

Brentwood Hepworth  
P.O. Box 164  
Caliente, Nevada 89008  
May 10, 1984

Grocer's Equipment Company  
c/o Philip B. Zoeller  
Certified Grocers of Calif., Ltd.  
2601 So. Eastern Avenue  
Los Angeles, California 90040

Dear Mr. Zoeller:

This letter is written regarding the May 10, 1982 Lease-Option Agreement ("Agreement") between my wife Dorothea and I, and James and Rosel Seastrand, as recorded in Book 50, of the official records of Lincoln County, Nevada on pages 365 through 369, inclusive.

That whereas, you and/or Grocer's Equipment Company ("GEC") became the legal owners, on May 3, 1983, of the property under lease to us; I wrote you last February 3, 1984 to exercise the option to purchase said property.

But, inasmuch as we and Seastrands had mutually renegotiated the terms of said Agreement in a "Modification" on December 15, 1982 so that parcels 1 and 2 (as described on page 365 of book 50, of said Agreement) were no longer a separate consideration, but rather were to be sold as a single parcel consideration; and that the selling price was changed to a firm and total amount of \$9,000.00 cash, for the fully-described real property parcels 1 and 2, consisting of 17.5 acres and water well.

But yet, because I chose not to record the Modification for personal reasons<sup>1</sup>, the unrecorded Modification is not a legally accepted instrument binding on GEC.

And, that as your legal councilor, Michael Angel advised me in his letter of March 15, 1984, "...GEC's obligations under both the Agreement and the Modification, are governed by...our "notice" of the Agreement...", for reason of the recording laws of the State of Nevada. And that because I

<sup>1</sup> See attached letter from Hepworths to Seastrands, dated December 22, 1982.

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c/o Philip B. Zoeller  
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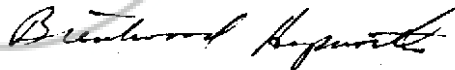
did not record the "...Modification to the Agreement, GEC is not deemed to have [had]...notice", of said Modification; and GEC therefore, is not bound by said Modification; and, that GEC would not sell me the 17.5 acres of property, with well, for \$9,000.00 cash.

Well, Mr. Zoeller, I did indeed check the laws of Nevada, and found Mr. Angel correct in his assessment of having to provide "constructive notice", via recorded instrument(s), for binding agreements. It is a lesson well learned.

Thus, I shall provide you "constructive notice" herewith, by virtue of this recorded letter, that Dorothea and I will not renew the Agreement; for it is our opinion that the \$9,000.00 purchase price negotiated with Seastrands, in the Modification for 17.5 acres and well, is a fair price; whereas, it is also our personal opinion that the original price of \$22,500.00 is wholly ridiculous, preposterous, and utterly exorbitant, given changed circumstances in Lincoln County since the time of the original Agreement<sup>2</sup>.

We also state that inasmuch as we are terminating the Agreement, that you are provided herewith "constructive notice" of our intent NOT to proceed further with the well in "proving up" water rights, well rights, or the like; that we no longer intend to do anything whatsoever with the well and/or rights pertaining thereto, with respect to either the Nevada State regulatory agency or GEC's interests.

Sincerely,



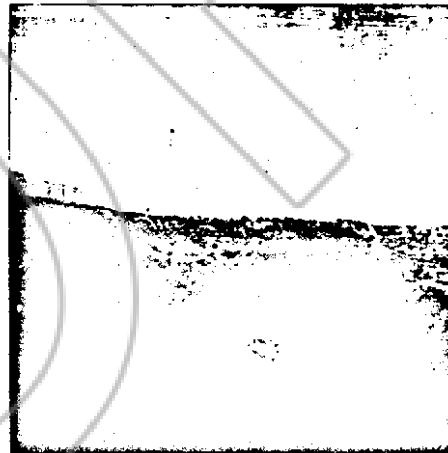
P.S. Enclosed also are two photographs showing part of the property. Note that there are no improvements on the raw land; particularly, is there no electrical power or roads. Some kind of property you have!

Attachments

<sup>2</sup>Ibid.

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PHOTOGRAPHS OF PROPERTY



Brentwood Hepworth  
P.O. Box 164  
Caliente, Nevada 89008  
December 22, 1982

Mr. & Mrs. James Seastrand  
2121 Reynolds  
North Las Vegas, Nevada 89030

Dear Jim and Rosel,

Dorothea and I are in receipt of your letter of December 15, 1982; and, we simply want to thank you both for reconsidering the terms of our Lease-Option Agreement; and for your accepting our counter offer. Your letter amending the Agreement really makes this Christmas season special to us.

While I am certainly not a 'Philadelphia lawyer', Jim, I nevertheless, think you did a swell job of writing out the new terms. We are satisfied that the terms are understandable and represent that which we counter-offered.

The only possible problem I might foresee is that you forgot to have your signatures notarized. And yet, I suppose that shouldn't be a concern to me because as long as we are dealing with you folks, all the terms are known and understood, et cetera. Besides, now that the property is so much more affordable, we are now planning to exercise the purchase option as early as this coming spring. We should be in a favorable financial position then to borrow the needed funds.

Just to recap my previous phone conversations with you, there were primarily two factors which caused Dorothea and I to reconsider the original purchase price, and to then seek a renegotiated price. To repeat myself, those factors were the MX missile pullout, and our learning that electric power would have to be brought to the property from a rather far-distant substation (instead of a nearby power line I had thought power could be had from) at a terrific estimated cost of between \$12-15,000.00! One day, we will be able to afford the power line because we have learned from Lincoln County Power District that Rural Electrification Act money should be available soon at very low interest rates.

Mr. & Mrs. James Seastrand  
December 22, 1982  
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Jim and Rosel, the idea I am trying to convey here is that one day, the value of the property should be considerably more than we will pay you; but, only because of real improvements. I think property speculation is completely out of the picture in Lincoln County now; and so, the \$9,000.00 purchase price we negotiated is really a fair one. We are very concerned that you folks feel as good about this amendment as we do. Believe me, we do not want to take any unfair advantage.

In conclusion, I will tell you that I do not plan to record your letter at the courthouse. Quite frankly, I prefer to avoid the snooping "Toms, Dicks, and Harrys", and their knowing how much the property is costing us.

We truly wish you and your family a happy and joyous Christmas and holiday season. May you be blessed with good health and prosperity. Again, thank you both ever so much; we shall always be grateful.

Sincerely yours,

*Brentwood Hepworth*

No. 79926  
FILED AND RECORDED AT REQUEST OF  
Brentwood Hepworth  
May 10, 1984  
AT 45 MINUTES PAST 2 O'CLOCK  
P M IN BOOK 59 OF OFFICIAL  
RECORDS, PAGE 575 LINCOLN  
COUNTY, NEVADA.  
*Quicks* *Setzer*  
COUNTY RECORDER