ALAN R. SMITH, ESQ. #1449 Law Offices of Alan R. Smith 505 Ridge Street Reno, Nevada 89501 (702) 786-4579 RECEIVED AND FILED OI FEB 21 PM 2: 18 DATRICIA GRAM, CLERK

Attorney for Debtor

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Law Offices of
ALAN R. SMITH
505 Ridge Street
Reno, Nevada 89505
(702) 786-4579

UNITED STATES BANKRUPTCY COURT

DISTRICT OF NEVADA

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ROBERT HAGER,

Debtor.

CASE NO. BK-N-99-32815-GWZ Chapter 11

ORDER APPROVING SALE OF REAL PROPERTY [1301 HWY. 50, CAVE ROCK, NEVADA] TO PATRICK TAYLOR

Hearing Date: Hearing Time:

January 12, 2001

1:00 p.m.

The matter of the Debtor's Motion To Approve Sale Free And Clear Of Liens And Encumbrances (1301 Highway 50) (the "Motion") came on for hearing the 12th day of January, 2001. The notice of hearing on the Motion was properly served in accordance with Fed.R.Bankr.P. 2002. Appearances were noted on the record. The Court considered the arguments of counsel, and the bid by Patrick Taylor made in open court through his counsel, Cecilia L. Rosenauer, Esq. At the hearing, counsel for the Debtor represented that, with the exception of the Cave Rock General Store, the tenancies on the property are month-to-month. Based on the Debtor's representations, and good cause appearing,

## IT IS HEREBY ORDERED as follows:

1. The sale of the subject property, as described in the Motion, located at 1301 Hwy. 50, Cave Rock, Nevada (the "Property") to Patrick Taylor, or nominee (hereinafter the "Purchaser"), for the sum of \$1,400,000.00, as presented in open court, is

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APPROVED, with the following conditions:

The sale shall be free and clear of all liens, including any claim of lien that (A) may be made by Resort Development and including any claim of liability that accrues up to the date of close of escrow, with all liens attaching to the proceeds of the sale.

- The sale is "as-is, where-is", and effective after close of escrow, Purchaser (B) shall assume all responsibility for prospective environmental cleanup obligations associated with the Property after the close of escrow, specifically including prospective obligations to the Nevada Department of Environmental Protection, and its agents and subcontractors; and shall take the Property subject to all leases and month-to-month tenancies on the Property. The Purchaser is not assuming liability for anything that occurs up to the close of escrow.
- (C) The Purchaser has waived the condition that the tenants of the Cave Rock General Store be evicted from the premises, and shall take title to the Property subject to the Cave Rock General Store lease. The Cave Rock General Store lease is not assigned to the Purchaser, nor is the Purchaser assuming the lease.
- (D) The Purchaser shall have a 30-day due diligence period, commencing from the date of entry of this Order, and, in the event the due-diligence investigation discloses a problem other than one associated with the environmental cleanup of the Property or the existing leases on the Property, the Purchaser may cancel escrow by delivering a notice in writing to Alan R. Smith, Esq., on or before the 30th day after entry of this Order.
- (E) Close of escrow shall be on or before 30 days from the date of entry of this Order, however, Purchaser shall be entitled to four (4) monthly extensions of escrow upon the payment of \$11,600.00 per extension, such checks to be paid to Alan R. Smith - Hager Trust Account, and delivered to the office of

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Alan R. Smith, Esq., prior to the end of business on the proposed close of escrow date, as it is extended from time to time.

- (F) Escrow will be opened at First American Title Company in Zephyr Cove, Nevada ("FATCO"). The existing escrow at FATCO shall be cancelled by the Debtor and/or Resorts Development. FATCO shall be authorized to deduct all normal title fees and escrow charges, which shall be prorated equally between the parties, shall pro-rate and pay real estate taxes, and shall pay the balance of the proceeds to Alan R. Smith Hager Trust Account.
- 2. The proceeds from the sale shall be deposited into the segregated trust account at the law offices of Alan R. Smith, from which disbursements shall be made as follows:
  - (A) Real estate commission in the amount of \$84,000.00 (6% of the purchase price) to Fred Sands Distinctive Homes.
  - (B) The amount of \$26,270.30 owed to the Tahoe Douglas District;
  - (C) The sum of \$8,650.52, plus interest at the rate of \$3.31 per day after December 20, 2000 on the principal balance of 6,705.36, until close of escrow, to Richard Young pursuant to his judgment recorded on May 14, 1999.
  - (D) The sum of \$9,000.00 to Alan R. Smith, Esq., to be applied to attorney's fees subject to approval of the Bankruptcy Court.
- 3. The Purchaser is not accepting or buying the consulting service contract between the Debtor and Resorts Development, and the Purchaser has no obligation to the Debtor pursuant to that agreement.
- 4. The following sums shall be set aside in the segregated account:
  - (A) The total sum of \$200,000.00 for SRK and Bramco, which includes the remaining sum of \$146,586.16 set aside pursuant to previous order of the Court on February 8, 2000.
  - (B) The sum of \$125,000.00 for Soils Engineering, LLC ("Soils"), as a minimum amount for Soils' lien claim. Soils continues to have a perfected security

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6	5. The Court specifically finds that the	e Purchaser is in good faith in accordance with 11
7	U.S.C. §363(m).	
8	6. That the proposed sale to Resort I	Development Associates shall be approved as a
9	back-up sale, subject to separate o	order entitled Order Approving Back-up Sale to
10	Resort Development Associates [C	ave Rock Property].
11	7. The Court may entered such other of	orders as are necessary to close escrow.
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15		UNITED STATES BANKRUPTCY JUDGE
16	SUBMITTED BY:	
17	ALAN R. SMITH, ESQ.	
18	Attorney for Debtor	
	APPROVED/DISAPPROVED:	
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20	TIMOTHY LUKAS, ESQ. Attorney for Soils Engineering	
21	APPROVED/DISAPPROVED:	APPROVED/DISAPPROVED:
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23	MICHAEL C. LEHNERS, ESQ. Attorney for SRK and Bramco	CECILIA L. ROSENAUER, ESQ. Attorney for Purchaser, Patrick Taylor
24	/ /	
25	APPROVED/DISAPPROVED:	APPROVED/DISAPPROVED:
26	RON OLINER, ESQ.	THOMAS SUSICH, ESQ.
27	Attorney for Resort Development Assoc.	Attorney for Tahoe Douglas District
28		I certify that this is a true copy:
Law Offices of ALAN R. SMITH	0510095	Attest:
505 Ridge Street Reno, Nevada 89501 (702) 786-4579	BK0301PG2161 -4-	Deputy Clerk, Bankruptcy Court
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23	MICHAEL C. LEHNERS IN Attorney for Fundamental
24	APPROVED/DISAPPROVED.
25	THOMAS SUSICH ESQ
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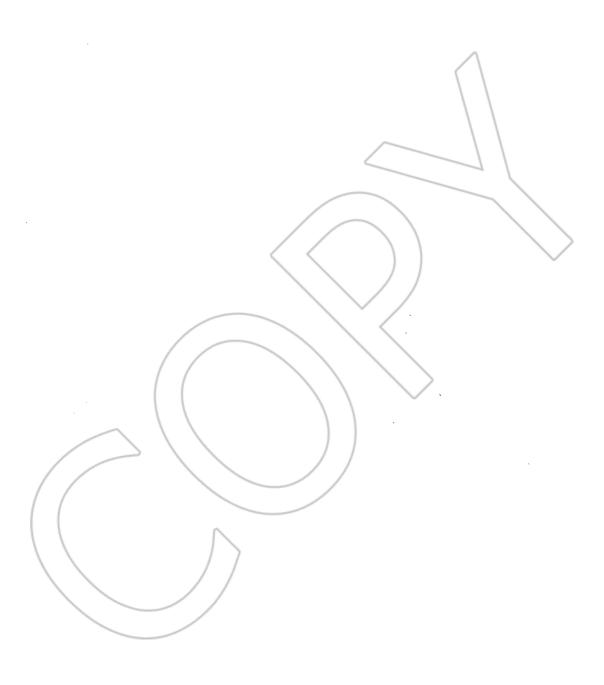
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