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U.S. BANKRUPTCY COURT
PATRICIA GRAY, CLERK

1 ALAN R. SMITH, ESQ. #1449
2 Law Offices of Alan R. Smith
3 505 Ridge Street
4 Reno, Nevada 89501
5 (702) 786-4579

6 Attorney for Debtor

7
8 UNITED STATES BANKRUPTCY COURT
9 DISTRICT OF NEVADA

10 —ooOoo—

11 IN RE:
12 ROBERT HAGER,
13 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: January 12, 2001
Hearing Time: 1:00 p.m.

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

25 IT IS HEREBY ORDERED as follows:

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

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APPROVED, with the following conditions:

- (A) The sale shall be free and clear of all liens, including any claim of lien that 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.
- (B) The sale is "as-is, where-is", and effective after close of escrow, Purchaser 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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1 Alan R. Smith, Esq., prior to the end of business on the proposed close of
2 escrow date, as it is extended from time to time.

3 (F) Escrow will be opened at First American Title Company in Zephyr Cove,
4 Nevada ("FATCO"). The existing escrow at FATCO shall be cancelled by
5 the Debtor and/or Resorts Development. FATCO shall be authorized to
6 deduct all normal title fees and escrow charges, which shall be prorated
7 equally between the parties, shall pro-rate and pay real estate taxes, and shall
8 pay the balance of the proceeds to Alan R. Smith - Hager Trust Account.

9 2. The proceeds from the sale shall be deposited into the segregated trust account at the
10 law offices of Alan R. Smith, from which disbursements shall be made as follows:

11 (A) Real estate commission in the amount of \$84,000.00 (6% of the purchase
12 price) to Fred Sands Distinctive Homes.

13 (B) The amount of \$26,270.30 owed to the Tahoe Douglas District;

14 (C) The sum of \$8,650.52, plus interest at the rate of \$3.31 per day after
15 December 20, 2000 on the principal balance of 6,705.36, until close of
16 escrow, to Richard Young pursuant to his judgment recorded on May 14,
17 1999.

18 (D) The sum of \$9,000.00 to Alan R. Smith, Esq., to be applied to attorney's fees
19 subject to approval of the Bankruptcy Court.

20 3. The Purchaser is not accepting or buying the consulting service contract between the
21 Debtor and Resorts Development, and the Purchaser has no obligation to the Debtor
22 pursuant to that agreement.

23 4. The following sums shall be set aside in the segregated account:

24 (A) The total sum of \$200,000.00 for SRK and Bramco, which includes the
25 remaining sum of \$146,586.16 set aside pursuant to previous order of the
26 Court on February 8, 2000.

27 (B) The sum of \$125,000.00 for Soils Engineering, LLC ("Soils"), as a minimum
28 amount for Soils' lien claim. Soils continues to have a perfected security

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interest in these separate proceeds and the remaining proceeds from the sale in the event it is determined that Soils' secured claim exceeds the amount set aside.

(C) All other sums set aside pursuant to previous orders of the Court shall set aside.

5. The Court specifically finds that the Purchaser is in good faith in accordance with 11 U.S.C. §363(m).

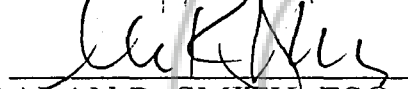
6. That the proposed sale to Resort Development Associates shall be approved as a back-up sale, subject to separate order entitled Order Approving Back-up Sale to Resort Development Associates [Cave Rock Property].

7. The Court may entered such other orders as are necessary to close escrow.

DATED this 21st day of February, 2001.


UNITED STATES BANKRUPTCY JUDGE

SUBMITTED BY:


ALAN R. SMITH, ESQ.
Attorney for Debtor

APPROVED/DISAPPROVED:

TIMOTHY LUKAS, ESQ.
Attorney for Soils Engineering

APPROVED/DISAPPROVED:

MICHAEL C. LEHNERS, ESQ.
Attorney for SRK and Bramco

APPROVED/DISAPPROVED:

RON OLINER, ESQ.
Attorney for Resort Development Assoc.

APPROVED/DISAPPROVED:


CECILIA L. ROSENAUER, ESQ.
Attorney for Purchaser, Patrick Taylor

APPROVED/DISAPPROVED:

THOMAS SUSICH, ESQ.
Attorney for Tahoe Douglas District

I certify that this is a true copy:

SEAL

Attest: 
Deputy Clerk, Bankruptcy Court

FEB 13 '01 11:12AM MAR 10
nt By: ALAN SMITH/PAT MORRIS;

775 (86 Judg)

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in the event it is determined that Soils' secured claim exceeds the amount set
aside.

(C) All other sums set aside pursuant to previous orders of the Court shall set
aside.

5. The Court specifically finds that the Purchaser is in good faith in accordance with 11
U.S.C. § 541(m).

6. That the proposed sale to Resort Development Associates shall be approved as a
back-up sale, subject to separate order entitled Order Approving Back-up Sale to
Resort Development Associates [Cave Rock Property].

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DATED this ____ day of _____, 2001.

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Attorney for Debtor.

APPROVED/DISAPPROVED:

TIMOTHY LUKAS, ESQ.
Attorney for Soils Engineering

APPROVED/DISAPPROVED:

MICHAEL C. LEINERS, ESQ.
Attorney for SKK and Branco

APPROVED/DISAPPROVED:

RON OLIVER, ESQ.
Attorney for Resort Development Assoc

APPROVED/DISAPPROVED:

Cecilia L. Rosenauer
CECILIA L. ROSENAUER, ESQ.
Attorney for Purchaser, Patrick Taylor.

APPROVED/DISAPPROVED:

THOMAS SUSICH, ESQ.
Attorney for Tahoe Douglas District

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Heron, Nevada 89501
(702) 786-4579

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THOMAS SUSICH, ESQ.
Attorney for Tahoe Douglas District

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Attorney for Resort Development Assoc.

APPROVED/DISAPPROVED

CECILIA L. ROSENBERG, ESQ.
Attorney for Purchaser, Patrick Taylor

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LINDA SLATER
RECORDER

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