

I/We have read this Addendum and agree to these auction conditions.

Buyer: \_\_\_\_\_

Seller: \_\_\_\_\_

## **ADDENDUM A**

### **SCHRADER REAL ESTATE AND AUCTION COMPANY, INC.**

**Auction Marketing Specialists Nationwide**

**DATE: June 10, 2013**

**OWNER: RLF Chinook Properties, LLC**

**SCHRADER REAL ESTATE AND AUCTION COMPANY, INC., welcomes you to bid YOUR price on the real estate offered at this auction.**

#### **PART A - BIDDING PROCEDURES TO KEEP IN MIND:**

- 1. All bidding is open to the public. You will need to raise your hand or call out your bid as the auctioneer asks for bids. It is easy! Don't be bashful! This is a one time opportunity. Watch the auctioneer and his bid assistants. They will take your bid and will assist you with any questions.**
- 2. You may bid on any tract, combination of tracts or the entire property. Please note that Tract 31 has been removed from the auction.**
- 3. Bidding will remain open on individual tracts and all combinations until the close of the auction. Bidding will be on a lump sum basis. Minimum bids are at the discretion of the auctioneer.**
- 4. Your bidding is not conditional upon financing, so be sure you have arranged financing, if needed, and are capable of paying cash at closing.**
- 5. The Seller is present and we anticipate that the top bids at the close of the auction will be accepted. The final bids, however, are subject to the Seller's acceptance or rejection.**

#### **PART B - TERMS OF SALE OUTLINED:**

- 1. A Buyer's Premium equal to 2% of the high bid amount will be charged to the Buyer and added to the bid amount to arrive at the contract purchase price.**
- 2. A 10% cash down payment is due at the close of auction. A cashier's check or a personal or corporate check immediately negotiable is satisfactory for the down payment.**

3. The balance of the purchase price is due in cash at closing. The closing will be held on or before July 10, 2013 (or as soon as possible thereafter, upon completion of the Final Title Commitment and Seller's closing documents). The closing agent's fee for an administered closing will be shared equally (50:50) between Buyer and Seller. Buyer will pay any closing charges due to Buyer securing a mortgage.
4. The property will be conveyed by Special Warranty Deed substantially in the form of Exhibit B provided in each Bidder's Packet. Seller will furnish the deed and an Owner's Title Insurance Policy. The title will be conveyed and title insurance will be issued subject to all easements and other matters (except liens) appearing of record and all other "Permitted Exceptions" which are described in Section 7 of the Agreement to Purchase in each Bidder's Packet.
5. Preliminary title work has been prepared by Hendrich Title Company consisting of preliminary title commitment schedules last revised on May 16, June 4 and June 6 of 2013. The preliminary title work has been posted to the auction web site and otherwise made available prior to the auction and is available for your further review in the Auction Information Area. Each Buyer agrees to accept title to the property free and clear of liens but otherwise in its current status as reflected in the preliminary title work (and subject to the Permitted Exceptions).
6. Buyer will assume and pay the real estate taxes due in November 2014 and thereafter.
7. Buyer shall pay all assessments, including drainage assessments, if any, due and payable after closing.
8. Possession shall be delivered at closing subject to the leases hereafter described, including the farm leases for the 2013 crop year.
9. Boundary lines depicted in the marketing materials and auction tract maps, including Exhibit A, are for illustrative purposes only and are not intended as authoritative property boundaries. Approximate corner locations were marked by flags and lath posted prior to the auction using GPS equipment together with county-provided GIS data. Such markers are intended as approximate locational references only and not as a determination of authoritative locations. The auction tract maps and approximate corner markings are not intended as substitutes for survey work by a registered land surveyor.
10. If any tract or combination is sold which cannot be conveyed using existing legal description(s), one or more surveys will be provided as required by law to complete the transaction. Otherwise, a new survey will be provided only as Seller may deem necessary or appropriate in Seller's sole discretion.

11. If a new survey is provided, the survey will be ordered by the Auction Company and the survey costs shall be shared equally (50:50) between Buyer and Seller. The type of survey shall be sufficient for the issuance of the Final Title Commitment, but shall otherwise be determined solely by the Seller. Where adjacent auction tracts are purchased in combination, any survey will be for the perimeter only.
12. If a new survey is provided and Buyer disagrees with the Auction Company on the location of any boundary as shown in the survey, the Auction Company, with the consent of Seller, shall have the right (but is not required) to terminate the purchase contract by giving written notice of termination to Buyer and, in the event of such termination, the earnest money shall be refunded to Buyer and the Buyer shall have no further rights with respect to the property and/or the purchase contract.
13. A "Revised Auction Tract Map" is posted and is included in your Bidder's Packet as Exhibit A. As shown in Exhibit A, the estimated acres for Tracts 5 and 30 - 34 have been revised, for purposes of the auction, as follows:

Tract 5:	38 ± acres	(instead of 40)
Tract 30:	33.3 ± acres	(instead of 19.3)
Tract 31:	- 0 -	(removed from auction)
Tract 32:	70 ± acres	(instead of 72)
Tract 33:	13.5 ± acres	(instead of 15)
Tract 34:	42 ± acres	(instead of 45)
Total:	1,604.6 ± acres	(instead of 1,600)

14. The gross acres and tillable acres shown in the marketing materials and auction tract maps are approximate and have been estimated based on property tax information, FSA information, existing legal descriptions and/or aerial photos. The stated acres have not been certified by a registered land surveyor and are not intended as authoritative. No warranty is made with respect to the gross acres or tillable acres for any Tract or Tract combination.
15. If a new survey is provided and the number of gross acres shown in the survey varies by more than 1.0 from the estimated acres shown in Exhibit A, the purchase price shall be adjusted proportionately.
16. **FARM LEASES:** Except with respect to Tracts 27-30, all tillable land is subject to farm leases for the remainder of the 2013 crop year. Seller will collect and retain the 2013 rent due under the farm leases, but will give Buyer a credit at closing, based on annual rent of \$200 per tillable acre (or \$100 for Tract 24), prorated on a calendar year basis to the date of closing. For the purpose of calculating this credit (but without implying any warranty as to the number of tillable acres), the tillable acres for each auction tract shall be assumed to be as follows:

Tract:	Tillable Acres:
1	36.89
2	74.57
3	44.91
4	72.99
5	33.65
6	20.92
7	- 0 -
8	57.91
9	19.30

Tract:	Tillable Acres:
10	35.81
11	18.93
12	14.92
13	27.73
14	19.50
15	5.80
16	9.13
17	38.50
18	54.60

Tract:	Tillable Acres:
19	66.75
20	30.05
21	45.76
22	68.00
23	- 0 -
24	30.00
25	18.83
26	3.57
27	- 0 -

Tract:	Tillable Acres:
28	- 0 -
29	- 0 -
30	- 0 -
32 *	49.37
33	12.89
34	0.50

\* update to auction brochure

The Owner's rights and obligations under the farm leases will be assigned to and assumed by the respective Buyers pursuant to instruments of assignment and assumption substantially in the form of Exhibit C in each Bidder's Packet.

17. **COAL LEASES:** Tracts 1-5 and 8-24 are subject to potential coal development pursuant to Coal Mining Leases dated December 8, 2011. Copies of the coal leases have been posted to the auction web site and otherwise made available prior to the auction and copies are available for your further review in the Auction Information Area.
- a. The terms of the coal leases provide for payment of royalties to the Owner of the Land, including "advance royalties" due every December until commencement of "earned royalties" to be paid on all coal mined and sold from the land (less overriding royalties). Additional information is provided in the "Seller's Lease Information Statement" which is posted in the Auction Information Area.
  - b. The Owner's rights and obligations under the coal leases, including all rights to rents and royalties becoming due after closing, will be assigned to and assumed by the respective Buyers of Tracts 1-5 and 8-24 pursuant to instruments of assignment and assumption substantially in the form of Exhibit D in each Bidder's Packet. Seller will retain all payments due and paid prior to closing.
  - c. The owner of each separate tract shall be entitled to receive royalties only on coal produced from such owner's tract.
  - d. The Buyers of Tracts 1-5 and 8-24 agree to sign division orders upon request showing their respective shares of the assigned coal royalties consistent with the apportionment described above.
  - e. Per the terms of the coal leases, the Lessee has an option to purchase any buildings and related improvements on Tracts 1-5 and 8-24 for the duration of the lease and any new construction would require the Lessee's prior

written consent. No assurances are provided by Seller or Auction Company that these Tracts are suitable for building purposes.

- f. Seller entered into a letter agreement with GLG Leasing Corporation, Charles K. Butts and others, dated December 8, 2011, relating to the future sharing of surface waters that may be impounded in post-mining lake(s) for irrigation purposes under the conditions specified. A copy of this letter agreement is posted for your review in the Auction Information Area. The Seller's rights and obligations under this letter agreement will be assigned to and assumed by the Buyers of Tracts 1-5 and 8-24 pursuant to instruments of assignment and assumption substantially in the form of Exhibit D in each Bidder's Packet.
18. **OIL & GAS LEASE:** All Tracts are subject to potential oil and gas production pursuant to an Oil and Gas Lease dated May 31, 2012. The Oil and Gas Lease has been posted to the auction web site and otherwise made available prior to the auction and copies are available for your further review in the Auction Information Area.
- a. The terms of said Oil and Gas Lease provide for the payment of a 3/16th royalty, as to any producing well, to the owner(s) of those tracts located within the applicable drilling unit for such well, and apportioned among such tracts on a surface acre basis. There are no pooling units or agreements currently in effect with respect to the Oil and Gas Lease.
  - b. The Owner's rights and obligations under the Oil and Gas Lease, including all rights to royalties becoming due after closing, will be assigned to and assumed by the respective Buyers pursuant to instruments of assignment and assumption substantially in the form of Exhibit E in each Bidder's Packet. Seller will retain all payments due and paid prior to closing.
  - c. The Buyers agree to sign division orders upon request showing their respective shares of the assigned oil and gas royalties consistent with the apportionment described above.
19. Seller has prepared a summary description of the existing leases, copies of which are available for review in the Auction Information Area. According to this summary (identified in the Auction Information Area as "Seller's Lease Information Statement"), Tract 26 is subject to a year-to-year barn lease and all hunting leases are subject to termination upon the sale of the property.
20. Seller has prepared a "Mineral Ownership" statement that was included in the auction marketing materials and is posted and identified in the Auction Information Area as the "Seller's Mineral Ownership Statement". Seller intends to convey all mineral rights owned by Seller with respect to the Auction Tracts, including all rights of Seller under the coal leases and the oil and gas lease,

subject to the Buyer's assumption of the obligations under those leases. Seller makes no warranty (and except for the express statements contained in the Seller's Mineral Ownership Statement, Seller makes no representation) regarding the extent of any Mineral Rights which may be owned by Seller. The conveyance of any property shall be subject the rights, if any, of other parties with respect to Mineral Rights, including any rights that may exist by virtue of matters listed in the preliminary title work prepared by Hendrich Title Company.

21. Posted in the Auction Information Area are:
  - a. A map based on the Clay County tax parcel map showing a small cemetery within the boundary of Auction Tract 3.
  - b. A map of Tract 25 provided by the Clay County GIS showing a gap between the south and southeast boundaries of the parcel and the access road to that area.
  - c. A map of Tract 26 provided by the Clay County GIS showing a small out piece (0.02± ac.) owned by Indiana Gas Co., Inc.
22. The estimated tillable acres on Tract 29 is 11± acres. This is an update to the brochure.
23. Tract 30 appears to lack access to a public right of way. An easement across neighboring land may be required. The Seller has asserted a claim to an easement of necessity across certain adjacent land, but provides no assurance that an easement will be granted or otherwise obtained.
24. With respect to Tract 34, Seller is reserving an easement 200 feet in width, 100 feet on either side of the center line of the existing rail line, for the entire length of the rail line within said Tract, for purposes of the operation, use, repair and replacement of the rail line. Additional information is posted in the Auction Information Area.
25. Information books regarding general information, lease information and preliminary title information (as updated from time to time throughout the marketing period) have been provided to prospective buyers in printed form and/or via download from the auction website, and are available for further review in the Auction Information Area. These books contain information believed to be from reliable sources. However, such information is subject to verification and is not intended as a substitute for a prospective Buyer's independent review and investigation of the property. Auction Company disclaims any warranty or liability for the information provided.
26. Tax Parcel Information, Taxes Summary, Surety Maps and FSA Form 156 EZ Summaries are available for review in the Auction Information Area. These

documents include data that may be for partial Auction Tracts and in some cases show data and/or boundary lines for parcels including other real estate that is not part of the auction.

27. **A copy of the Septic System Permit Procedure, as provided by the Clay County Health Department, is available in the Auction Information Area. Any new building site proposed on Auction Tracts would require a septic permit and application for water well permit. Seller and Auction Company disclaim any warranty regarding the availability of such permits. No assurances are provided by Seller or Auction Company that any Auction Tracts are suitable for building purposes.**
28. **No deer stands or other personal property currently on the Auction Tracts are included in the sale of the real estate.**
29. **The Seller has provided a statement (which is posted for your review) regarding a disputed Coal Seam Gas Lease that is noted in the Preliminary Title Work. A brief history of that dispute is disclosed in a Letter of Understanding dated August 26, 2007 that the Seller negotiated with the current assignee of the Lease, Nytis Exploration Co., LLC. A copy of the Letter of Understanding and the Seller's statement regarding the pending quiet title action were included in the marketing materials and posted to the auction website and are posted for your further review in the Auction Information Area. The Owner's rights and obligations under the Letter of Understanding, which ameliorates the terms of the lease, will be assigned to and assumed by the respective Buyers pursuant to instruments of assignment and assumption in the form of Exhibit E in each Bidder's Packet.**
30. **Some tracts in this auction include wetland areas marked with pink ribbon and other markings and memorials. Seller and Auction Company make no representation as to wetland areas on the Auction Tracts.**
31. **Certain Tracts are subject to the rights of a third party with respect to the use of and access to water monitoring wells required under coal mining permits. The approximate locations of these wells are depicted in aerial maps posted in the Auction Information Area.**
32. **If Tracts 18 and 24 are purchased by different Buyers, Seller's conveyance of those Tracts shall include the following covenants which shall apply to the extent and only to the extent of Seller's ownership and rights with respect to the lake on those Tracts: (a) Grantee shall have reasonable, concurrent use with other frontage owners of the entire water surface and shall also have the right to construct a private attached dock of moderate size provided that no such dock may be used for any commercial purpose without the express written consent of all other persons and entities owning water frontage; (b) no alteration or filling of lake fronts or any sort of damming or rerouting of water (including intake and**

outlet drainage) shall be allowed without the express written consent of all persons and entities owning water frontage.

33. The auction brochure and other marketing materials included some stock photos depicting crops and game animals which were not taken on the auction property.
34. There are several places on the auction property where someone has dumped trash, including tires, and there is an old mobile home on Tract 20. Seller will have no responsibility, either before or after closing, to clean up these areas or to remove any of these items.
35. **YOUR BIDS ARE TO BE BASED SOLELY UPON YOUR INSPECTION AND DUE DILIGENCE. ALL PROPERTY IS SOLD "AS IS" WITHOUT ANY WARRANTY.** Without limiting the foregoing, Seller, Agent and Auction Company make no warranty with respect to: any specific zoning classifications or that the property qualifies for any specific use or purpose; availability or location of utilities; availability of building, driveway, water or septic permits; or any information or materials prepared or provided by any third party regarding the auction property.
36. Deeds shall be recorded in the order designated by the Seller.
37. At the close of the auction, each Buyer will be required to execute a purchase contract in the form of the Agreement to Purchase Real Estate at Public Auction, Addendum A and exhibits provided in each Bidder's Packet. The terms of these documents are non-negotiable. You will be closing on the tract or combination of tracts on which you are the successful bidder in the manner in which you bid at the auction.
38. Schrader Real Estate and Auction Company, Inc. and its agents and representatives are exclusively the agents of the Seller.
39. Time is of the essence. All terms and conditions of the Agreement to Purchase Real Estate and Addendum A shall survive the closing. If any provision of this Addendum A is inconsistent with a provision of the Agreement to Purchase Real Estate, the provision of this Addendum A shall control.

Thank you for your interest in this offering. If you have any questions, please feel free to talk to one of our representatives.

**ANY ANNOUNCEMENTS MADE BY THE AUCTIONEER  
TAKE PRECEDENCE OVER THIS PRINTED MATERIAL.**