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U.S. BANKRUPTCY COURT  
PATRICIA GRAY, CLERK

*Adf*

EOD 8-7-97

1 WILLIAM A. VAN METER, ESQ.  
Nevada State Bar No. 2803  
2 Van Meter & Matteoni  
50 West Liberty Street, Suite 510  
3 Reno, Nevada 89501  
Telephone: (702) 786-1980

4 Attorneys for the Debtor

6 UNITED STATES BANKRUPTCY COURT

7 DISTRICT OF NEVADA

8 In re:  
9 PRUETT RANCHES, INC.,  
10 Debtor.

CASE NO. BK-N 95-32230

Chapter 11

**ORDER APPROVING PRIVATE SALE OF 9  
UNIT SUBDIVISION FREE AND CLEAR OF  
LIENS AND AUTHORIZING PAYMENT OF  
REAL ESTATE COMMISSION**

Motion No. 97MN502

Hearing Date: July 25, 1997  
and Time: 8:30 a.m.  
(Time Required - 15 Min.)

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16 Having reviewed the Debtor's **MOTION TO APPROVE PRIVATE SALE OF 9 UNIT**  
17 **SUBDIVISION FREE AND CLEAR OF LIENS AND TO PAY REAL ESTATE**  
18 **COMMISSION**, the Court having considered the responses to the Debtor's request filed by Stan  
19 Summers and Novasel & Schwarte Investments, Inc. dba Western Highland Mortgage, and having  
20 heard the argument and comments of counsel regarding the conditional opposition to the proposed  
21 sale, there being no dispute that the proposed sales price is the best price obtainable under the  
22 circumstances and the Court finding that the proposed purchase agreement has been made and entered  
23 into by the buyer and the Debtor in good faith and is in the best interest of the Debtor's bankruptcy  
24 estate, and for good cause appearing;

25 IT IS ORDERED that the Debtor's **MOTION TO APPROVE PRIVATE SALE OF 9**  
26 **UNIT SUBDIVISION FREE AND CLEAR OF LIENS AND TO PAY REAL ESTATE**  
27 **COMMISSION** is granted subject to the following terms and conditions of this Order.

28 IT IS FURTHER ORDERED that the Debtor is authorized to sell to Vic Wilson for

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1 \$585,000.00 cash the Debtor's Pruett Ranches Subdivision (also known as the Merino Subdivision)  
2 more particularly described as:

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

5 Lots 1 through 7, in Block A; and Lots 1 and 2, in Block B, as shown on the map of  
6 PRUETT RANCHES SUBDIVISION, filed for record in the office of the County  
7 Recorder of Douglas County, State of Nevada, on February 3, 1997, as Document  
8 No. 405966.

9 A.P.N. 26-550-01 through 29-550-09

10 IT IS FURTHER ORDERED that pursuant to 11 U.S.C. § 363(f) the proposed sale to Mr.  
11 Wilson shall be free and clear of all liens, interests, or other encumbrances and the respective liens  
12 and any interests and/or encumbrances on the real property shall attach to the sales proceeds in order  
13 of priority pursuant to the terms and conditions of this Order and any further orders of the court.

14 IT IS FURTHER ORDERED that pursuant to the Court's findings and conclusions that  
15 appear on the record, after payment of the costs of the proposed sale, the title company handling the  
16 transaction is authorized and directed to disburse to Stan Summers \$368,000.00 as partial payment  
17 of his allowed claim secured by a first deed of trust on the property being sold.

18 IT IS FURTHER ORDERED that after the costs of the proposed sale are paid and Mr.  
19 Summers has been paid \$368,000.00, and pending the resolution of the pending dispute between  
20 Stan Summers and Novasel & Schwarte Investments, Inc. dba Western Highland Mortgage regarding  
21 their respective rights to these proceeds pursuant to 11 U.S.C. § 363 and the Stipulation and Order  
22 Regarding Motion for Authority to Proceed With Development Agreement and Recordation of Final  
23 Subdivision Map entered on February 18, 1997, the title company shall retain \$100,000.00 that shall  
24 be disbursed pursuant to further order of the court. The existing liens held by Stan Summers and/or  
25 Novasel & Schwarte Investments, Inc. dba Western Highland Mortgage shall attach to these reserved  
26 proceeds to the same extent and priority as their liens attached to the real property prior to the  
27 approved sale. A hearing to consider the disposition of these reserved funds and to provide further  
28 adequate protection to Mr. Summers if necessary is hereby set on August 14, 1997 at 10:00 a.m.

IT IS FURTHER ORDERED that based on the representations of Debtor's counsel that an  
offer to sell the Debtor's remaining Gardnerville property has been accepted subject to bankruptcy

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1 court approval and that the approval and successful consummation of this sale could resolve the  
2 pending dispute between Stan Summers and Novasel & Schwarte Investments, Inc. dba Western  
3 Highland Mortgage, the Debtor shall file a Motion to approve said sale on or before July 28, 1997  
4 and a hearing to consider approval of the proposed sale is hereby set for August 14, 1997 at 10:00  
5 a.m.

6 IT IS FURTHER ORDERED that pursuant to the Court's findings and conclusions that  
7 appear on the record, and prior to payment of the costs of the proposed sale and payment of the  
8 amount of \$368,000.00 as partial satisfaction of the allowed secured claim of Stan Summers, and  
9 reservation of \$100,000.00, the title company handling the transaction is authorized and directed to  
10 disburse to Novasel & Schwarte Investments, Inc. dba Western Highland Mortgage, the sum of  
11 \$20,000.00 pursuant to the proposed purchase agreement. Said distribution shall be made two days  
12 following entry of this Order from any nonrefundable security deposit without regard to whether or  
13 not the pending escrow has closed.

14 IT IS FURTHER ORDERED that from the gross sales proceeds, the title company handling  
15 the transaction shall pay all costs and expenses of the proposed sale that are necessary to close  
16 escrow pursuant to the executed purchase agreement including a six percent (6%) real estate  
17 commission to Coldwell Banker Itildo, Inc. in the amount of \$35,100.00.

18 IT IS FURTHER ORDERED that after payment of the costs of the proposed sale, the  
19 payment to Western Highland Mortgage Company as aforesaid, and the payment to Stan Summers  
20 in the sum of \$368,000.00, the title company handling the transaction is authorized and directed to  
21 disburse to Western Highland Mortgage Company the additional sum of \$55,000.00 on account of  
22 its allowed claim secured by a second deed of trust on the property being sold. The total sum of  
23 \$75,000.00 shall be credited against Western Highland Mortgage's claim that is secured by its second  
24 deed of trust on the property being sold. As a condition of approval of the proposed sale, the  
25 Debtor's principal, David Pruett, or any other third party, shall advance any sums necessary to the  
26 escrow agent to insure that not less \$100,000.00 remain in escrow following the sale pending the  
27 resolution of the pending dispute between Stan Summers and Western Highland Mortgage Company  
28 regarding the appropriate allocation of the net sales proceeds.

1 IT IS FURTHER ORDERED that the Debtor is authorized to execute and record any  
2 necessary and appropriate amendments to the final subdivision map pursuant to the terms and  
3 conditions of any applicable state law, including a Certificate of Amendment to correct a clerical  
4 error in the final subdivision map reflecting that certain specified setback areas were intended to be  
5 fifty feet (50') rather than one hundred fifty feet (150') as erroneously indicated in the final  
6 subdivision map. DATED this 6<sup>th</sup> day of August, 1997.

7  
8 UNITED STATES BANKRUPTCY JUDGE

9 Submitted By:

10 William A. Van Meter, Esq.  
11 VAN METER & MATTEONI  
12 50 W. Liberty Street, Suite 510  
13 Reno, Nevada 89501

14 APPROVED/DISAPPROVED

15 J. Douglas Clark, Esq.

16 Attorney for Stan Summers

17 APPROVED/DISAPPROVED

18 FELDMAN, SHAW & DeVORE

19 Lewis S. Feldman, Esq.

20  
21 Attorneys for Novasel & Schwarte Investments, Inc.  
22 dba Western Highland Mortgage  
23  
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SEAL

I hereby certify that the attached instrument is a true and correct copy of the original on file in the office of the Bankruptcy Judge.  
Dated 8-7-97 M. Jell  
Authorized Clerk to Bankruptcy Judge

REQUESTED BY  
WESTERN TITLE COMPANY, INC.  
IN OFFICIAL RECORDS OF  
DOUGLAS CO., NEVADA

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LINDA SLATER  
RECORDER  
\$10.00 PAID K DEPUTY

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