMENTS. All taxes, assessments, or improvements liens accruing after the date of this Agreement shall be paid by Buyers. Buyers further agree that during the life of this Agreement that they will keep said property and the whole thereof, free and clear of all liens or encumbrances be placed upon such property during the term hereof for reason of any account or thing done or performed by them, that they will forthwith cause the same to be fully paid, satisfied and discharged and keep Sellers free and harmless from any loss, damage, injury or claim arising from any cause whatever.

4. ESCROW AND DEED UPON PERFORMANCE. A grant, bargain and sale deed conveying said property to Buyers has been executed by Sellers and delivered in escrow with STEWART TITLE OF DOUGLAS COUNTY, 1621 HWY. 395 MINDEN, NEVADA and shall as provided by the escrow instructions given to such company, be recorded by said escrow holder and delivered to Buyers upon the fulfillment of Buyers' obligation to Sellers under the terms of this Agreement.

5. BUYERS' DEFAULT. If Buyers fail to pay any such taxes, charges, assessments, premiums for insurance, or to keep and maintain insurance upon the property, or fail to pay any amount due upon or fail to perform any condition or covenant of this agreement of sale or deed of trust or other encumbrances assumed as required of Buyers, before the same shall have become delinquent, Sellers shall have the right to pay or procure the same, together with necessary costs and legal fees, and the amount so advanced and such repayment thereof shall be secured hereby and shall be repaid to Sellers by Buyers on demand together with interest thereon at the rate of ten & three quarters percent (10.75%) per month from date advanced by Sellers until repaid, and any payment so made by Sellers shall be prima facie evidence of the necessity therefor. If STEWART TITLE OF DOUGLAS COUNTY, is notified in writing by Sellers of any such advances, it shall not deliver the deed to Buyers until repayment thereof with interest shall have been made. Buyers further agree that in the event of their default hereunder, and notice of such default is given by Sellers to Buyers, that Buyers will pay the reasonable cost of such notice, including attorney and service fees, as an additional condition in order to cure such default.

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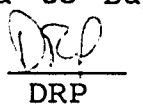
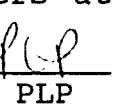
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BOOK 888 PAGE 149

6. SELLERS' REMEDIES. Should Buyers default in making any payment, or in fulfilling any obligation hereunder, Sellers may, either elect to bring an action against Buyers for specific performance of this Agreement, or enforce a forfeiture of the interest of Buyers, in any lawful manner, including but not limited to forfeiture by notice as provided in the escrow instructions given to STEWART TITLE OF DOUGLAS COUNTY in connection with this transaction, provided, however, in no event shall forfeiture of this Agreement be enforced until after the expiration of thirty (30) days after written notice to Buyers of default. In the event a forfeiture is enforced, Buyers shall forfeit any and all rights and interest hereunder in and to such property and appurtenances, and Buyers shall surrender to Sellers, forthwith, peaceable possession of such property, and shall pay to Sellers, damages as follows: (1) Any and all payments required to be made hereunder, which shall include, inter alia, the installment payments called for as part of the purchase price, the payments or other amounts required by any note and deed of trust and/or other encumbrance assumed by Buyers, taxes, charges, assessments, premium for insurance or any other payment or amount mentioned in this Contract, accrued through the date of said forfeiture, irrespective of whether said payments monies, or amounts have actually been paid or advanced by Sellers, prior to said forfeiture; and (2) The amount necessary to restore the real property, which is the subject of this Agreement, to the condition it was at the date possession was first given to Buyers under this Contract of Sale, reasonable wear and tear excepted, together with any and all improvements placed on or in such property. In this connection, Buyers concurrently have delivered an executed Quitclaim Deed in favor of Sellers in escrow with STEWART TITLE OF DOUGLAS COUNTY, and in the event of the election of Sellers to enforce a forfeiture of this Contract as hereinabove provided, the said Quitclaim Deed and the Grant, Bargain and Sale Deed to such property hereinbefore referred to upon the demand of Sellers shall be delivered by said escrow holder to Sellers or their order. Neither the provisions of this paragraph nor any provisions of the escrow instructions herein referred to shall affect any lawful right or remedy which Sellers may have against Buyers.

7. ACCELERATION OF SELLERS' EQUITY. In the event of Buyers' default, and Sellers elect not to enforce forfeiture by notice of Buyers' interest, and the right to damages as previously set forth in Paragraph 6 entitled "Sellers' Remedies", at any time while there remains any balance to be paid upon Sellers' equity and Buyers default in the payments of any installment at the time when the same is promised to be paid, or be made in any of the Agreements contained herein, or in the event the Buyers become insolvent or make a general assignment for the benefit of creditors, or in the event a petition in bankruptcy is filed by or against the Buyers, or in the event a receiver is appointed for the Buyers, or the property of Buyers, then upon the happening of any one of such events, the entire principal sum and accrued interest set forth as Sellers' equity shall forthwith become due and payable at the option of the Sellers without notice or demand, provided, however, that such acceleration is occasioned by the first two events above stated; i.e., default in the payment of any installment and/or any of the agreements contained herein, such acceleration shall not occur until the expiration of thirty-five (35) days, uncomplished by Buyers, of the default in payment and/or performance specified by written notice of default, given by Sellers to Buyers of such deficiencies together with notice of intent to declare the entire unpaid balance of Sellers' equity due and payable.

8. NOTICES. Any notices, communication, or requests which may be given or is required to be given under the terms of this Agreement shall be in writing and may be served upon Buyers by either serving buyers personally or by mailing the same by United States registered mail, postage prepaid, addressed to Buyers at

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The address of the property which is the subject of this Agreement, or such other post office address as the Buyers may have previously indicated to Sellers in writing. Any notice given to Buyers by mailing shall be deemed to have been served 24 hours after depositing the same in the United States post office.

9. ATTORNEY'S FEES. Should either party hereto institute any action or proceeding in court to enforce any provisions hereof or for damages by reason of an alleged breach of any provision of this Contract, the prevailing party shall be entitled to receive from the losing party such amount as the Court may adjudge to be reasonable attorney's fees for the services rendered the prevailing party in such actio or proceeding regardless of whether such actio or proceeding shall have been reduced to judgement.

10. WAIVER. No waiver of any default of Buyers hereunder shall be implied from any omission by Sellers to take any action on account of such default if such default persists or is repeated and no express waiver shall affect the default other than the default specified in the express waiver, and that only for the time and to the extent therein stated.

11. TIME OF ESSENCE. Time is of the essence of this Agreement.

12. BINDING EFFECT. This Agreement shall be binding upon the heirs, successors, executors, administrators or assigns of the respective parties hereto.

13. VARIATION OF PRONOUNS. All pronouns or any variation thereof shall be deemed to refer to the masculine, feminine, neuter, singular or plural, as the identity of the party or parties, or their personal representatives, successors, heirs and assigns may require.

14. WAIVER. The waiver by any party to this Agreement of a breach of any provision of this Agreement shall not be deemed a continuing waiver or a waiver of any subsequent breach of that or any other provision of this Agreement.

The undersigned parties hereby acknowledge that the forgoing "General Contract of Sale Provisions" have been read and that the same are a part of the Contract of Sale to which they are attached and into which they are fully incorporated.

"BUYER"

Duane R. Petite
DUANE R. PETITE

Pamela L. Petite
PAMELA L. PETITE

"SELLER"

X Arnold Jay Flynt
ARNOLD JAY FLYNT

Valerie M. Flynt
VALERIE M. FLYNT

STEWART TITLE OF DOUGLAS COUNTY
IN OFFICIAL RECORDS OF
DOUGLAS CO., NEVADA

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IZANNE BEAUDREAU
RECORDER

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BOOK 888 PAGE 151