

**REAL ESTATE PURCHASE AGREEMENT**

Between:

Seller Custom Ag Services, Inc.  
Thunderridge Farm, Inc.  
Paterson Onion, Inc.  
PO Box 92  
Paterson, Washington 99345

and:

Buyer \* \_\_\_\_\_  
\* \_\_\_\_\_  
\* \_\_\_\_\_  
\_\_\_\_\_

**RECITALS**

- A. Seller owns real property located in Benton County, Washington.
- B. Seller is auctioning farm land and improvements and Buyer desires to buy a portion of the property being auctioned according to the terms and conditions hereof. The farm land being sold includes ground water rights, irrigation system and wells. The Buyer acknowledges receiving a copy of the Sale Auction information which identifies the water rights which cover the farm land and improvements. If Buyer is purchasing a portion of the farm, then Buyer agrees to an allocation of water rights among the farm land being purchased in proportion to the acreage of each tract or parcel purchased. Buyer agrees to participate with other Buyers in the allocation of such water rights through application for administrative approval of the allocation of such water rights through the Washington State Department of Ecology.

**IT IS AGREED:**

- 1. PROPERTY PURCHASED. Seller agrees to Sell and Buyer agrees to Purchase, on such terms and conditions as set forth hereinafter, the following described property:
  - (a) All real estate legally described on the addendum or addenda attached, including Auction Parcel(s) \_\_\_\_\_; the addendum describe the tracts of land to be purchased with each addendum or addenda setting forth specific characteristics particular to such Tracts of land, such addenda being incorporated herein by reference.

(i) together with all buildings and improvements situated on each of the Tracts, including all fixtures and equipment permanently attached thereto (the "Real Property").

(ii) together with all water rights attached to such property in an amount that is proportional to the farm land acreage being purchased as compared to other farm land sold which also benefits from the water rights in common with the tracts purchased.

(b) The Seller's personal property now located on the Real Property and described as follows:

(i) that personal property described on each separate addendum as referenced in Paragraph 1(a) above (the "Personal Property").

(c) The aggregate property described in Paragraphs (a) and (b) of this Subsection is called the "Subject Premises". The purchase price shall be allocated between "Real Property" and "Personal Property" according to the designation and allocation on each addendum.

2. CONDITION OF PROPERTY. The Buyer is familiar with the subject property and agrees to accept the Subject Premises in their current condition. Seller provides no warranty as to the condition of the Subject Premises, personal property or crops, and all property is sold "AS IS". Seller makes no representation or warranty as to the accuracy of fence locations in relation to property boundary lines and specifically represents that some of the fences located on the property may not be located on the property boundary line. Buyer agrees to accept the Subject Premises in light of such inaccuracies. Any USDA, NRCS or other agricultural program payment grain base and/or program payments shall be allocated between the Subject Premises and other farm land which enjoys the benefits of such program payments or base in strict proportion to tillable acres purchased. For these purposes the records of USDA, NRCS, or FSA shall be controlling in all respects with respect to the allocation. Buyer agrees to participate in allocation of such program payments, crop base or other benefits with all other Buyers of tracts of farm land according to the provisions hereof.

This sale is made subject to any and all leases in effect for crop year 2012, which leases have been disclosed to Buyer, as part of the auction purchase process. Buyer shall assume all benefits and all obligations of such leases and shall be entitled to all lessor revenue produced by such leases. Buyer shall be entitled to all crop income for 2012 crop on non-leased land.

3. PURCHASE PRICE. The Purchase Price of the Subject Premises is

(a) The total Purchase Price consists of the following:

\$ _____	Bid Price
\$ _____	Buyer's Premium (4% of Bid Price)
\$ _____	Purchase Price

(b) The sum of \$ \_\_\_\_\_ as a down payment or earnest money ("Earnest Money") shall be paid upon the execution of this Agreement to be paid by Cashier's check, wire funds, personal check, or corporate check, such amount to be immediately deposited with Chicago Title Company, Kennewick, Washington.

(c) The balance of the Purchase Price in cash or certified funds upon closing of the Agreement.

4. CONVEYANCE. At Closing, Seller agrees to convey the Real Property by Warranty Deed (the "Deed") to Buyer, subject to easements, and restrictions of record, and agrees to convey the Personal Property by Bill of Sale. Said conveyances shall be free from all liens and encumbrances. Notwithstanding anything herein to the contrary, Buyer acknowledges that Buyer has been provided a commitment for title insurance for the Subject Premises as described on the Addenda attached hereto. Title insurance will be issued in the amount of the purchase price as described in Paragraph 3(a) above, subject to the Exceptions outlined in Exhibit "A" attached hereto. Buyer hereby acknowledges that Buyer has no objections to the Exceptions and Special Exceptions outlined in the title insurance commitment provided.

5. DIVISION OF PROPERTY AND DISCLAIMER REGARDING NUMBER OF ACRES. To the extent that the Tract or any Tracts purchased are required to be subdivided then the Seller and Buyer agree to cooperate to accomplish the platting as might be required. All costs of such platting and survey shall be borne by Seller. The parties acknowledge that all acreage described in the sales brochure or any other sales material are approximate and Buyer is purchasing the Subject Premises on a "gross" basis, and Buyer accepts the Subject Premises regardless of the actual number of acres included in any specific Tract as finally determined by survey or other method.

6. NO CONTINGENCIES TO CLOSING. Buyer acknowledges that there are no contingencies to closing and that this Agreement is expressly NOT conditional on the Buyer obtaining a loan for the purchase of the Subject Premises.

7. DATE OF CLOSING. The Date for closing this sale shall be on or before February 29, 2012.

The right of possession of the premises purchased shall pass to Buyer upon closing, subject to Leases and Rental Agreements referenced herein. It is understood and agreed that this Agreement shall not give Buyer any rights to possession prior to closing.

8. PLACE OF CLOSING. Closing shall be at Chicago Title Company, Kennewick, Washington.

This Agreement together with the Closing Agent's standard form of Escrow instructions shall constitute the Closing Instructions for Seller and Buyer.

The Closing Agent is authorized and instructed to Close the Sale of the Subject Premises when all the following Conditions are met:

(a) Seller has deposited with the Closing Agent the "Warranty Deed" which complies with the requirements of this Agreement together with any other documents or instruments required by this Agreement.

(b) Buyer has deposited the full Purchase Price and other funds required to be paid by Buyer for Closing in cash or in other immediately available funds.

(c) The Closing Agent has obtained a title commitment for issuance of a title policy in the amount equal to the Purchase Price showing title be properly vested in the name of the Buyer in a condition determined in accordance with the Exceptions of Exhibit "A".

9. DIVISION OF EXPENSES FOR THIS TRANSACTION. The parties agree that the expenses in connection with the sale and purchase of the Subject Premises will be divided as follows:

Expense	Buyer	Seller
Owner's Title Insurance Policy Premium	--	100%
Lender's Title Insurance Policy Premium and any Policy Endorsement Required by Lender	100%	--

Excise Tax	--	100%
Sales Tax for Personal Property	100%	
Filing Fee for Deed	100%	
Closing Agent Fees	50%	50%
Survey (if legally required)	--	100%
Buyer's Premium	100%	

10. SELLER'S REPRESENTATIONS AND WARRANTIES.

(a) Seller shall maintain the Subject Premises until the Closing in substantially its present condition, normal wear and tear excepted. Seller shall operate the Subject Premises in the ordinary course, as it has been operated prior to the date of this Agreement. Seller shall not, without Buyer's consent, enter into any contract or lease for, on behalf of, or affecting the Subject Premises which cannot be terminated within thirty (30) days without charge, cost, penalty, or premium.

(b) Seller is not aware of any underground storage tanks nor has the Subject Premises been used for storage or disposal of hazardous waste. The term "hazardous waste," as used herein, shall mean substances deemed hazardous pursuant to and federal, State or local laws.

(c) Buyer acknowledges that Buyer will have, or has had, an opportunity to inspect the Property and agrees to accept the Subject Premises in its "AS IS" condition as of the Closing Date. Buyer has not relied upon any implied or express warranties of Seller, or Seller's employees or agents, in connection with the Subject Premises or its purchase, except as specifically set forth in this Agreement. Seller hereby specifically disclaims any warranty, guarantee, or representation, oral or written, past, present, or future, of, as to, or concerning the nature and/or condition of the Subject Premises, including, without limitation, the size, square footage, location of boundaries, environmental condition, soil and geology of the Subject Premises, and the suitability thereof for any structure which Buyer may construct thereon and the condition and suitability or fitness for a particular purpose (whether or not known to Seller) of any improvement located on the Subject Premises.

(d) By Purchase hereof Buyer does hereby release and agree to indemnify and hold Seller harmless with respect to any and all conditions of the property as described in this paragraph.

11. IDENTIFICATION OF AGENT; BROKERS' FEES/COMMISSIONS. Musser Bros. Inc. and Farmers National Real Estate are acting as the agent of the Seller in this transaction and are not acting as an agent for Buyer. The parties agree that no real estate commission is due any party with regard to this transaction other than Seller's Broker/Auctioneer. Any commissions and or fees due a Buyer's Broker will be paid by Buyer.

At the signing of this Agreement the selling agent, Farmers National Real Estate & Musser Bros. Inc., represented Seller. Each party signing this document confirms that prior oral and/or written disclosure of agency was provided him/her in this transaction. Each party confirms that he/she has received and reviewed a pamphlet entitled, "The Law of Real Estate Agency."

12. TAXES AND ASSESSMENTS. All real estate taxes shall be prorated as of the date of closing between Buyer and Seller. Buyer agrees to pay all personal property taxes for year 2012 which have been levied for 2011. Buyer agrees to pay all personal property taxes for all time periods subsequent to 2012.

14. RISK OF LOSS. Risk of loss with respect to the Subject Premises shall be borne by Seller until the day of Closing and thereafter by Buyer. In the event of material damage to the Subject Premises by fire, explosion or any other cause prior to Closing, Seller shall have sixty (60) days to repair the Subject Premises or to rescind this Agreement, whereupon Seller shall refund to Buyer the Earnest Money (if any) and any other payments made hereunder.

13. DEFAULT. Unless otherwise provided for herein, if Buyer or Seller fails to comply herewith, the other party may exercise remedies as follows:

(a) Buyer's Remedies. In the event any condition set forth in of this Agreement is not satisfied or waived, or in the event Seller defaults on any obligation arising hereunder, Buyer shall be entitled to (a) receive a full refund of the Deposit in lieu of any other remedy which may be available to Buyer at law or in equity, and this Agreement shall be void and of no further force or effect whatsoever upon Buyer's receipt of the Deposit, or (b) seek specific performance of this Agreement.

(b) Seller's Remedies. In the event any condition set forth in this Agreement is not satisfied or waived, or in the event Buyer defaults on any obligation arising hereunder, Seller shall be entitled to: (a) retain the Deposit as liquidated damages in lieu of any remedy which may be available to Seller at law or in equity in which case, this Agreement shall be void and of no further force or effect; or (b) pursue any remedy which may be available to Seller at law or in equity including specific performance.

In the event of Buyer's default, the closing/escrow agent shall be authorized to release such deposit directly to Seller upon Seller's request. Buyer consents to such release and Seller and Buyer agree to hold closing/escrow agent harmless with respect to the release of such funds to the Seller upon Seller's verification of Buyer's default.

14. PARTY'S RIGHT TO EFFECT AN EXCHANGE. At the request of either party, this transaction and the payment of the Purchase Price shall be closed either through the use of a qualified escrow account, or through facilitation by a qualified exchange intermediary, or through facilitation by an exchange accommodation titleholder, so that either shall then have the ability to effect an exchange for certain selected like-kind real property or properties (to be identified by either party within the time limits provided by tax law). Each party hereby covenants and agrees to use its reasonable efforts and diligence to assist and cooperate with the other in the effectuation of a like-kind exchange under Section 1031 of the Internal Revenue Code, including, without limitation, execution and delivering any and all documents reasonably required in accordance with the agreements of the parties as set forth in the Agreement to effectuate a Section 1031 transaction; provided, that the non-exchanging party incurs no additional costs, expenses, liabilities, obligations or other financial exposure with respect thereto.

15. BINDING EFFECT. This Agreement shall be binding upon each of the parties hereto, their legal representatives, heirs, successors and assigns.

16. MODIFICATION. This Agreement constitutes the entire understanding of the parties, and there shall be no verbal or other agreement except as contained herein and except as it may be amended by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification, discharge or amendment is sought.

17. SEVERABLE PROVISIONS. Each provision, section, sentence, clause, phrase and word of the Agreement is intended to be severable. If any provision, section, sentence, clause, phrase, or word hereof is illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the validity of the remainder of this Agreement.

18. CHOICE OF LAW. This Agreement shall be administered in accordance with the laws of the State of Washington. The parties agree that venue for any legal action shall be laid in Benton County, Washington.

19. EXECUTION OF ADDITIONAL DOCUMENTS. The parties hereto will at any time, and from time to time after Closing, upon request of the other party, execute, acknowledge and deliver all such further acts, deeds, assignments, transfers, conveyances, powers of attorney and assurances as may be required to carry out the intent of this Agreement, and to transfer and vest title to the Subject Premises, and to protect the right, title and interest in and enjoyment of the Subject Premises assigned,

transferred and conveyed to Buyer pursuant to the Agreement; provided, however, this Agreement shall be effective regardless of whether any such additional documents are executed. The parties hereto will also execute all customary documents required by title insurance company at closing, including, but not limited to, affidavits and indemnification agreements.

20. TIME OF ESSENCE. Time is of the essence regarding the payments and performances referenced in this Agreement.

21. CONSTRUCTION. Words of any gender used in this Agreement shall be held and construed to include any other gender, and words in the singular number shall be held to include plural, and vice versa, unless the context requires otherwise.

22. ASSIGNMENT. This Agreement can be assigned, but both the assignor and assignee shall be jointly and severally liable and responsible for all obligations under this Agreement.

23. ENTIRE AGREEMENT. This is the entire understanding of the parties and supersedes any prior written or oral understandings directly related to the subject matter of this Agreement. This Agreement may be modified only by written instrument executed by both parties.

24. COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original as against any party whose signature appears thereon, and all of which shall together constitute one and the same instrument. This Agreement shall be binding when one or more counterparts hereof, individually or taken together, shall bear the signatures of all of the parties reflected on this Agreement as the signatories.

25. SURVIVAL. Seller's and Buyer's obligations shall survive the Closing and shall be binding upon and inure to the benefit of their successors-in-interest.







\_\_\_\_\_  
Title: Notary Public  
Appointment expires: \_\_\_\_\_

STATE OF WASHINGTON        )  
  ) ss.  
County of Walla Walla        )

I certify that I know or have satisfactory evidence that \* and \* are the persons who appeared before me, and said persons acknowledged that they signed this instrument, on oath stated that they were authorized to execute the instrument, and acknowledged it as the President and Secretary, respectively, of \* as its free and voluntary act and deed for the uses and purposes mentioned in the instrument.

Given under my hand and official seal this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
Title: Notary Public  
Appointment expires: \_\_\_\_\_

STATE OF WASHINGTON        )  
  ) ss.  
County of Walla Walla        )

I certify that I know or have satisfactory evidence that (name of person) is the person who appeared before me, and said person acknowledged that (he/she) signed this instrument and acknowledged it to be (his/her) free and voluntary act for the uses and purposes mentioned in the instrument.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Notary Public  
My appointment expires: \_\_\_\_\_