

I/We have read this Exhibit B and agree to the terms and conditions of this Exhibit B as an integral part of the purchase contract.

Buyer(s): \_\_\_\_\_

Sellers: \_\_\_\_\_

## **EXHIBIT B**

CHUCK YARBRO AUCTIONEERS, INC. *and* RAFTER Y AUCTION CO., LLC  
*in cooperation with*  
SCHRADER REAL ESTATE AND AUCTION COMPANY, INC.  
*(collectively, "Auction Company-Broker")*

Date: March 24, 2016

Owners: Ronald L. Fode and Robin M. Fode

### **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. Tract 4 may be purchased only as a separate tract and may not be combined with any other tract.
3. You may bid on Tracts 1, 2 and/or 3 individually or on any combination of those tracts. Bidding will remain open on individual tracts and all permitted combinations until the close of the auction.
4. Bidding will be on a lump sum basis. Minimum bids are at the discretion of the auctioneer.
5. Your bidding is not conditional upon financing, so be sure you have arranged financing, if needed, and are capable of paying cash at closing.
6. The final bid(s) are subject to the Seller's acceptance or rejection.
7. Tracts 1, 2 and 3 are subject to a Right of First Refusal in favor of a third party as further described in Section 35 of the Agreement to Purchase in your Bidder's Packet. At the end of the auction, Sellers may provisionally accept one or more of the high bids on Tracts 1, 2 and/or 3. However, with respect to Tracts 1, 2 and 3, Sellers' acceptance will not become final until execution and delivery of Sellers' final acceptance on or before April 20, 2016, as provided in the Agreement to Purchase, upon confirmation that Sellers are able to sell the property free and clear of the Right of First Refusal.
8. Tract 4 has been released from the Right of First Refusal. Sellers may accept the high bid on Tract 4 at the end of the auction and any such acceptance shall be final.

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

9. A Buyer's Premium equal to 4% of the high bid amount will be charged to the Buyer and added to the bid amount to arrive at the contract purchase price.
10. 20% of the contract purchase price is due as an earnest money deposit at the close of auction. A cashier's check or a personal or corporate check immediately negotiable is satisfactory for the earnest money. The balance of the purchase price is due in cash at closing.
11. With respect to Tracts 1, 2 and 3, if the Right of First Refusal is exercised, the earnest money shall be promptly returned to the auction Buyer with interest at the rate of 12.0% per annum in accordance with Section 38 of the Agreement to Purchase.
12. The closing shall be scheduled in accordance with the terms of the Agreement to Purchase. The targeted closing period is on or before April 25, 2016.
13. At closing, Sellers will furnish the deed and owner's title insurance at Sellers' expense in accordance with the terms of the Agreement to Purchase. The title is to be conveyed and the title insurance is to be issued free and clear of liens (except current taxes), but subject to all easements and all other Permitted Exceptions as described in Section 11 of the Agreement to Purchase.
14. Preliminary title insurance schedules dated February 9, 2016 (for Tracts 1, 2 and 3) and March 1, 2016 (for Tract 4) have been prepared by Stewart Title Company and are available for your review in the auction display area. Copies of the recorded exceptions listed in the preliminary title insurance schedules have been provided by the title company and are also available for your review in the auction display area.
15. Sellers are not reserving any ownership or rights with respect to minerals. However, no promise, warranty or representation is made as to the existence, extent or value of any minerals and/or the Sellers' interest therein. (Without limiting the foregoing disclaimer, the preliminary title insurance schedules indicate that: (a) the minerals are excluded with respect to part of Tract 4; and (b) a 25% mineral interest is excluded with respect to Tract 1.)
16. Property taxes and assessments shall be prorated to the date of closing in accordance with the terms of the Agreement to Purchase.
17. Possession shall be delivered at closing, subject to existing rights under the Potato Farming Lease and subject to existing hay rights, as described below.
18. All tracts are subject to an existing Potato Farming Lease with Odessa Farming LLC dated October 30, 2013 for the remaining lease term (through 2024). A copy of the Potato Farming Lease has been made available to prospective buyers prior to the auction and is available for further review in the auction display area. Notwithstanding the Potato Farming Lease, Buyer(s) will have farming rights for all years except the years leased for potatoes.

19. At closing, Sellers and Buyer(s) agree to execute an instrument of partial assignment and assumption of the Potato Farming Lease in the form of **Exhibit C** which is included in each Bidder's Packet. All rent will be assigned to Buyer(s) to the extent attributable to their respective tract(s) beginning with the 2<sup>nd</sup> installment of 2016 rent. Rent is \$675 per irrigated acre for 2016. For future years, rent is to be determined by agreement or appraisal. Certain lease obligations will be retained by Sellers and certain obligations will be assumed by Buyer(s), as further described in Exhibit C.
20. Buyers of Tracts 1,2,3 and 4 shall pay at closing, in addition to the purchase price 100% of the 2016 par acre allocated water charges for deposit into the Water Master bank accounts.
21. The Buyer(s) of Tracts 3 and 4 shall receive a credit at closing for the amount of the first installment of 2016 rent received under the Potato Farming Lease, as follows:

<b><u>Tract 3:</u></b>	<b><u>Tract 4:</u></b>
\$43,875.00	\$40,500.00

22. A 2016 hay crop has been planted on parts of Tracts 1 and 4. Sellers are reserving the rights to the first cutting of the 2016 hay crop and the proceeds thereof, including the right to enter onto the land and harvest the first cutting after closing but not later than June 15, 2016. Sellers shall pay all pesticides and fertilizer costs for the 2016 hay crop until the first cutting is harvested
23. After the first cutting, Buyer shall acquire all rights to the 2016 hay crop, subject to a first and last right of refusal on 2016 cuttings in favor of Bogaard Hay Company pursuant to a Grower's Contract dated December 19, 2015. A copy of this contract is available for your review in the auction display area.
24. It is expected that Tracts 1, 2 and 3 will be conveyed using existing legal descriptions, without a new survey.
25. Sellers are retaining a newly-surveyed parcel containing 9.5± acres along with the buildings near the canal on the east side of Tract 4, as approximately depicted in the revised auction tract map which is included in your Bidder's Packet as Exhibit A.
26. A new survey will not be obtained for any tract or tracts except as provided in the Agreement to Purchase (if required in order to record the conveyance or otherwise deemed necessary or appropriate in Sellers' sole discretion). If a new survey is obtained, the survey will be ordered by the Auction Company-Broker and the survey costs shall be shared equally (50:50) between Buyer and Sellers.
27. If a new perimeter survey is obtained in accordance with the Agreement to Purchase, the purchase price shall be adjusted proportionately to reflect the difference, if any, between the acre estimates shown in Exhibit A and the gross acres shown in the survey; *provided, however*, if any such survey is obtained for

one or more (but less than all) of any tracts purchased in combination then, for purposes of calculating the adjustment to the purchase price, the “gross acres shown in the survey” shall include the estimated acres for any tract(s) not surveyed as shown in Exhibit A.

28. If Buyer disputes the location of a surveyed boundary or any other boundary, the Auction Company-Broker, with the consent of Sellers, shall have the right (but shall not be 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.
29. A Revised Auction Tract Map is posted and is included in your Bidder’s Packet as Exhibit A. As shown in Exhibit A, the Tract 4 boundaries have been updated and adjusted and the acre estimate for Tract 4 has been reduced to 494.84± acres (instead of 502± acres).
30. Boundary lines and auction tract maps depicted in Exhibit A and the auction marketing materials are approximations provided for illustrative purposes only. They are not provided as survey products and are not intended to depict or establish authoritative boundaries or locations.
31. The acres shown in Exhibit A are approximate and have been estimated based on property tax information, existing legal descriptions and/or surveys. No warranty or authoritative representation is made with respect to the number of gross acres and/or irrigated acres included with any tract or set of tracts.
32. Except as otherwise provided in the Mini-Lease Agreement described below with respect to the “mini-circles” on parts of Tracts 1 and 2, the sale of any tract shall include the center pivot irrigation system(s) presently located on such tract, including any related equipment (such as power units, gear heads, pumps and/or well-related equipment) presently located on such tract and used in the operation of such irrigation system(s). If a pivot on any tract overlaps a boundary line, the Buyer of such tract shall be responsible for making any necessary adjustments to the pivot if requested or required by the adjoining landowner.
33. There are two small pivots on Tract 1 which have been used to irrigate adjoining land in addition to Tract 1. As an update to the auction brochure, the ownership and operation of these two small pivots and related pumps and panels (and the rights to farm the mini-circles) shall be governed by a Mini-Lease Agreement, a copy of which is available for your review in the auction display area.
34. The Buyer of Tract 4 will have the right to pump water from the pond on Sellers’ retained parcel pursuant to an Irrigation Water Agreement in the form of Exhibit D which is included in each Bidder’s Packet. This Agreement provides for a shared water delivery system from the East Columbia Basin Irrigation District to the pond on Sellers’ retained parcel and shared use and maintenance of certain access easements. The Tract 4 Buyer agrees to pay for water charges, maintenance costs and electricity costs in accordance with Exhibit D. Sellers are reserving the

right to capture waste water from Tract 4 and the right to install buried pipe to carry the water from the west side of Tract 4 to the eastern boundary of Tract 4 for the benefit of other property owned by Sellers in accordance with Exhibit D. This right shall terminate five (5) years from date of sale if Seller has not completed installation of buried pipe across Tract 4 within the five (5) year period.

35. Listed below are new agreements, covenants and easements that shall be executed and recorded prior to or at the time of closing. Copies of these agreements, covenants and easements are available for your review in the auction display area.
  - a. Tract 1: Easement along the northern boundary for buried pipeline.
  - b. Tract 2: Easement for possible water line from the southwest corner of Tract 2 and running west to the southwest corner of Township Section 3. (The west end of this easement extends to a point near the canal, but does not extend to the canal.)
  - c. Tract 2: Easement along the southern boundary for 20-foot wide roadway.
  - d. Tracts 1 and 2, if sold separately: Easement along the western boundary for 20-foot wide roadway providing access to Tract 1.
  - e. Tracts 1 and 2: Mini-Lease Agreement as described above.
  - f. Tracts 1, 2 and 3: First Restated Irrigation Water Agreement.
  - g. Tract 3: Easement along east, west and south boundary for pipeline and roadway.
  - h. Tract 4: Irrigation Water Agreement as described above.
  - i. Tract 4: Easement along the eastern boundary for ingress and egress.
  - j. Tract 4: Declaration of Covenants regarding preservation of trees in the northeast corner of Farm Unit 11; restrictions on certain commercial operations including confined livestock, pig or chicken operations; and restriction against certain industrial improvements for a period of thirty years.
36. The auction property does not include any personal property except the irrigation equipment presently used and incorporated as part of the existing irrigation systems. All other items of personal property (such as surplus irrigation equipment, other equipment and hay stacks) are excluded from the sale and will be removed after the auction and prior to closing.
37. Buyer information packets (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 display area. The buyer information packets include information obtained or derived from third-party sources, including surety® soil maps, preliminary title

information and information regarding Bureau water, well water, Potato Farming Lease and Right of First Refusal. Although believed to be from reliable sources, 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-Broker and their respective agents disclaim any warranty or liability for the information provided.

38. Your bids are to be based solely upon your inspection. All property is sold "AS IS" without any warranty. Without limiting the foregoing, Sellers and Auction Company-Broker and their respective agents and representatives make no promise or warranty with respect to: water rights; 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.
39. Deeds shall be recorded in the order designated by the Sellers.
40. At the close of the auction, the high bidder(s) will be required to execute a purchase contract in the form provided in each Bidder's Packet, consisting of the Agreement to Purchase and all applicable exhibits. 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.
41. AGENCY DISCLOSURE: Chuck Yarbro Auctioneers, Schrader Real Estate and Auction Company, Inc., Rafter Y Auction Co., LLC and their respective agents and representatives are exclusively the agents of the Sellers. A copy of the pamphlet entitled "The Law of Real Estate Agency" has been provided as part of the buyer information packet prior to the auction and is available for further review in the auction display area.
42. Time is of the essence. All terms and conditions of the Agreement to Purchase and this Exhibit B shall survive the closing. The Agreement to Purchase and this Exhibit B shall be construed as a whole and shall be harmonized to the extent possible. However, if any provision of this Exhibit B is incompatible with a provision of the Agreement to Purchase, the more detailed provision 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.**