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1 WILLIAM L. MCGIMSEY
2 A Professional Corporation
3 Nevada State Bar No. 000546
4 601 East Charleston Blvd.
5 Las Vegas, NV 89104
6 382-9948
7 48123479
8 Attorney for Debtor

9 UNITED STATES BANKRUPTCY COURT
10 DISTRICT OF NEVADA

11 In Re:)
12)
13 CALVIN M. BOWMAN and)
14 CAROLE BOWMAN, Husband)
15 and Wife)
16 Debtors)

BK-S-97-24443, LBR
Chapter 11
Date: August 7, 1998
Time: 9:30 A.M.

17 ORDER APPROVING SALE OF PROPERTY
18 AND DIRECTING DISPOSITION OF PROCEEDS

19 The Debtors' motion to approve sale of property and to
20 direct disposition of proceeds having come on to be heard on August
21 7, 1998, Debtors appearing, together with counsel William L.
22 McGimsey, Esq., the United States of America appearing through
23 counsel Fred E. Green, Esq., the Trustee of the bankruptcy estate
24 of Bowman & Sons Printing Co., Inc. Larry Bertsch, appearing
25 through counsel James F. Lisowski, Esq., Secured Creditor Sabin
26 Robbins, appearing through counsel Steven B. Glade, Esq., and the
27 Court having read and considered the motion and heard the comments
28 of counsel, and good cause appearing therefor,

HEREBY ORDERS, ADJUDGES AND DECREES AS FOLLOWS:

- 1. The sale of the Debtors' real property to E.A. Collins Development Corp., pursuant to that certain Option Agreement and

LAW OFFICES
WILLIAM L. MCGIMSEY
A PROFESSIONAL CORPORATION
601 EAST CHARLESTON BOULEVARD
LAS VEGAS, NEVADA 89104

1 Joint Escrow Instructions dated July 20, 1998, a true copy of which
2 is attached hereto and made a part hereof as Exhibit "A" is
3 approved.

4 2. From the proceeds of the sale, the Debtors' closing
5 costs, escrow fees and the real property taxes due to be paid by
6 the Debtors on the property being sold shall be paid in full. The
7 deed of trust in favor of Sabin Robbins in the amount of
8 \$258,459.65, together with \$45.76 per day for each and every day
9 after July 23, 1998 until closing, shall be paid in full.

10 3. The Internal Revenue Service shall be paid the sum of
11 \$32,000.00, representing all interest which has accrued against the
12 Debtors since the assessment of a 6672 penalty against the Debtors.
13 From the proceeds, the amount of \$166,730.86, representing the
14 unpaid balance of the IRS claim, together with \$30,000.00,
15 representing possible accrued interest for the next two years,
16 shall be set aside in an interest-bearing account to serve as
17 security for the remaining IRS claim. Any lien of the IRS against
18 the property being transferred shall be removed and shall become a
19 lien against the monies set aside in said interest-bearing account.
20 Said monies shall not be further disbursed without further order of
21 the Court or without a stipulation between the Debtors and the
22 Internal Revenue Service. The amount shall be distributed by the
23 escrow company to the William L. McGimsey, A Professional
24 Corporation Trust Account, and said William L. McGimsey as attorney
25 for the Debtors shall establish the interest-bearing account,
26 subject to this order.

27 4. The amount of \$121,131.09 shall be set aside in an
28 interest-bearing account representing the full amount of the

1 Trustee Larry Bertsh's claim. Said account shall be under the
2 control of Debtors' attorney, William L. McGimsey, and no monies
3 shall be disbursed from that claim without further order of the
4 Court or upon stipulation of the Trustee Larry Bertsch and the
5 Debtors. The amount shall be distributed by the escrow company to
6 the William L. McGimsey, A Professional Corporation Trust Account,
7 and said William L. McGimsey as attorney for the Debtors shall
8 establish the interest-bearing account, subject to this order.

9 5. The balance of the proceeds shall be delivered to the
10 Debtors for immediate payment to the remaining creditors of the
11 Debtors' estate pursuant to the Debtors' confirmed Plan of

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LAW OFFICES
WILLIAM L. MCGIMSEY
A PROFESSIONAL CORPORATION
601 EAST CHARLESTON BOULEVARD
LAS VEGAS, NEVADA 89104

1 Reorganization.

2 ORDERED, ADJUDGED AND DECREED this 17 day of
3 August, 1998.

4 Bankruptcy Judge

5 Submitted by:

6 William L. McGimsey
7 WILLIAM L. MCGIMSEY, ESQ.
8 601 East Charleston Blvd.
9 Las Vegas, NV 89101
Attorney for Debtors

10 APPROVED:

11 UNITED STATES OF AMERICA

12 By: Fred E. Green, Jr., Esq.
13 Fred E. Green, Jr., Esq.
14 Special Assistant
15 U.S. Attorney
16 4750 West Oakey Blvd., #403
17 Las Vegas, NV 89102
18 Attorney for Internal Revenue
19 Service

20 Steven B. Glade
21 STEVEN B. GLADE, ESQ.
22 626 S. Third Street
23 Las Vegas, NV 89101
24 Attorney for Secured Creditor,
25 Sabin Robbins

26 LISOWSKI LAW FIRM, CHTD.

27 By: James F. Lisowski, Sr., Esq.
28 James F. Lisowski, Sr., Esq.
1661 E. Flamingo Road, #6
Las Vegas, NV 89119
Attorney for Trustee, Larry
Bertsch

29 I certify that this is a true copy:
30 [Signature]
31 Deputy Clerk, Bankruptcy Court 4

WILLIAM L. MCGIMSEY
A PROFESSIONAL CORPORATION
601 EAST CHARLESTON BOULEVARD
LAS VEGAS NEVADA 89101

COPY

**OPTION AGREEMENT
AND
JOINT ESCROW INSTRUCTIONS**

THIS OPTION AGREEMENT AND JOINT ESCROW INSTRUCTIONS (this "**Agreement**") is made as of July 20, 1998, by and between E.A. COLLINS DEVELOPMENT CORP., a Nevada corporation, or designee, ("**Buyer**"), and CALVIN MURTON BOWMAN and CAROLE BOWMAN ("**Seller**").

RECITALS

A Seller is the owner of that certain real property in Clark County and Nye County, Nevada which is shown on the site plan attached hereto as Exhibit "A" and incorporated herein by this reference, consisting of a total of approximately six hundred fifty (650) ranch acres, together with all rights in neighboring streets and rights of way, all water rights, and all other privileges, easements and appurtenances thereto (the "**Property**").

B. Concurrently, with the first Closing, as defined herein, Buyer and Seller will enter into a Water Lease, in the form which is attached hereto as Exhibit "G," pursuant to which Buyer will lease all of Seller's water rights for the term of this Agreement for an annual rental of One Dollar (\$1.00) per year (the "**Water Lease**"). At such time as Buyer acquires title to a portion of such water rights pursuant to this Agreement, the water rights so acquired shall be subtracted from the water rights which are leased by Buyer pursuant to the Water Lease. The Water Lease requires Buyer to pay all real property and water taxes and assessments which are assessed against the Property during the term thereof, requires Buyer to maintain Seller's water rights, to maintain Seller's wells, pumps, well sites and underground pipelines and grants to Buyer the right to farm or conduct such other activities upon the Property as may be necessary to keep Seller's water rights in good standing and to put Seller's water rights to use in Buyer's development of the Property.

C. The parties hereto have reached an understanding with respect to the grant of purchase options by Seller and the purchase by Buyer of the Property.

NOW, THEREFORE, it is agreed as follows:

**SECTION 1.
Grant of Options**

Seller hereby grants to Buyer successive options to purchase the Property upon the terms which are set forth herein (collectively, the "**Options**," and, individually, an "**Option**"). Except as herein elsewhere specifically provided, the Property shall be conveyed to Buyer free and clear of all liabilities, obligations, security interests, liens and encumbrances.

*E.A.C. JB
CMB*

**SECTION 2.
Purchase Price**

2.1 Determination of Purchase Price.

(a) Commercial Property and Residential Property. The parties have agreed that approximately one hundred sixteen (116) acres of the Property, as shown on Exhibit "A," is potentially suitable for commercial development (the "Commercial Property"). The Purchase Price for the Commercial Property shall be determined as follows, subject to the annual escalations which are described below:

(i) The Purchase Price for that portion of the Commercial Property which lies to the east of Highway 160, consisting of approximately eighty-six (86) acres, shall be Twenty Thousand Dollars (\$20,000) per acre;

(ii) The Purchase Price for that portion of the Commercial Property which is shown on Exhibit "A" as the "Prime Commercial Property," consisting of approximately fifteen (15) acres, shall be Thirty Thousand (\$30,000) per acre; and

(iii) The Purchase Price for that portion of the Commercial Property which is shown on Exhibit "A" as the "Lesser Commercial Property," consisting of approximately fifteen (15) acres, shall be Ten Thousand (\$10,000) per acre.

The Purchase Price for the remainder of the Property (the "Residential Property"), consisting of approximately five hundred thirty-three (533) acres, shall be Ten Thousand Dollars (\$10,000) per acre, subject to annual escalations, as set forth below. The Purchase Price for the Commercial Property and the Purchase Price for the Residential Property shall each increase on June 1 of each year, beginning on June 1, 1999, by nine percent (9%) of the applicable Purchase Price for the preceding year, all as shown on Exhibits "B" and "C" attached hereto and incorporated herein by this reference (the "Minimum Take-Down Schedules"). Designation of any portion of the Property as either Commercial or Residential for purposes of the determination of the Purchase Price under the terms of this Agreement shall not be deemed to limit Buyer's use or development of such portion of the Property. In addition to the Purchase Price, Buyer shall also pay to Seller an amount equal to twenty-five percent (25%) of the "Net Profit" received by Buyer from the sale or lease of the Commercial Property purchased by Buyer. Such Net Profit shall be paid within thirty (30) days after closing of any sale or conveyance by Buyer of any Commercial Property, or in the event that any portion of the proceeds thereof are deferred or contingent, upon Buyer's receipt of such Net Profits. "Net Profit" shall mean, for any parcel of Commercial Property, the gross sale price thereof (regardless of the payment terms thereof) or, in the event that the consideration consists of property other than cash, the market value thereof, less the Purchase Price paid by Buyer for such Commercial Property and less Buyer's actual costs and expenses of development of the Commercial Property that are properly allocable to the subject property, including, without limitation, interest costs,

Handwritten initials and signature:
E.C.C. 10
C.M.B.

engineering fees, planning and zoning costs, marketing costs, infrastructure costs and Buyer's administrative expenses properly allocable on a fair and consistent basis among all of its and its subsidiary and affiliate activities and operations. Buyer's obligations hereunder shall survive each Closing, as defined below.

(b) Purchase Price for Additional Water Rights. Seller has represented and warranted to Buyer that Seller owns good and marketable rights to two thousand six hundred (2,600) acre feet of water per year, as set forth in Paragraph 5.1(j) below; but the parties believe that Seller may have rights to additional water in excess of two thousand six hundred (2,600) acre feet. In the event that Seller has Good Title, as defined in that Paragraph 5.1(j), to more than two thousand six hundred (2,600) acre feet per year in the Pahrump Basin, as defined in such Paragraph 5.1(j), Buyer will give Seller the right to select a custom home golf course lot from Seller's project which is to be developed on the Property (the "Custom Lot") at such time as such lots become available for sale but prior to any other person having the right to select such a lot. If Buyer's golf course lots are not available prior to August 1, 2000, then, at Seller's option, rather than a golf course lot, Seller shall have the right to select another available up-scale custom home lot within Buyer's project upon the Property, and such up-scale lot shall be referred to as the Custom Lot. If Seller selects a Custom Lot, Buyer shall waive the purchase price for that lot and convey the same to Seller, subject to all covenants and other restrictions as are generally applicable to custom home lots in Buyer's project. If Seller has Good Title to more than three thousand (3,000) acre feet per year of water in the Pahrump Basin (such water in excess of three thousand (3,000) acre feet is referred to herein as the "Additional Water"), Buyer shall, not later than December 31, 1998, purchase the Additional Water from Seller, and Seller shall convey Good Title to such Additional Water to Buyer, for a purchase price of One Thousand Dollars (\$1,000) per acre foot.

2.2 Payment of Purchase Price. The Purchase Price shall be paid as follows:

(a) Within one (1) business day after National Title Company ("Escrow Agent") (hereinafter defined) executes the Consent of Escrow Agent attached hereto and delivers to Buyer a fully executed copy of this Agreement which contains original signatures of Buyer, Seller and Escrow Agent (the date of such delivery is hereinafter referred to as the "Escrow Opening Date"), Buyer shall deliver to Escrow Agent Buyer's immediately available funds in the amount of Fifty Thousand Dollars (\$50,000) (together with any interest thereon, the "Deposit"). Escrow Agent shall invest the Deposit in an interest bearing account as instructed by Buyer. The Deposit shall be non-refundable after the expiration of the Feasibility Period (hereinafter defined), except as herein elsewhere specifically provided in this Agreement. The parties agree that in the event of a non-monetary default by either party, the defaulting party shall have up to a maximum period of ten (10) days after notice from the non-defaulting party of such default during which the defaulting party may cure such default. If Buyer does not cure such a non-monetary default by Buyer within such ten (10) day period, any non-refundable Deposit shall be paid to Seller as liquidated damages and as Seller's sole and exclusive remedy because of the difficulty in ascertaining the exact amount of damages sustained by Seller and this Agreement shall cease and terminate and be of no further force or effect and neither party shall have any further rights or obligations against the other by reason of this Agreement and/or such termination. Nothing herein, however, shall be deemed to limit Buyer's

escrow agent
[Signature]

rights and remedies in the event Seller fails to cure a non-monetary default by Seller within such ten (10) day period.

(b) The remainder of the Purchase Price shall be paid as follows:

(1) The Minimum Take-Down Schedule for the Commercial Property, requiring that the greater of (i) seven and one-half (7.5) acres of the Commercial Property, or (ii) Commercial Property having a Purchase Price of not less than One Hundred Fifty Thousand Dollars (\$150,000) be purchased each year until the final take-down, is attached hereto as Exhibit "B." The Minimum Take-Down Schedule for the Residential Property, requiring at least thirty-five (35) acres of the Residential Property to be purchased each year until the final take-down, is attached hereto as Exhibit "C." Buyer may, at any time and at its sole discretion, elect to acquire more of the Property than is required by the attached take down schedules; provided that Seller shall not acquire more of the Commercial Property than is required by the Minimum Take-Down Schedule for the Commercial Property without exercising its Option, prior to or concurrently with its acquisition of such excess Commercial Property, to acquire a proportionate amount of the Residential Property (i.e., Purchaser shall exercise its Option to acquire at least four and 59/100 (4.59) acres of Residential Property (in excess of the amount of Residential Property which is required by the Minimum Take-Down Schedule) for each acre of Commercial Property acquired by Purchaser in excess of the Minimum Take-Down Schedule for the Commercial Property). However, if Buyer, immediately after August 1 of any year during the term hereof, shall have acquired less of the Commercial Property, in total, than is required by the attached Minimum Take-Down Schedule for the Commercial Property to have been acquired on or before that date (other than by reason of a default by Seller or delays caused by Seller), Buyer's right to acquire additional portions of the Commercial Property and Residential Property shall terminate. Similarly, if Buyer, immediately after August 1 of any year during the term hereof, shall have acquired less of the Residential Property, in total, than is required by the attached Minimum Take-Down Schedule for the Residential Property to have been acquired on or before that date (other than by reason of a default by Seller or delays caused by Seller), Buyer's right to acquire additional portions of the Residential Property and Commercial Property shall terminate. For purposes of this paragraph, "year" means twelve (12) calendar months beginning August 1 and ending July 31.

(2) Notwithstanding the foregoing provisions of Paragraph (1) above, Seller shall have the right, by giving written notice to Buyer not later than December 31, 2007, to require Buyer to exercise its last Option, as to any or all of the remaining Property, not later than July 15, 2008. If Seller exercises its right to so accelerate Buyer's Options hereunder, then any portion of the Property which is not purchased by Buyer pursuant to the exercise, prior to July 15, 2008, of its Options, shall be free of all remaining Options and Buyer's right to purchase such remaining property shall terminate.

(3) The Purchase Price allocable to the portion of the Property to be purchased by Buyer at each Closing shall be paid by cash, cashier's check or wire transfer at the subject Closing.

Handwritten signature:
E. C. B.
CMB

(c) In lieu of accepting the cash payments described above, Seller shall have the following options:

(1) In lieu of all or a portion of the cash payments due with respect to the Residential Property as outlined on Exhibit "A," Seller may elect to acquire from Buyer up to four (4) houses in the Las Vegas Valley which are available for purchase from Developers of Nevada, a Nevada limited liability company which is an affiliate of Buyer ("~~Developers~~"), provided that such houses have an aggregate purchase price of not more than the principal amount which remains due for the Residential Property, less the amount that is to be paid by Buyer in cash. The purchase price for such houses shall be equal to the price at which such houses are listed for sale by Developers, less, so long as no commissions are due, three percent (3%).

(2) In lieu of all or a portion of the cash payments due with respect to the Commercial Property, as outlined on Exhibit "A," Seller may elect to acquire from Buyer commercial, office or industrial properties, provided that such properties are available for sale from Buyer (upon request, Buyer shall provide Seller with a list of available, for-sale properties) and have a collective value of not more than the principal amount which remains due for the Commercial Property, less the amount that is to be paid by Buyer in cash. The value of such properties shall, unless the parties agree otherwise, be determined by an appraisal conducted by a qualified real estate appraiser in Las Vegas, Nevada. If the parties are unable to agree upon an appraiser within twenty-one (21) days of Seller's selection of exchange property, then each party shall, within ten (10) days after the expiration of such twenty-one (21) day period, select an MAI appraiser in Las Vegas, Nevada and such appraisers shall select a third appraiser. The value of such properties shall then be the arithmetic average of the closest two of the three appraisals.

Unless otherwise agreed by the parties, in writing, any election by Seller to proceed under the above-described option 2.2(c)(1) must be made prior to the third annual anniversary of the date of this Agreement, and any election by Seller to proceed under the above-described option 2.2(c)(2) must be made prior to the fifth annual anniversary of the date of this Agreement. Any time requirements for Buyer's purchase of the Property at the applicable Closing (but not any subsequent Closing) shall be extended by the length of any delay caused by Seller's election to proceed under its exchange options set forth in the preceding subparagraphs 2.2(c)(1) and 2.2(c)(2). Similarly, Seller's election to proceed under either such option shall not be deemed to require Buyer to exercise any Option nor to accelerate the time requirements which are set forth in the Minimum Take-Down Schedules.

2.3 **Taxes and Assessments.** Subject to the terms of the Water Lease, real estate taxes shall be prorated as of each Closing with respect to the subject Option Parcel. Any assessments levied prior to a Closing and not payable in installments after such Closing shall be paid in full by Seller prior to that Closing.

SECTION 3.

Title

3.1 **Title Review.** Not later than two (2) business days after Buyer exercises its Option with respect to any portion of the Property, Buyer shall order a title commitment for such portion.

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Seller shall exercise commercially reasonable efforts, including, without limitation, the execution and delivery of any reasonably necessary documents, as Buyer may request in order to assist Buyer in the removal or modification of any title exceptions which affect marketability of title to any portion of the Property and to which Buyer objects in writing within ten (10) days after its receipt of a commitment of title insurance with respect thereto ("Title Objections"). If Seller fails to cure any Title Objections prior to the date of Closing for the applicable portion of the Property, and if Buyer reasonably and in good faith determines that the title matters which are the subject of such Title Objections materially and adversely affect marketability of title or Buyer's proposed development or use of the Property, Buyer may terminate this Agreement, and, if such termination occurs prior to the first Closing, Buyer shall receive a full refund of the Deposit. If Buyer fails to so terminate this Agreement, it shall be deemed to have waived any uncured Title Objections. Notwithstanding the foregoing, Seller shall be obligated to remove, and Buyer shall be deemed to have objected to all deeds of trust, judgment liens, tax liens, mechanics' and materialmen's liens and other monetary liens and encumbrances which burden the Property, and such items shall not be Permitted Exceptions, as defined below. This sale is subject to the Escrow Agent being committed to issuing to Buyer at each Closing an ALTA owner's policy of title insurance in an amount not less than the Purchase Price to be paid at that Closing (the "Title Policy") insuring Buyer that Buyer has fee title to the subject Option Parcel subject only to taxes for the current fiscal year not delinquent and those exceptions to which Buyer has not objected as provided above and Title Objections which Buyer is deemed to have waived as provided above (collectively, "Permitted Exceptions").

3.2 **Further Encumbrances.** Except as otherwise specifically set forth herein, Seller shall not, at any time during the term hereof, encumber the Property or otherwise allow any title exceptions, other than the Permitted Exceptions, to be recorded against the Property. Notwithstanding the foregoing, Seller shall have the right to borrow against and record deeds of trust against portions of the Property upon the following terms and subject to the following limitations: (i) the total amount secured by all such deeds of trust shall not exceed the lesser of (A) eighty percent (80%) of the amount to be paid by Buyer to Seller pursuant to Exhibits "B" and "C" during the thirty-six (36) month period following the recordation thereof; or (B) the sum of Two Million Five Hundred Thousand Dollars (\$2,500,000), or such greater amount as may be approved, in advance, by Buyer; (ii) the terms of each note which is secured by any such deeds of trust, and each such deed of trust, shall specifically provide that (A) all or any portion of the Property encumbered thereby may be released from such Deed of Trust for a release price which does not exceed the Purchase Price per acre to be paid by Buyer pursuant to this Agreement, and (B) the lender's interest and rights thereunder are subject and subordinate to the terms of this Agreement and the Options of Buyer set forth herein, and (C) the loan evidenced thereby is assumable by Buyer without any restriction or fee (upon any such assumption, the amount of the assumed debt shall be credited against the Purchase Price due from Seller).

SECTION 4. Feasibility Period

Buyer shall have until fifteen (15) days after the date of this Agreement to inspect the Property to determine whether or not to proceed with the transactions contemplated herein (such period is referred to herein as the "Feasibility Period"). Seller shall, within one business day after

Handwritten initials and signature:
E.C. [initials]
C.M. [signature]

the date of this Agreement, deliver to Buyer all permits, water commitments, water title or transfer documents, approvals, studies, analyses, maps, utility plans, engineering reports, soils reports and similar written instruments or documents relating to the Property in Seller's possession or control (such documents are the "Project Documents"). For the purposes of this Agreement, "control" of a Project Document means the power or authority to obtain possession of the Project Document. Seller represents and warrants to Buyer that all the Project Documents prepared by Seller are true, accurate and complete and that to the best of Seller's knowledge all other Project Documents are true, accurate, and complete, except as disclosed by Seller to Buyer in writing. During the term of this Agreement, Buyer may conduct such tests upon the Property as Buyer deems necessary including, but not limited to, engineering and environmental tests. If Buyer, in its sole and absolute discretion, is not satisfied with any aspect of the Property or the Project Documents and if Buyer and Seller have not reached a written agreement in settlement of any such dissatisfaction before the expiration of the Feasibility Period, then Buyer may deliver to Seller a termination notice prior to the expiration of the Feasibility Period informing Seller of its desire to terminate this Agreement. If such notice is delivered, then upon Seller's receipt thereof, the Deposit shall be immediately returned to Buyer and this Agreement shall cease and terminate and be of no further force or effect and neither party hereto shall have any further rights against or obligations to the other by reason of this Agreement and/or such termination.

SECTION 5. Representations and Warranties

5.1 Seller's Representations and Warranties. Seller represents and warrants to Buyer as follows:

(a) This Agreement and the other agreements and instruments contemplated hereby constitute legal, valid and binding obligations of Seller, enforceable in accordance with their respective terms.

(b) Neither the execution, delivery or performance of this Agreement will breach any statute, law, ordinance, rule or regulation of any governmental authority or conflict with or result in a breach of any of the terms, conditions, or provisions of any judgement, order, injunction, decree or ruling of any court or governmental authority to which Seller or the Property is subject or any agreement or instrument to which it is party or by which it or the Property is bound, or constitute a default thereunder.

(c) No consent, approval or authorization of any governmental authority or private party is required in connection with the execution, delivery and performance of this Agreement by Seller.

(d) Seller has good and marketable title to the Property as set forth in Section 3 above, subject only to matters of record.

(e) No labor has been performed or material furnished for the Property, or any part thereof, at the request or direction of Seller for which Seller has not heretofore fully paid, or for

E.L.C. [Signature]

which a mechanic's or materialman's lien or liens, or any other lien, can be claimed by any person, party or entity. Seller will provide any indemnity which may be required by the Escrow Agent so that the Title Policy is issued without an exception for mechanics' or materialmen's liens.

(f) To Seller's knowledge, there are no violations of any statute, law, ordinance, rule, regulation, covenant, condition or restriction with respect to the use, maintenance, operation, or condition, of the Property or any part thereof, or any installations thereir. or thereon.

(g) To Seller's knowledge, there are no investigations by any governmental agencies or any claims, suits, counterclaims or proceedings in law or in equity, made, asserted, pending, or threatened against or relating to either Seller or the Property, nor to Seller's knowledge is there any basis for any such investigation, suit or proceeding. In particular, but not by way of limitation, to Seller's knowledge, no litigation is pending or threatened or anticipated nor are there any actions, suits or proceedings pending, or threatened against Seller in any court or before any administrative agency which would prevent it from completing the transactions provided for herein.

(h) To Seller's knowledge, there are no condemnation proceedings pending or contemplated against the Property or any party thereof. Seller has received no written notice of the desire of any public authority or public or quasi-public utility to take or use the Property or any part thereof.

(i) The Property constitutes a separate tax parcel or parcels and no part thereof is assessed or taxed with any other property.

(j) Seller owns the right to appropriate from the Pahrump Artesian Basin or the Pahrump Valley Basin (collectively, the "Pahrump Basin") not less than two thousand six hundred (2,600) acre feet of water per year from two (2) wells pursuant to State of Nevada Certificates of Appropriation Nos. 10571, 14291, 21183 and 19031 [and two (2) springs on the Property], and such water rights are active and in good standing, are not subject to forfeiture and are transferable to Seller in accordance with the terms and provisions of this Agreement under local laws and the laws of the State of Nevada. Title to water rights which satisfies the requirements of this Paragraph (j) (i.e., active and in good standing, not subject to forfeiture and transferable) is referred to in this Agreement as "Good Title".

(k) Neither Seller nor any person or entity constituting Seller is or has been a foreign person or, in the case of corporations, a U.S. real property holding corporation, as defined in Section 897 of the Internal Revenue Code of 1986, as amended.

(l) (1) To Seller's knowledge, the Property is not in violation of, or subject to any existing, pending, or threatened investigation by any governmental authority under, any law, statute, ordinance, or regulation pertaining to health, industrial hygiene, the environment, or Hazardous Substances (as hereinafter defined) (collectively referred to as "Environmental Laws");

E.L.C. CB
CMB

(2) Seller has not received any written notice concerning any alleged violation of Environmental Laws or any notices or other communications concerning liability for Hazardous Substances in connection with the Property; and

(3) To Seller's knowledge, the Property is not listed in the United States Environmental Protection Agency's National Priorities List of Hazardous Waste Sites nor any other log, list, schedule, inventory or record of Hazardous Substances or hazardous waste sites whether maintained by the United States or any state local governmental unit.

As used in this Agreement, the term "Hazardous Substance" means substances, materials and wastes which are regulated under applicable local, state or federal law, or which are classified as hazardous or toxic under federal, state or local laws or regulations and the term "Spill" means a discharge, uncontrolled loss, seepage or filtration of oil or petroleum or chemical liquids or solids, liquid or gaseous products or hazardous waste or Hazardous Substance at upon under or within the Property or any contiguous real estate. Buyer acknowledges that, except only as provided above, Seller makes no representation or warranty whatsoever with respect to the environmental condition of the Property, the presence or Spill or release thereon or therefrom of any Hazardous Substance, or the compliance of Seller or the Property with any Environmental Laws. Buyer acknowledges that there are wells and up to two (2) underground storage tanks located on the Property, and that Seller makes no representations and warranties with respect thereto. Except only for a material breach by Seller of its representations and warranties stated above, Buyer (for itself, its successors and assigns) waives and relinquishes all rights and claims (including but not limited to rights of contribution, statutory or otherwise) against Seller for or in respect of the environmental condition of the Property, the presence or Spill or release therefrom or thereon of any Hazardous Substances, or the compliance thereof with Environmental Laws, and covenants (for itself, its successors and assigns) that it will not assert any such claim or right, whether by lawsuit or otherwise.

5.2 Buyer's Representations and Warranties. Buyer represents and warrants to Seller as follows:

(a) Buyer is a corporation duly organized and validly existing under the laws of the State of Nevada.

(b) The execution, delivery and performance of this Agreement by the persons executing the same on behalf of Buyer have been duly and validly authorized (and by their execution hereof such each person individually represents and warrants that they are so authorized) and this Agreement and the other agreements and instruments contemplated hereby constitute legal, valid and binding obligations of Buyer, enforceable in accordance with their respective terms.

(c) Neither the execution, delivery or performance of this Agreement will breach any statute, Law, ordinance, rule or regulation of any governmental authority or conflict with or result in a breach of any of the terms, conditions or provisions of any judgement, order, injunction,

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CMB*

decree or ruling of any court or governmental authority to which Buyer is subject or any agreement or instrument to which it is party or by which it is bound, or constitute a default thereunder.

5.3 **Reliance.** The representations and warranties contained herein are made with the knowledge and expectation that the party to whom such representations and warranties are given is placing complete reliance thereon.

SECTION 6. Conditions Precedent to Closing

6.1 **Buyer's Conditions.** All of the obligations of Buyer hereunder are subject to fulfillment, prior to or at each Closing, as required, of each of the following conditions:

(a) All conditions precedent to Buyer's obligations provided for in any other section of this Agreement have been satisfied.

(b) There shall be no litigation pending or threatened against Seller or the Property seeking to enjoin the performance of this Agreement.

(c) The representations and warranties of Seller contained in this Agreement shall be true at the Closing in all material respects as though such representations and warranties were made at such time.

(d) Seller shall have performed and complied in all material respects with all agreements and conditions required by this Agreement to be performed or complied with by it prior to or as the Closing.

6.2 **Seller's Cooperation.** Seller shall render Buyer its reasonable cooperation in satisfying the conditions precedent to Buyer's purchase of the Property.

6.3 **Failure of Condition.** In the event of failure of any condition precedent to Buyer's obligations hereunder at or prior to the First Closing, if Buyer so elects by written notice to Seller, the Deposit shall be returned to Buyer and this Agreement shall cease and terminate and be of no further force or effect and neither party shall have any rights against or obligations to the other by reason of this Agreement and/or such termination except that in the event of default by Seller, Seller shall remain liable for all damages resulting from such default, but in no event exceeding in the aggregate the sum of Fifty Thousand Dollars (\$50,000).

6.4 **Right to Waive.** Any and all terms, covenants, conditions, representations and warranties contained herein which are for the benefit of Buyer including, but not limited to, all conditions precedent and Seller's representations and warranties, may be waived by Buyer in its sole and absolute discretion; provided, however, that Buyer's decision to close despite Seller's breach of any covenant, warranty or representation shall not release Seller from any liability therefor.

E. C. Collins
CMR

**SECTION 7.
Access and Information**

Seller shall give to Buyer and Buyer's counsel, accountants, and other representatives, reasonable access during normal business hours throughout the term of this Agreement as Buyer shall request to all of their properties, books, contracts, title reports and records with respect to the Property. Buyer shall indemnify Seller from any damages, costs or expenses arising out of Buyer's inspection of the Property. Buyer shall treat confidentially all information furnished by Seller to Buyer or derived from its investigation of the property, including the results of any environmental assessment or testing. Such information will only be used by Buyer in connection with this Agreement and its investigation and acquisition of the Property and will be disclosed only as needed for such purpose or as required by law.

**SECTION 8.
Exercise of Options and Closings**

8.1 **Exercise Notice.** Each of Buyer's Options shall pertain to a separate portion of the Property, together with all appurtenant rights and amenities (each an "**Option Parcel**," and, collectively, the "**Option Parcels**"), as identified by Buyer in its notice of election to exercise such Option (each an "**Exercise Notice**"). By Buyer's execution of this Agreement, and subject to Buyer's right to terminate this Agreement pursuant to Sections 3 and 4 above, Buyer exercises its first Option (the "**First Option**") for the purchase of that portion of the Property which is identified on Exhibit "A" as the "**First Option Parcel**." The Closing with respect to the First Option Parcel shall occur no later than July 27, 1998, and Buyer acknowledges that it will have no right to postpone that Closing Date. Each subsequent Option shall be exercised, if at all, by delivery of a written Exercise Notice to Seller not later than thirty (30) days prior to the Closing Date for such Option Parcel selected by Buyer, as such Closing Date is identified by Buyer in its Exercise Notice. The Option Parcels and the order in which they are acquired by Buyer shall be so defined by Buyer that (i) the remaining portion of the Property which is owned by Seller (i) shall have access to public streets and utilities, (ii) shall consist of parcels which are regular in shape and configuration so as not to preclude development or use thereof by Seller in the event that Buyer does not acquire such property, and (iii) that certain portion of the Property, consisting of approximately seven (7) acres, which is shown on Exhibit "A" as the "**Last Take Parcel**," shall, unless Seller agrees otherwise (which agreement shall not be unreasonably withheld) be the last portion of the Property purchased by Buyer. Buyer shall be responsible for preparing and processing any parcel maps which may be required so that, at each Closing, the subject Option Parcel is a separate legal and tax parcel. Seller shall cooperate with Buyer's efforts to process such maps and shall execute the same when requested by Buyer; provided, however, that, at Seller's request, a parcel map will not be recorded until the Closing for the subject Option Parcel.

8.2 **Seller's Closing Documents.** At each Closing, Seller shall deliver to Buyer the following:

- (a) A Grant, Bargain, Sale Deed (the "**Deed**") in the form of Exhibit "D," subject only to Permitted Exceptions.

E.L.C. *CB*
cmB

(b) A FIRPTA Affidavit in the form of Exhibit "E" hereto.

(c) At the first Closing, the Water Lease.

(d) Such documents as may be required to transfer Seller's water rights allocable to the subject Option Parcel to Buyer. Four and six hundred fifteen one-thousands (4.615) acre feet of water (i.e., three thousand (3000) acre feet divided by six hundred fifty (650) acres) shall be allocated to each acre of the Property purchased by Buyer and shall be conveyed to Buyer at each Closing.

8.3 **Buyer's Deliveries.** At each Closing Buyer shall deliver to Seller the monies required to be paid to Seller at such time pursuant to Section 2.2(b) hereof. At the first Closing, Buyer shall execute and deliver the Water Lease.

8.4 **Application of Deposit.** Escrow Agent shall deliver the Deposit, as required herein, at the Closing for the First Option Parcel.

8.5 **Further Assurances.** It is the intent of this Agreement that Seller shall at each Closing convey to Buyer all property and rights presently held by Seller with respect to the subject Option Parcel, including, without limitation all water rights which are attached to or which benefit the subject Option Parcel. Seller agrees that at each Closing, and any time thereafter, upon request of Buyer, Seller shall execute, acknowledge and deliver to Buyer such deeds, assignments, conveyances, transfers, and other instruments and documents and perform such acts as Buyer shall from time to time require for the better perfecting, assuring, conveying, assigning, transferring and confirming unto Buyer the property and rights herein conveyed or assigned or intended now or hereafter so to be. In addition, Seller shall grant to Buyer from time to time such reasonable easements, rights of way and other rights as Buyer may determine are necessary or appropriate over and across Seller's lands in order to allow Buyer to develop and use that portion of the Property which Buyer has purchased hereunder; including, without limitation, the right to construct and dedicate roads and utility lines, provided, however, that Buyer shall have approved the location and use thereof in its reasonable discretion. All of these obligations shall survive each Closing.

8.6 **Closing Costs.** All costs, fees and expenses in connection with transfer taxes and recordation of any conveyances shall be paid by Seller. Seller shall pay the cost of each CLTA owner's policy of title insurance (excluding any premiums or charges for any mortgage policy issued in connection therewith and any endorsements requested by Buyer for which Seller does not agree in writing to pay). All escrow fees shall be paid equally by Buyer and Seller.

8.7 **Possession.** Possession of each Option Parcel shall be delivered to Buyer as of the Closing for that Option Parcel.

8.8 **No Merger.** The terms, covenants and conditions hereof shall not merge with any deed or conveyance, shall survive each Closing and shall continue in full force and effect until such time, if any, as provided herein.

ECR
CMR

**SECTION 9.
Indemnification**

Seller covenants and agrees to indemnify and save and hold Buyer harmless at all times after the Closings in respect of any and all liabilities, actions, suits, damages, losses, diminution in value, proceedings, demands, assessments, judgements, fines, costs and expenses, including attorneys' fees, whether known or unknown, disclosed or undisclosed, arising from, by reason of or in connection with any misrepresentation, breach of warranty or non-fulfillment of any agreement on the part of Seller under this Agreement or in any certificate or other instruments or agreements provided for in this Agreement.

**SECTION 10.
Brokerage Fees and Disclosures**

Each of the parties hereto represents to the other that it has not entered into any agreement for the payment of any fees, compensation or expenses to any person, firm or corporation in connection with the transactions provided for herein, and each agrees to hold and save the other harmless from any such fees, compensation or expenses which may be suffered by reason of any such agreement or purported agreement by the indemnifying party.

**SECTION 11.
Notices**

Any and all notices and demands by any party hereto to any other party required or desired to be given hereunder shall be in writing and shall be validly given or made only if deposited in the United States mail, certified or registered, postage prepaid, return receipt requested or if made by Federal Express or other similar delivery service keeping records of deliveries and attempted deliveries or if sent by telecopy. Service by United States Mail or by Federal Express or other similar delivery service shall be conclusively deemed made on the first business day delivery is attempted or upon receipt, whichever is sooner. Service by telecopy shall be deemed made upon confirmed transmission. Any notice or demand to Buyer shall be addressed to Buyer at

E.A. Collins Development Corp.
Attn.: E.A. Collins
7448 West Sahara Avenue
Suite 101
Las Vegas, Nevada 89117
Telecopier: (702)222-0370

with a copy to:

Jones Vargas
Attn: Stephen M. Rice, Esq.
3773 Howard Hughes Parkway
Third Floor South
Las Vegas, Nevada 89109
Telecopier: (702)734-2722

*ECC 06
CMB*

Unofficial Copy

*E.C.C. CB
CMB*

Any notice or demand to Seller shall be addressed to Seller at:

Mr. Calvin Murton Bowman & Carole Bowman
1941 Park Shadows Ln
Las Vegas, NV 89134
 Telecopier: (702)233-4582

The parties may change their address for the purpose of receiving notices or demands as herein provided by a written notice given in the manner aforesaid to the other, which notice of change of address shall not become effective, however, until the actual receipt thereof by the others.

SECTION 12. Governing Law

This Agreement shall be deemed to be made under to the laws of the State of Nevada and for all purposes shall be governed by and construed in accordance with the laws thereof. Clark County, Nevada shall be the exclusive venue for any action brought by the parties in any way related to this Agreement.

SECTION 13. Binding Effect

This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

SECTION 14. Severability

If any term, provision, covenant or condition of this Agreement, or any application thereof, should be held by a court of competent jurisdiction to be invalid, void or unenforceable by the laws applicable thereto, such provision shall be deemed severable from and shall in no way affect the enforceability and validity of the remaining provisions of this Agreement, all provisions, covenants, and conditions of this Agreement, and all applications thereof, not held invalid, void or unenforceable, shall continue in full force and effect and shall in no way be affected, impaired or invalidated thereby.

SECTION 15. Joint Escrow Instructions

This Agreement shall constitute joint escrow instructions of the parties hereto. The parties shall execute such escrow instructions not in conflict with the terms hereof as may be required to fully effectuate the terms, covenants and conditions hereof. The failure of either party to execute such additional escrow instructions shall not, however, affect the validity of this Agreement or the rights and obligations of the parties hereunder.

E.C.C. CB
CM

SECTION 16.
Calculation of Time Periods

If any date herein set forth for the performance of any obligation by Seller or Buyer or for the delivery of any instrument or notice herein provided should be a Saturday, Sunday, or legal holiday, such performance or delivery may be made on the next business day following such Saturday, Sunday, or legal holiday. As used herein, the term "legal holiday," means any state or federal holiday for which financial institutions or post offices are closed in the local jurisdiction in which the Property is located, for observance thereof, and the term "business day" means any day which is not a Saturday, Sunday, or legal holiday.

SECTION 17.
Exhibits

All exhibits and schedules referred to herein and attached hereto are hereby made a part hereof and are incorporated herein by this reference.

SECTION 18.
Entire Agreement

This Agreement, together with the Water Lease, contains the entire agreement between the parties relating to the transactions contemplated hereby, and all prior or contemporaneous agreements, understandings, representations and statements, oral or written, are merged herein.

No modification, waiver, amendment, discharge or change of this Agreement shall be valid unless the same is in writing and signed by the party against which the enforcement of such modification, waiver, amendment, discharge or change is or may be sought.

SECTION 19.
Attorneys' Fees

In the event any action or proceeding is commenced by any party against any other in connection herewith, including but not limited to any proceeding in bankruptcy, the prevailing party shall be entitled to recover from the other party all costs and expenses, including, without limitation, reasonable attorneys' fees and costs, incurred in such action or proceeding, including, but not limited to any proceeding in bankruptcy, in addition to any other relief awarded by the court.

SECTION 20.
Time of Essence

Time is of the essence of this Agreement and all of the terms, provisions, covenants and conditions hereof.

E.C.C. CB
MB

**SECTION 21.
Captions and Pronouns**

The captions appearing at the commencement of the sections hereof are descriptive only and for convenience in reference to this Agreement and in no way whatsoever define, limit, amplify or describe the scope or intent of this Agreement, nor in any way be used in interpreting the terms of this Agreement or affect this Agreement. Personal pronouns used herein shall be construed as though of the gender and number required by the context, and the singular shall include the plural and the plural the singular as may be required by the context.

**SECTION 22.
Reporting Person**

Escrow Agent is hereby designated as the Reporting Person (as defined in Section 6045(e) of the United States Internal Revenue Code and the regulations promulgated thereunder) as permitted by Treasury Regulation Section 1.6045-4(e) (5).

**SECTION 23.
Joint and Several Liability**

If any party consists of more than one person or entity, the liability of such person or entity signing this Agreement shall be joint and several.

**SECTION 24.
Counterparts**

This Agreement may be executed in any number of counterparts, each of which when executed and delivered shall be an original, but all such counterparts shall constitute one and the same Agreement.

**SECTION 25.
Memorandum**

Concurrently with the execution and delivery of this Agreement, the parties shall execute, acknowledge and record a Memorandum giving notice of this Agreement in the form of Exhibit "F" attached hereto and incorporated herein by this reference. Such Memorandum shall provide that it expires, unless extended by agreement of the parties, on August 1, 1999. At each Closing, the parties shall execute and record an amendment to extend the expiration of the Memorandum for an additional one (1) year.

*E.L.L. CB
AMB*

**SECTION 26.
Street Name**

As additional consideration to Seller and in order to recognize the contributions of Calvin Murton Bowman's father to the community of Pahrump, Nevada, Buyer agrees to name a major street within Buyer's project after E.S. Bowman.

**SECTION 27.
Reports and Studies**

In the event that this Agreement is terminated prior to Buyer's purchase of the Property, other than by reason of Seller's default, Buyer shall deliver to Seller, without representation or warranty, all studies and reports produced by or at the request of Buyer concerning the condition of the Property.

IN WITNESS WHEREOF, the parties have executed this Agreement to be effective as of the date first above written.

BUYER:

E.A. COLLINS DEVELOPMENT CORP., a
Nevada corporation

By: *E.A. Collins*
E.A. Collins, President

SELLER:

Calvin Murton Bowman
Calvin Murton Bowman

Carole Bowman
Carole Bowman

CONSENT OF ESCROW AGENT

The undersigned hereby agrees to act as Escrow Agent pursuant to the foregoing Purchase and Sale Agreement and Joint Escrow Instructions. The undersigned has established Escrow Number _____ pursuant to the terms hereof.

DATED: _____, 1998.

Escrow Agent:

NATIONAL TITLE COMPANY

By: _____
Name: _____
Title: _____

*ecc
CMB*

Unofficial

0 451694

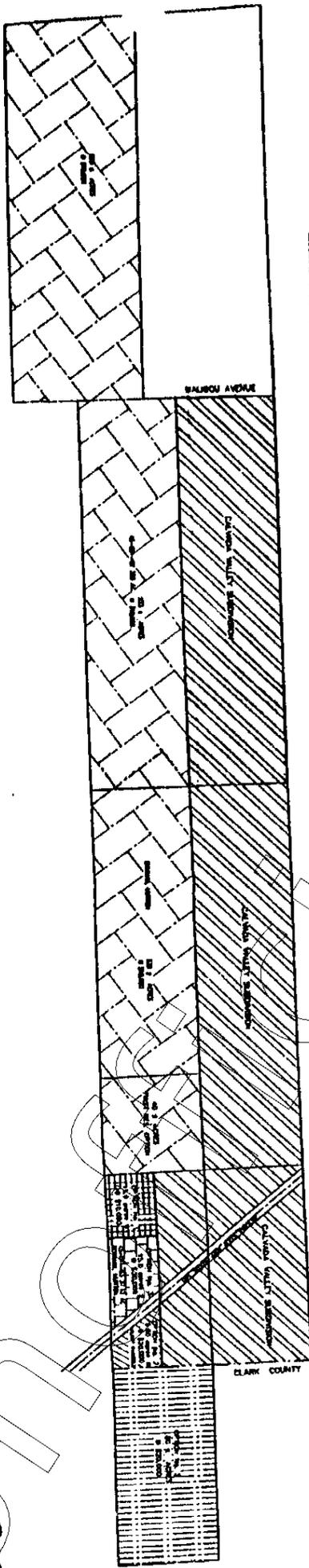


EXHIBIT A

Unofficial Copy

Site Plan
of

**MURTON BOWMAN
COMMERCIAL PARCEL SCHEDULE
BASED ON 3 TIERED OPTION**

| OPTION | MINIMUM ANNUAL ACRES | TOTAL ACRES AVAILABLE | PRICE PER ACRE | ANNUAL MINIMUM TOTAL |
|--------|----------------------|-----------------------|----------------|----------------------|
| 1 | 15 | 15 | \$ 10,000 | \$ 150,000 |
| 2 | 7.5 | 86 | \$ 20,000 | \$ 150,000 |
| 3 | 7.5 | 15 | \$ 30,000 | \$ 225,000 |

BASED UPON THE ROLLING OPTION AGREEMENT, THE PRICE PER ACRE WILL BE INCREASED BY 9% ANNUALLY IN EACH IDENTIFIED COMMERCIAL ACRE. FOR EXAMPLE, THE OPTION PRICE FOR COMMERCIAL TYPE ONE WOULD BE \$10,000 PER ACRE IN YEAR ONE, \$10,900 PER ACRE IN YEAR TWO, \$11,881 IN YEAR THREE AND INCREASE 9% ANNUALLY UNTIL ALL ACRES IN THAT CLASSIFICATION HAVE BEEN PURCHASED. THE SAME CALCULATION WILL APPLY TO COMMERCIAL TYPE 2 AND COMMERCIAL TYPE 3 EXCEPT THAT THE BASE OPTION PRICE WILL BE \$20,000 AND \$30,000 RESPECTFULLY.

*Eac. CB
CMB*

EXHIBIT C

MURTON BOWMAN

OPTION SCHEDULE
MINIMUM PAYMENT SCHEDULE @ 10,000 AC
 BASED ON 533 RESIDENTIAL ACRES

| OPTION (YR) | ESCROW CLOSING DATE | MINIMUM ACREAGE | TOTAL MINIMUM ACREAGE | PRICE PER ACRE | ANNUAL MINIMUM TOTAL | CUMULATIVE MINIMUM TOTAL |
|-------------|---------------------|-----------------|-----------------------|----------------|----------------------|--------------------------|
| dwnpmt | Date of agreement | 0 | 0 | | | 50,000 |
| 1 | July 27, 1998 | 40 | 40 | \$ 8,750 | \$ 350,000 | \$ 400,000 |
| dwnpmt | July 27, 1998 | 0 | 40 | | \$ 125,000 | \$ 525,000 |
| dwnpmt | September 27, 1998 | 35 | 75 | approx \$8,750 | \$ 125,000 | \$ 650,000 |
| dwnpmt | October 27, 1998 | 0 | 75 | | \$ 125,000 | \$ 775,000 |
| dwnpmt | November 27, 1998 | 20 | 95 | \$ 10,000 | \$ 75,000 | \$ 850,000 |
| 2 | July 27, 1999 | 35 | 130 | \$ 10,000 | \$ 350,000 | \$ 1,200,000 |
| 3 | July 27, 2000 | 35 | 165 | \$ 10,900 | \$ 381,500 | \$ 1,581,500 |
| 4 | July 27, 2001 | 35 | 200 | \$ 11,881 | \$ 415,835 | \$ 1,997,335 |
| 5 | July 27, 2002 | 35 | 235 | \$ 12,950 | \$ 453,260 | \$ 2,450,595 |
| 6 | July 27, 2003 | 35 | 270 | \$ 14,116 | \$ 494,054 | \$ 2,944,649 |
| 7 | July 27, 2004 | 35 | 305 | \$ 15,386 | \$ 538,518 | \$ 3,483,167 |
| 8 | July 27, 2005 | 35 | 340 | \$ 16,771 | \$ 586,985 | \$ 4,070,152 |
| 9 | July 27, 2006 | 35 | 375 | \$ 18,280 | \$ 639,814 | \$ 4,709,966 |
| 10 | July 27, 2007 | 35 | 410 | \$ 19,926 | \$ 697,397 | \$ 5,407,363 |
| 11 | July 27, 2008 | 35 | 445 | \$ 21,719 | \$ 760,163 | \$ 6,167,525 |
| 12 | July 27, 2009 | 35 | 480 | \$ 23,674 | \$ 828,577 | \$ 6,996,103 |
| 13 | July 27, 2010 | 35 | 515 | \$ 25,804 | \$ 903,149 | \$ 7,899,252 |
| 14 | July 27, 2011 | 18 | 533 | \$ 28,127 | \$ 506,280 | \$ 8,405,532 |

E.C.C. CB
 OMB

EXHIBIT "D"

When recorded return to:

GRANT, BARGAIN, SALE DEED

THIS INDENTURE WITNESSETH: That _____, a
_____ whose address is _____, in
consideration of Ten Dollars (\$10.00), the receipt of which is hereby acknowledged, does hereby
Grant, Bargain, Sell and Convey to E.A. COLLINS DEVELOPMENT CORP., a Nevada
corporation, whose address is 7448 West Sahara Avenue, Suite 101, Las Vegas, Nevada 89117, all
that real property situated in the County of Clark, State of Nevada, bounded and described on
Schedule 1 attached hereto and incorporated herein by this reference. Assessor's Parcel Number:
_____.

Together with all and singular the tenements, hereditaments and appurtenances thereunto belonging
or in anywise appertaining, subject to the Permitted Exceptions which are described on Schedule 2
attached hereto.

DATED: _____, 1998.

By: _____

STATE OF _____

COUNTY OF _____

This instrument was acknowledged before me on _____, 1998 by
_____ as _____ of _____.

Notary Public

ECC
CMB

SCHEDULE 1

(Legal description from Preliminary Title Report)

Unofficial Copy

*E.C.C.B.
CMB*

EXHIBIT "E"

FIRPTA AFFIDAVIT

Section 1445 of the Internal Revenue Code provides that a transferee of a U.S. real property interest must withhold tax if the transferor is a foreign person. To inform the transferee that withholding of tax is not required upon the disposition of a U.S. real property interest by _____, a _____ ("Seller") the undersigned hereby certifies the following on behalf of Seller:

- a) Seller is not a foreign corporation, foreign partnership, foreign trust, or foreign estate (as those terms are defined in the Internal Revenue Code and Income Tax Regulations);
- b) Seller's U.S. employer identification number is _____; and
- c) Seller's office address is _____.

Seller understands that this certification may be disclosed to the Internal Revenue Service by transferee and that any false statement contained herein could be punished by fine, imprisonment or both.

Under penalties of perjury, I declare that I have examined this certification and to the best of my knowledge and belief it is true, correct and complete, and I further declare that I have authority to sign this document on behalf of Seller.

DATED: _____, 1998.

SELLER:

Handwritten signature/initials

EXHIBIT "F"

MEMORANDUM

Recorded Requested By
and When Recorded Return to
Jones Vargas
3773 Howard Hughes Parkway
Third Floor South
Las Vegas, Nevada 89109
Attention: Stephen M. Rice, Esq.

MEMORANDUM OF AGREEMENT

THIS MEMORANDUM OF AGREEMENT is made as of the _____ day of _____, 1998, between E.A. COLLINS DEVELOPMENT CORP., a Nevada corporation ("**Buyer**") and CALVIN MURTON BOWMAN and CAROLE BOWMAN ("**Seller**").

1. **Terms and Land.** Upon the terms and provisions set forth in that certain Option Agreement and Joint Escrow Instructions of even date herewith between Buyer and Seller (the "**Agreement**"), all of which provisions are specifically made a part hereof as though set out in full, Seller grants to Buyer an option to purchase that certain land located in Clark County, Nevada, more particularly described in Exhibit "1" attached hereto and made a part hereof (the "**Property**").

2. **Purpose of Memorandum of Agreement.** This Memorandum of Agreement is prepared for the purpose of giving notice of the Agreement to third parties and in no way modifies the provisions of the Agreement.

3. **Further Encumbrances.** The Agreement prohibits any further encumbrance of the Property with the exception of certain permitted deeds of trust which are specifically described therein.

Esc CB
OMK

4. **Term.** This Memorandum of Agreement shall continue in effect until August 1, 1999, unless extended by agreement of the parties.

IN WITNESS WHEREOF, the parties have executed this Memorandum of Agreement as of the date stated hereinabove.

BUYER:

E.A. COLLINS DEVELOPMENT CORP., a Nevada corporation

By: _____
E.A. Collins, President

SELLER:

Calvin Murton Bowman

Carole Bowman

E.A.C. [Signature]
CMB [Signature]

EXHIBIT "1"

(Legal Description of Property)

[Exhibit 1 will need to provide that the option is good for a year unless extended (a: take down of a parcel) for another year].

Unofficial Copy

*ECC. 0.6
AMB*

Draft 7/20/98

EXHIBIT G
WATER LEASE

0 451694

This Water Lease (this "Lease") is made and entered into as of July __, 1998, by and between Calvin Murton Bowman and Carole Bowman, individuals (collectively, "Lessor") and E. A. Collins Development Corp., a Nevada corporation ("Lessee").

Background

A. Lessor, as seller, and Lessee, as option holder and buyer, have entered into the Option Agreement and Escrow Instructions dated as of July __, 1998 (as amended from time to time, the "Option Agreement"), pursuant to which Lessor granted to Lessee the right and option to purchase, at one or more closings, certain real property located in Nye and Clark Counties, Nevada, and more particularly described therein (the "Property"), as well as the water rights represented by State of Nevada Certificates of Appropriation Nos. 10571, 14291, 21183 and 19031 (the "Water Rights"), which pertain to the Property and are owned by Lessor.

B. The Option Agreement contemplates that, at the first closing of Lessee's purchase of a portion of the Property thereunder, which is occurring as of the date of this Lease, Lessor and Lessee will execute and deliver this Lease, pursuant to which Lessor will lease to Lessee that portion of the Water Rights that have not been purchased by Lessee in conjunction with its purchases of portions of the Property, on the terms and conditions stated in this Agreement.

Agreements

Section 1. Lease of Leased Water Rights; Incidental Use of Property.

(a) Leased Water Rights. Lessor hereby leases to Lessee, and Lessee hereby rents from Lessor, during the term of this Lease, (i) such portions of the Water Rights as have not been conveyed by Lessor to Lessee under the Option Agreement in conjunction with Lessee's purchases of portions of the Property thereunder (the "Leased Water Rights"), and (ii) all wells, pumps, gates, pipes, and other fixtures and equipment located on the Property and relating to the extraction or use of the Leased Water Rights on the Property (the "Water Facilities"). At such time as portions of the Water Rights are conveyed by Lessor to Lessee pursuant to the Option Agreement, they automatically shall cease to be Leased Water Rights. Except only as stated in the Option Agreement, Lessor makes no representation or warranty with respect to its rights, titles or interests in the Water Rights.

(b) Preservation of Leased Water Rights. Lessee shall at all times during the term of this Lease, at its sole expense, maintain and preserve the Leased Water Rights for the benefit of those portions of the Property that have not been purchased by Lessee pursuant to the Option Agreement (the "Lessor-Owned Property"), with the same priority and rights of appropriation as Lessee possesses as of the date of this Lease.

(c) Conversion of Water Rights. Lessor shall cooperate with Lessee in filing any applications necessary to allow for the contemplated residential and related uses of the Water Rights on the Property. Lessee shall bear all costs and expenses of preparing, filing and

E.A.C. [Signature]
 C.M.B. [Signature]

processing all such applications. Notwithstanding the foregoing, however: (i) Lessee shall have no right to any use of any Water Rights for the uses authorized under such applications unless and until such Water Rights have been conveyed to Lessee as buyer under the Option Agreement; and (ii) Lessee shall cause each application to include a stipulation that if any portion of the Leased Water Rights are not conveyed to Lessee as buyer under the Option Agreement, the application shall be terminated for that portion of the Leased Water Rights, unless Lessor elects in its discretion to retain the approval under such application.

(d) Use of Property. Lessor grants to Lessee license, during the term of this Agreement, to make use of the Leased Water Rights on the Lessor-Owned Property for purposes of preserving the priority and right of appropriation thereof, for agricultural purposes, and to enter upon and use the Lessor-Owned Property solely for that limited purpose (without, however, limiting any other rights of access granted under the Option Agreement). Subject in each case to the approval of Lessor, which shall not unreasonably be withheld, Lessee may plant and cultivate plants and crops on the Lessor-Owned Property for that purpose.

Section 2. Term. The term of this Lease shall be concurrent with the term of the Option Agreement (as it may be extended in accordance with the terms thereof), unless sooner terminated as hereinafter provided. Upon termination or expiration of the Option Agreement, this Lease automatically shall terminate.

Section 3. Rent. During each year of the term of this Lease, Lessee shall pay to Lessor rent at the rate of \$1.00 per year, payable on the date of this Lease and on the first day of each succeeding June during the term of this Lease.

Section 4. Taxes and Assessments.

(a) Payment by Lessee. Lessee shall pay and discharge promptly, as the same become due during the term of this Lease, all ad valorem real estate taxes, special improvement and other assessments (ordinary and extraordinary), water rents and charges, and all other taxes, duties, charges, fees and payments made by any governmental or public authority which shall be imposed, assessed or levied upon, or arise in connection with the use, occupancy or possession of, the Lessor-Owned Property, the Water Rights or the Water Facilities, or any part thereof, during the term of this Lease (all of which are referred to as "Governmental Impositions"), or the pro rata portion thereof, in the case of any Governmental Imposition that relate to time periods that fall only partially during the term of this Lease. Lessor shall forward to Lessee all bills received by Lessor for Governmental Impositions promptly after receipt thereof. Upon request of Lessor, Lessee shall deliver to Lessor receipts evidencing the payment of any Governmental Impositions promptly after request therefor.

(b) Lessee's Right of Contest. Lessee may contest the validity or enforcement of any Governmental Imposition by appropriate proceedings conducted promptly at Lessee's expense, in Lessee's name, or (whenever necessary) in Lessor's name. Lessor shall cooperate fully with Lessee and to execute any documents or pleadings reasonably required for such purpose, but Lessor shall not be obligated to incur any expense or liability in connection therewith. Lessee may defer payment of the contested Governmental Imposition pending such

E.C.C. [Signature]

contest, provided that such deferment shall not subject Lessor's interest, forfeiture. Lessee shall deposit with Lessor, if Lessor so requests, money or government bonds which shall be at least equal in value to the payment so deferred plus estimated penalties and interest thereon. Lessor may, upon reasonable notice to Lessee, pay such contested items from said deposit in case the protection of the Lessor-Owned Property, the Leased Water Rights or Lessor's interest therein shall, in the reasonable judgment of Lessor, require such payment. When all contested Governmental Impositions shall have been paid or cancelled, all moneys and bonds so deposited to secure the same and not applied by Lessor to the payment thereof shall be repaid to Lessee without interest (except that Lessor shall not remove any coupons from said bonds or otherwise collect the interest or other income thereon). In lieu of any such deposit, Lessee may, at its election, furnish a good and sufficient surety bond issued by a surety company satisfactory to Lessor.

(c) Disposition of Rebates. All rebates on account of any Governmental Impositions required to be paid and paid by Lessee under the foregoing provisions of this Section 4 shall belong to Lessee, and Lessor shall, upon Lessee's request, execute any receipts, assignments or other acquittances that may be necessary in order to secure the recovery of any such rebates, and will pay over to Lessee any such rebates that may be received by Lessor, and if not repaid may be deducted from rent.

Section 5. Utility Services. Lessee shall promptly pay all charges for gas, electricity, steam, water, telephone and other services, if any, furnished to the Lessor-Owned Property, except those accruing before commencement or after termination of the term of this Lease.

Section 6. Insurance. During the term of this Lease, Lessee shall, at its own cost and expense, keep in force for the protection of Lessor and Lessee general public liability and property damage coverage against claims for bodily injury or death or property damage occurring upon the Lessor-Owned Property, in amounts that are reasonable in light of the activities conducted thereon.

Section 7. Water Facilities.

(a) Present Conditions of the Water Facilities. Lessee accepts the Water Facilities in their present condition, and will not call on Lessor for any repairs, improvements or alterations thereto.

(b) Title to Water Facilities. The Water Facilities shall at all times during the term of this Lease be the property of Lessor, except to the extent they form a part of Property which is conveyed by Lessor to Lessee pursuant to the Option Agreement. Without limiting the generality of the foregoing, the existing sprinkler facilities shall at all times be the property of Lessor.

(c) Liens. If, because of any act or omission of Lessee, any mechanic's or other similar lien shall be filed against the Lessor-Owned Property, the Water Facilities, or any of the Leased Water Rights, or against Lessor (whether or not such lien or order is valid or enforceable as such), Lessee shall, at Lessee's own cost and expense cause the same to be

cancelled and discharged of record, or bonded by a surety company reasonably acceptable to Lessor or covered by title insurance protecting Lessor against any adverse consequences therefrom. Lessee shall have the right at its option and at its own expense to contest the validity of any such lien and, in such event, shall furnish to Lessor, if Lessor so requests, a good and sufficient surety bond, issued by a surety company reasonably acceptable to Lessor, against any such lien and any cost liability or damage arising out of such contest.

Section 8. Maintenance and Repair. Lessee, at its own expense, shall keep the Water Facilities in constant good order, condition and repair, whether the necessity of such repairs may arise from wear, tear, obsolescence, casualty or any other cause, suffering no waste or injury. To that end Lessee shall make all repairs, replacements and renewals, ordinary and extraordinary, structural or otherwise, but shall have no obligation to repair or restore any of the Water Facilities to any condition that is better than their condition as of the date of this Lease.

Section 9. Surrender. On the last day of the term or on the earlier termination of this Lease, if this Lease shall have expired or been terminated prior to the purchase by Lessee of all of the Property pursuant to the Option Agreement, Lessee shall peaceably and quietly leave, surrender and deliver up to Lessor the Leased Water Rights and the Water Facilities, if any, forming a part of Lessor-Owned Property (including any conversion rights relating thereto), and any Water Facilities that do not form a part of the Property which has been purchased by Lessee (including but not limited to sprinkler equipment). In such event, each party then owning Property on which any of the Water Facilities are located shall grant to the other a perpetual right and easement of access to such Water Facilities to the extent necessary for the use thereof in connection with that portion of the Water Rights that pertains to the Property owned by the other, which provides for the sharing of costs of maintaining such Water Facilities, on an equitable basis. Lessee shall not convey to any third party any portion of the Property which it has purchased and on which any Water Facilities are located, unless it first shall have subjected such Property to the foregoing covenants in such a manner that they run with the land.

Section 10. Compliance with Laws.

(a) **Compliance with Requirements of Law.** Lessee shall, at Lessee's own cost and expense, promptly comply with all present and future laws, rules, requirements, orders, directions, ordinances and regulations of the United States of America and of state, Lessor and city governments, and of all other municipal, governmental or lawful authority whatsoever, relating to or affecting the Leased Water Rights or the activities of Lessee on the Property, and of all their departments, bureaus or officials (all of the foregoing being hereinafter called "Requirements of Law").

(b) **Violations.** Lessee shall, promptly after the discovery of any violation of a Requirement of Law which might subject Lessor to liability or forfeiture of any interest, take all necessary steps, legal and equitable, to compel the discontinuance thereof. Lessee shall indemnify and save harmless Lessor from and against any and all liabilities and penalties incurred by reason of any violation of this paragraph. Lessee shall pay all costs and

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expenses, including reasonable attorneys fees, that may in any manner arise out of the failure of Lessee to comply with the provisions of this Section 10.

Section 11. Damage or Destruction. In case of damage to or destruction of the Water Facilities, Lessee shall give Lessor prompt notice of such occurrence and promptly shall, at its own expense to repair, restore, reconstruct, alter or construct the Water Facilities, but shall have no obligation to repair or restore any of the Water Facilities to a condition that is better than their condition as of the date of this Lease.

Section 12. Assignment and Subletting. Lessee may not assign or sublease any of its rights under this Lease without the prior written consent of Lessor, which Lessor may withhold in its discretion. Any assignment or subleasing without such consent shall be null and void ab initio.

Section 13. Encumbrance of Lessee's Interest. Lessee shall not in any way encumber of the Leased Water Rights or the Water Facilities without the prior written consent of Lessor, which Lessor may withhold in its discretion. Any such encumbrance without consent shall be null and void ab initio.

Section 14. Quiet Possession. Lessor covenants that, if and so long as Lessee pays the rent and other charges reserved by this Lease and performs all the obligations of Lessee hereunder, Lessee shall quietly enjoy the Leased Water Rights, subject to the terms of this Lease.

Section 15. Default.

(a) **Defaults of Lessee.** Lessee shall be deemed to be in default hereunder if it shall fail to perform any obligation of Lessee hereunder for a period of thirty days after written notice, or, if such default is not capable of being used within such thirty day period, Lessee shall fail to commence such cure within such thirty day period and thereafter diligently pursue it to completion.

(b) **Remedies Available to Lessor.** In case of any default which may continue for the period set forth in Section 15(a), Lessor shall have the following rights and remedies, and none of the following not exercised by Lessor shall exclude exercise of any other remedy whether herein set forth or existing at law or equity:

(i) Lessor shall have the right to terminate this Lease by giving Lessee notice of termination in writing, upon which this Lease and the term hereof, as well as all the right, title and interest of Lessee hereunder, shall cease and expire in the same manner and with the same force and effect (except as to Lessee's liability) as if the date of such notice were the expiration of the term herein originally granted. Upon any termination Lessee shall immediately quit and surrender to Lessor the Leased Water Rights and the Lessor Owned-Property, and the Water Facilities thereon and those Water Facilities (including sprinklers) that do not form a part of the Property that has been purchased by Lessee.

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(ii) If Lessee shall default in making any payment required to be made by Lessee (other than payments of rent) or shall default in performing any other obligations of Lessee hereunder, and such failure shall continue after lapse of the applicable notice periods, Lessor may, but shall not be obligated to, make such payment, or, on behalf of Lessee, expend such sum as may be necessary to perform such obligation. All sums so expended by Lessor, with interest thereon at the rate of eighteen percent per annum from the date of such expenditure, shall be additional rent, in addition to the fixed rent, and shall be repaid by Lessee to Lessor on demand. No such payment or expenditure by Lessor shall be deemed a waiver of Lessee's default nor shall it affect any other remedy of Lessor by reason of such default.

(iii) Suits for the recovery of any deficiency or damages, or for a sum equal to any installment or installments of rent or additional rent payable hereunder, may be brought by Lessor from time to time, and nothing in this Lease shall be deemed to require Lessor to await the date whereon this Lease or the term hereof would have expired by limitation had there been no such default by Lessee or no such termination or cancellation. No suit for any item of damages shall bar suit for any other item of damages, whether or not suit might then have been brought for such item.

Section 16. Waiver. The receipt of rent by Lessor, with knowledge of any default, shall not be deemed to be a waiver of any provision of this Lease. No failure of Lessor to enforce the provisions of this Lease upon any default by Lessee shall be construed as creating a custom of deferring payment or as modifying in any way the terms of this Lease or as a waiver of Lessor's right to terminate this Lease as herein provided, or otherwise to enforce the provisions hereof for any subsequent default.

Section 17. Miscellaneous.

(a) Notices. All notices, demands and other communications required or permitted hereunder shall be personally delivered or given by certified mail, and if intended for Lessor shall be addressed to Lessor at _____ and if intended for Lessee shall be addressed to Lessee at _____ Attention:

Any notice given hereunder by mail shall be deemed delivered when deposited in the United States mail, return receipt requested, addressed as set forth above. Either party, by notice given as above, may change the address to which such notices, demands or other communications shall be sent.

(b) Entire Agreement. This Lease contains the entire agreement between the parties with respect to the subject matter hereof and shall not be modified in any manner except by an instrument in writing executed by both Lessor and Lessee.

(c) Headings. The headings used in this Lease are inserted only as a matter of convenience and in no way define, limit or describe the scope or intent of this Lease or in any way affect the interpretation hereof.

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(d) Governing Law and Jurisdiction. This Lease shall be governed by and construed in accordance with the laws of Nevada.

(e) Successors and Assigns. Except as otherwise provided herein, the terms, covenants and conditions contained in this Lease shall be binding upon and inure to the benefit of Lessor and Lessee and their respective permitted successors and assigns.

(f) Relationship of the Parties. Nothing contained in this Lease shall be deemed or construed by the parties hereto or by any third person to create the relationship of principal and agent or of partnership or of joint venture or of any other association between the parties other than Lessor and Lessee.

Lessor and Lessee have duly executed this Lease the day and year first above written.

[SEAL]

E.A. COLLINS
DEVELOPMENT CORPORATION

Attest: _____

By: _____

Name: _____

Title: _____

Calvin Murton Bowman

Carole Bowman

E.A.C. [Signature]
CMB [Signature]

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STATE OF NEVADA)
)ss.
COUNTY OF CLARK)

The foregoing instrument was acknowledged before me this _____ day of _____, 1998,
by _____, as _____ of E.A. Collins Development
Corp.

Witness my hand and official seal. My commission expires: _____

Notary Public

STATE OF NEVADA)
)ss.
COUNTY OF CLARK)

The foregoing instrument was acknowledged before me this _____ day of _____ 1998
by Calvin Murton Bowman and Carole Bowman.

Witness my hand and official seal. My commission expires: _____

Notary Public

E.A.C. CB
cmf

0 451694

Dep: tp