

REAL ESTATE PURCHASE AGREEMENT

THIS REAL ESTATE PURCHASE AGREEMENT ("Agreement") is made by and between Santa Fe Estates, a New Mexico corporation, ("Seller") and H. Garrett Thornburg, Trustee of the H. Garrett Thornburg, Jr. Revocable Living Trust utd July 27, 1990, and/or its permitted assigns, ("Buyer") effective as of the date a party hereto last executes this Agreement in accordance with its terms, as indicated beside the parties' signatures below, which date shall serve as the date of this Agreement.

RECITALS

A. Seller owns certain real estate in Santa Fe County, New Mexico, more particularly described as Parcel 9A and 9B as shown on that certain Santa Fe Estates Master Plan dated December 13, 1996, approved by the Santa Fe City Council at its meeting on September 25, 1996.

B. Buyer desires to purchase and acquire, and Seller desires to sell and convey, a legally subdivided parcel of the Village Center Property within Parcel 9A consisting of approximately 7.32 acres, the approximate location and configuration of which is shown on Exhibit A attached hereto (the "Property"), upon the terms and provisions hereinafter set forth.

AGREEMENTS

NOW, THEREFORE, in consideration of the premises, the agreements and undertakings of the parties set forth below, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

ARTICLE 1

PURCHASE PRICE

1.1. Agreement to Purchase and Sell. Seller agrees to sell and convey to Buyer, and Buyer agrees to purchase and acquire from Seller, the Property, upon the terms and provisions contained herein.

1.2. Purchase Price. The purchase price to be paid by Buyer to Seller for the Property shall be the product of multiplying Eight and 50/100's Dollars (\$8.50) by the number of square feet in the area of the Property, as determined in the Final Recorded Lot Split Plat (hereinafter defined) to be provided as hereinafter set forth (the "Purchase Price").

1.3. Payment of Purchase Price. The Purchase Price shall be payable by Buyer to Seller as follows:

(a) Twenty-Five Thousand Dollars (\$25,000.00) as earnest money and part

payment of the Purchase Price, has been paid to and deposited with Capitol City Title Services, Inc. ("Title Company") upon the date of this Agreement, which sum shall be held and disbursed pursuant to the terms and provisions of this Agreement. Title Company shall hold the earnest money deposit in such interest bearing account as Buyer and Title Company shall agree, with interest to accrue under the taxpayer identification number of Buyer. If the Closing, as hereinafter defined, shall occur, the earnest money deposit and interest earned thereon (collectively the "Deposit") shall be applied toward the Purchase Price; and

PROPERTY

2.1. Property Size. The parties acknowledge that the 7.32 acres size of the Property is an estimate. The parties agree that the size of the Property shall be determined by the terms and provisions of the Santa Fe Estates Master Plan (including its limitations on impervious surface area), the Santa Fe City Code (as interpreted by City staff and the City Attorney), and the following criteria:

2.1.1. The Property must have a sufficient size that will permit the construction of a minimum of 80,000 square feet of Office Space within a two-story building structure or structures. "Office Space" as used herein means net leasable area of the type customarily used by a service-oriented business.

2.1.2. The Property shall be allocated Fifty-Seven and four-tenths percent (57.4%) of the maximum 5.5 acres of "impervious surface area" currently permitted under the Santa Fe Estates Master Plan for the Village Center Property. Such impervious surface area allocable to the Property is 137,519 square feet.

2.1.3. The size of the Property shall accommodate surface parking of a minimum of one vehicle per 200 square feet of Office Space.

The parties shall cooperate in good faith during the Feasibility Period (hereinafter defined) to determine the size of the Property as set forth above. The finally determined size, configuration and legal description of the Property shall be set forth in the Final Recorded Lot Split Plat (hereinafter defined).

2.2. Appurtenances. The Property includes any and all rights, easements, privileges and appurtenances pertaining or belonging thereto.

2.3. Improvements. The Property includes any and all improvements and infrastructure

thereon (the "Improvements").

2.4. Utilities. Seller at Seller's expense shall install, or cause to be installed, prior to the Closing, the following utility service lines to the boundary line of Parcel 9A reasonably sufficient for Buyer's development of up to 80,000 square feet of Office Space on the Property: electricity, natural gas, water, sewer, telephone, cable TV and "T-1" or other similar high speed internet connection line. Also, on the Final Recorded Lot Split Plat Seller shall establish perpetual non-exclusive easement(s) for installation and maintenance of such utilities servicing the Property, if and to the extent that such installed utilities will need to be extended to the Property over the remaining portion of Parcel 9A not conveyed hereunder in a specific location, which location shall be subject to Buyer's approval within the term of the Feasibility Period (the "Utility Easement(s)"). Seller shall establish such location of the Utility Easement(s) in a manner that will accommodate reasonable and expedient installation of such utilities at a reasonable expense, without substantial interference with the use of the remaining portion of Parcel 9A not conveyed hereunder.

ARTICLE 3

CONDITIONS TO BUYER'S PERFORMANCE

3.1. Title Insurance. As soon as possible after the date of this Agreement, Seller, at Seller's cost and expense, shall cause Commonwealth Land Title Insurance Company, through Title Company, to issue and deliver to Buyer: (i) a current preliminary commitment for the issuance of an owner's policy of title insurance for the Property in the amount of the estimated Purchase Price, written on the latest promulgated ALTA form utilized in the State of New Mexico ("Preliminary Title Commitment"); and (ii) a legible, complete and true photocopy of all documents described or mentioned in the Preliminary Title Commitment, including those documents listed as exceptions to title. Within ten (10) days after the Final Recorded Lot Split Plat Delivery Date, as hereinafter defined, Seller, at Seller's cost and expense, also shall cause Title Company to issue and deliver to Buyer: (i) a current commitment for the issuance of an owner's policy of title insurance (the "Policy"), for the Property and the Utility Easement(s), which shall be described according to the Final Recorded Lot Split Plat, in the amount of the Purchase Price, written on the latest promulgated ALTA form utilized in the State of New Mexico ("Title Commitment"); and (ii) a legible, complete and true photocopy of all documents described or mentioned in the Title Commitment, including those documents listed as exceptions to title. Seller shall cause the delivery to Buyer of the Policy for the Property and the Utility Easement(s) promptly following the Closing Date and shall pay the premium of the Policy.

The Preliminary Title Commitment, the Title Commitment and the Policy shall commit to insure or insure access to the Property and (except for the Preliminary Title Commitment) the Utility Easement(s) and shall commit to have, or have, standard preprinted exceptions 1, 2, 3, 4, 6 and 7 (except the language in exception 7, "water rights, claims or title to water") deleted therefrom at Seller's expense.

Buyer shall have ten (10) days after each such receipt of the Preliminary Title Commitment and the Title Commitment and documents within which to review the same, and, if Buyer objects for any reason in Buyer's discretion to any matter(s) appearing therein in any manner affecting title

first phase thereof, or (ii) the Final Recorded Lot Split Plat Delivery Date as hereinafter defined; or (b) eighteen (18) months after the date of this Agreement, subject to extension as hereinafter provided. If Buyer terminates this Agreement as provided in this Section, and if requested by Seller within ten (10) calendar days after such termination, Buyer shall deliver to Seller any and all written studies and reports prepared by Buyer with respect to Buyer's intended development of the Property; provided, however, that in no event shall Seller be entitled to rely upon such studies and reports for any purpose whatsoever. Buyer's document delivery obligations shall survive the termination of this Agreement. The latter studies and reports involve only the physical development of the land constituting the Property (such as environmental assessments and terrain management engineering analyses and reports), and do not include any financial matters relating to such development (such as appraisals, lending materials and financial analyses and projections).

"Building Permit" as used herein means the issuance by the applicable Land Use Authorities of all building and related permits with conditions acceptable to Buyer to enable Buyer to commence and complete construction of the building improvements and site infrastructure desired by Buyer on the Property as generally described previously herein. "Water Connection" as used herein means issuance by Sangre de Cristo Water Company or other then applicable water utility company serving the Property of all permits and the satisfaction of all requirements with conditions satisfactory to Buyer to enable Buyer to connect to water utility service and receive that necessary quantity of water to serve the water needs of the building improvements and site infrastructure to be constructed by Buyer under the Building Permit.

Commencing upon the expiration of the Feasibility Period described above, Buyer may elect to extend the Feasibility Period for six (6) successive one (1) month periods by giving written notice of each such election to Seller and Title Company and, simultaneously with the giving of such notice to Title Company, delivering to the Title Company the sum of Ten Thousand Dollars (\$10,000.00) at the beginning of each monthly period. Each \$10,000.00 sum so delivered shall be promptly paid and delivered by Title Company to Seller, but shall be applied to and reduce the Purchase Price at the Closing in the event Buyer does not elect to terminate this Agreement as provided herein. In the event Buyer elects to terminate this Agreement as provided herein, any and all such \$10,000.00 amounts shall be nonrefundable to Buyer and shall be retained by Seller.

During the Feasibility Period the following shall occur:

3.3.1. Seller Cooperation. Seller shall reasonably cooperate with Buyer during the Feasibility Period, including extensions thereof, in connection with Buyer's efforts to obtain land use approvals from the applicable land use governing authorities (the "Land Use Authorities") for Buyer's intended development and use of the Property, including: (a) prompt review and execution of all necessary submittals, which are acceptable to and approved by Seller, to the Land Use Authorities, and (b) if required by the Land Use Authorities in connection with Buyer's application for development plan approval, the Building Permit and the Water Connection, prompt preparation and submission to the Land

Use Authorities of any submittals relating to the remainder of Santa Fe Estates Parcel 9A (the "Parcel 9A Remainder"), subject to the following limitations: (a) it is contemplated by the parties that the only submittals that may be required by the Land Use Authorities regarding the Parcel 9A Remainder in connection with Buyer's application for development plan approval are master plan-type pictorial sketches that illustrate development on the Parcel 9A Remainder for the purpose of supporting approval by the Land Use Authorities of Buyer's development plan on the Property, and Seller shall not be required hereunder to make any other type of submittal; (b) Seller, at Seller's sole option, may utilize the same architects/planners engaged by Buyer in connection with preparing Buyer's development plan on the Property to prepare the submittals for the Parcel 9A Remainder; (c) in no event shall Seller be required to expend more than the sum of Ten Thousand Dollars (\$10,000.00) for the Parcel 9A Remainder submittals, and (d) in the event Buyer terminates this Agreement under Buyer's Options after Seller has incurred any expense for the Parcel 9A Remainder submittals, Buyer shall reimburse Seller concurrently with the return to Buyer of the Deposit an amount equal to such expense multiplied by a fraction, the numerator of which is the number of square feet in the area of the Property, and the denominator of which is the number of square feet in the area of Parcel 9A, which reimbursement obligation shall survive the termination of this Agreement. Buyer acknowledges and agrees that all of the proposed submittals by Buyer to Land Use Authorities with respect, in whole or in part, to the Property, including the development plan and the Lot Split defined in Section 3.3.2 but excluding the Building Permit and the Water Connection, shall be subject to the review and reasonable approval of Seller prior to the submission of the same by Buyer to Land Use Authorities. Seller shall respond to Buyer's request for approval as required in the preceding sentence within ten (10) business days after delivery of the submitted item to Seller. If Seller disapproves of the submittal item, Seller shall specify the objectionable matters, in writing delivered to Buyer within such ten (10) business day period. Seller's failure to respond or failure to deliver specified written objections within such ten (10) business day period shall be deemed and constitute Seller's approval of the submitted item.

Prior to making such submittal request, Buyer may deliver to Seller and request Seller's approval of a preliminary submittal of the conceptual, schematic plan contemplated by Buyer to be made in Buyer's subsequent submittal to the applicable Land Use Authority. Seller shall respond to Buyer's request within ten (10) business days after delivery of the preliminary submittal item to Seller. If Seller disapproves of the preliminary submittal item, Seller shall specify the objectionable matters in writing delivered to Buyer within such ten (10) business day period. Seller's failure to respond or failure to deliver specified written objections within such ten (10) business day period shall be deemed and constitute Seller's approval of the preliminary submittal item. Seller's approval of the preliminary submittal item shall bar any objection by Seller to any matter in a subsequent submittal that is consistent with the approved preliminary submittal. It is the parties' intention that Seller will provide prompt approval or reasonable, specified objections to preliminary submittal plans, so that Buyer can proceed with the expense of preparing submittals to the Land Use Authorities after obtaining Seller's approval of Buyer's conceptual, schematic plan for the submittal.

Seller acknowledges that Seller's timely and diligent cooperation in Buyer's

preparation, submission and promotion of Buyer's development plan, the Building Permit and the Water Connection for the Property in order to obtain their approval by the Land Use Authority. In the event Seller and Buyer are unable to agree upon the amount of time of any such unreasonable delay, the issue of such amount of time shall be submitted to mediation, before a single mediator chosen by the parties. If the parties are unable to resolve the issue by mediation within thirty (30) days after submission to mediation, then the matter shall be resolved by binding arbitration in accordance with the rules of the New Mexico Arbitration Act. In no event shall Seller be deemed to have caused any delay if Seller shall timely raise a reasonable objection to Buyer's development plan or other submittals. If Seller shall timely raise a reasonable objection to Buyer's development plan or other submittals, and Buyer and Seller are unable to reach agreement on the resolution of such objection prior to the expiration of the Feasibility Period, then Buyer's sole remedy shall be to exercise Buyer's Options.

3.3.2 Lot Split. Concurrent with Buyer's application with the Land Use Authorities for development plan approval during the Feasibility Period, Seller at the expense shared equally with Buyer shall submit an application, in Seller's name, with the Land Use Authorities for a lot split creating the Property from a portion of Parcel 9A as a separate legal lot of record (the "Lot Split"). Seller shall use prompt diligence and submit all required studies, reports and other information to obtain approval by the Land Use Authorities of the Lot Split and provide Buyer with periodic (at least once per month) update reports of the progress of obtaining such approval and any and all conditions proposed by the Land Use Authorities. Notwithstanding the foregoing, other than any submittals relating to the Parcel 9A Remainder which may be required in connection with the Lot Split and shall be made at Seller's expense pursuant to and subject to the limitations of Section 3.3.1, in no event shall Seller be obligated to submit any studies, reports, or other information also required by Land Use Authorities in connection with Buyer's development plan for the Property, which shall be submitted by Buyer at Buyer's expense. Buyer and Seller acknowledge and agree (i) that all of the proposed submittals by Seller to Land Use Authorities with respect, in whole or in part, to the Lot Split shall be subject to the review and reasonable approval of Buyer prior to the submission of the same by Seller to the Land Use Authorities, and (ii) any and all conditions imposed by the Land Use Authorities in connection with approving the Lot Split shall be subject to Buyer's and Seller's approval. The parties contemplate that final determination of the Property will not occur until development plan approval has been accomplished at which time the Lot Split can be finalized. Upon obtaining approval and recordation with the Santa Fe County Clerk of the approved Lot Split plat creating the Property as a separate legal lot of record (the "Final Recorded Lot Split Plat"), Seller shall promptly deliver to Buyer a copy thereof, together with a copy of all accompanying conditions of the Land Use Authorities' approval to the Lot Split creating the Property as a separate legal lot of record (the "Final Recorded Lot Split Plat Delivery Date").

Buyer shall promptly reimburse Seller for one-half (½) of Seller's costs incurred in connection with applying for and obtaining the Land Use Authorities' approval of the Lot Split (the "Lot Split Costs"), including fees of surveyors, architects and engineers and charges for required studies, reports and other information. Seller shall submit to Buyer periodic (not less than monthly) statements itemizing the Lot Split Costs and attaching copies of invoices or other written evidence of the Lot Split Costs shown thereon. Buyer shall reimburse Seller one-half (½) of the Lot Split Costs reflected on each such statement within fifteen (15) days after its delivery to Buyer. Buyer's reimbursement obligations shall survive the termination of this Agreement. Notwithstanding any of the terms and provisions of this Section 3.3.2 to the contrary, in the event of the termination of this Agreement, Buyer shall not be responsible for reimbursement of Lot Split Costs initiated or that could otherwise reasonably be avoided on and after the date of receipt by Seller of Buyer's notice of such termination.

3.3.3 Covenants. Buyer acknowledges that Seller intends to subject the Property to (i) certain recorded declarations of covenants, conditions and restrictions affecting all of Santa Fe Estates, and (ii) certain recorded declarations of covenants, conditions and restrictions applicable to the Property and the remainder of Parcels 9A and 9B, known as the Santa Fe Estates Village Center, and such other Parcels as may be added to the Santa Fe Estates Village Center as a result of amendments to the Santa Fe Estates Master Plan. Within thirty (30) days after the date of this Agreement, Seller shall deliver to Buyer a true and correct copy of the proposed draft of the Master Declaration of Covenants (the "Master Declaration") and the Village Center Declaration of Covenants (the "Village Center Declaration" and collectively the "Declarations"). Buyer shall have thirty (30) days after delivery of each of the respective Declarations within which to review the same, and, if Buyer objects for any reason in Buyer's discretion to any matter(s) appearing therein, Buyer shall notify Seller in writing of such objection(s), and Seller, if Seller so chooses, in Seller's sole and absolute discretion, without any obligation to do so, shall have ten (10) days from receipt of such notice of objection(s) within which to remove or correct the matter(s) objected to. If Seller is unable or unwilling to so remove or correct such matter(s) within such time period, Buyer may exercise any one of Buyer's Options as hereinafter defined. All matters contained in each respective Declarations draft that are not so objected to by Buyer, by delivery of written notice to Seller within such thirty (30) day periods, conclusively shall be deemed to be acceptable to Buyer. If the form and content of the Declarations shall be agreed upon by Buyer and Seller, then, unless otherwise consented to in writing by Buyer, the Declarations shall not thereafter be amended in any material respect prior to Closing, unless required by Land Use Authorities. If Land Use Authorities shall require revisions to either of the Declarations, then Seller shall provide the applicable revisions to Buyer. Buyer shall have ten (10) days after delivery of the respective revisions within which to review the same, and, if Buyer objects for any reason in Buyer's discretion to any matter(s) appearing therein, Buyer shall notify Seller in writing of such objection(s), and Seller, if Seller so chooses, in Seller's sole and absolute discretion, without any obligation to do so, shall have ten (10) days from receipt of such notice of objection(s) within which to remove or correct the matter(s) objected to, if possible. If Seller is unable or unwilling to so remove or correct such matter(s) within such time period, Buyer may exercise any one of Buyer's Options as hereinafter defined.

The Declarations shall not restrict architectural style for structures in the Santa Fe Estates Village Center solely to Santa Fe Pueblo Revival or Territorial style but shall permit modern architectural style adapted to Northern New Mexico settings, such as that of Ricardo Legoretta. Furthermore, the Declarations shall not restrict Buyer's right to elect either to:

- a. terminate this Agreement, in which event the Deposit shall be immediately delivered to Buyer, except for the sum of \$100.00 which shall be paid by Title Company to, and retained by, Seller as consideration for Buyer's rights hereunder, and the parties shall be released from all further obligations under this Agreement, except for Buyer's document delivery obligations under Section 3.3, Buyer's reimbursement obligations under Sections 3.3.1 and 3.3.2, and Buyer's indemnification obligations under Section 3.5, all of which shall survive the termination of this Agreement; or
- b. waive nonfulfillment of the applicable objection or condition.

Buyer shall elect Buyer's Options by delivering notice thereof to Seller within the earlier of (i) the Closing or (ii) ten (10) days after the final date for fulfillment of the applicable objection or condition or after such fulfillment becomes impossible, whichever is the first to occur. Buyer's failure to deliver such notice shall be deemed and constitute Buyer's election to waive nonfulfillment of the applicable condition and contingency.

Seller hereby acknowledges the receipt of good and valuable consideration for Buyer's rights under Buyer's Options.

3.5. Buyer's Entry on the Property. From and after the date of this Agreement, Buyer and Buyer's agents, employees, representatives and/or contractors may enter upon the Property for the purposes of conducting the inspections, studies and tests contemplated herein and may remove that amount of soil, water, minerals or other materials necessary in connection therewith. Buyer shall hold harmless and indemnify Seller for any and all damage or liability to persons or property incurred as a result of Buyer's, or Buyer's employees', agents', or contractors', entry onto the Property for inspection purposes, and for any liens or claims of liens for services relating thereto; excluding, however, any and all damage or liability due to any condition or matter existing on or with respect to the Property which is discovered or disclosed by Buyer's inspection. Buyer's indemnification obligation shall survive the Closing and the termination of this Agreement.

3.6. Documents to Buyer. Within fifteen (15) days following the date of this Agreement, Seller shall provide to Buyer copies of any and all agreements, documents, commitments, etc., whether recorded or not, pertaining to the Property, including agreements, etc. with municipal,

county or other local authorities, utilities and water and sewer districts, and agreements, etc. regarding water and water rights, utilities, access roads and other services and/or obligations, and any and all engineering studies, mineral studies, zoning information, soils investigations and reports, water and sewer studies, topographic maps, subdivision disclosure statements, platting and other materials, if any, presently existing concerning the Property, and in Seller's possession or under Seller's control (the "Documents"). Buyer acknowledges that any and all of the Documents are proprietary and confidential in nature and have been and will be delivered to Buyer solely to assist Buyer in determining the feasibility of purchasing the Property and developing the Property for Buyer's intended use. Unless already public information, Buyer shall not disclose the Documents, or any of the provisions, terms or conditions thereof, to any party except for Buyer's attorneys, accountants, lenders, or investors, and to the independent contractors and other professionals assisting Buyer in determining the feasibility of purchasing and developing the Property for Buyer's intended use.

3.7. Seller's Possible Amendment to Master Plan. Attached hereto as Exhibit B and incorporated herein by this reference is a depiction of proposed amendments to the Santa Fe Estates Master Plan encompassing the entire Santa Fe Estates development area. Seller agrees that it will not seek approval for such amendments as a whole to the entire Santa Fe Estates development area during the Feasibility Period. Seller agrees that any amendment to the Santa Fe Estates Master Plan made during the Feasibility Period will only be made on a single parcel by parcel basis. As long as any such amendment for the particular parcel being sought is consistent with that disclosed for that parcel on Exhibit B, Buyer shall not object to Seller's application to the Land Use Authorities for that particular amendment to the Santa Fe Estates Master Plan.

ARTICLE 4

THE CLOSING

4.1. Closing Date. The closing of the purchase and sale of the Property (the "Closing") shall take place at the office of Title Company on or before the expiration of fifteen (15) days following the end of the Feasibility Period (the "Closing Date").

4.2. Extension of the Closing Date. Notwithstanding the provisions of Section 4.1, the Closing Date shall be extended to the next business day, in the event the Closing Date falls on a Saturday, Sunday or federally recognized holiday.

4.3. Pre-Closing Walk-Through. Buyer shall have the right to reinspect the Property within two (2) days prior to the Closing Date for the purpose of verifying that the Property is in the same condition as that existing as of the date of this Agreement, except reasonable wear and tear.

4.4. Seller's Obligations at Closing. At the Closing, Seller shall deliver to Buyer each and all of the following:

- a. Deed. A good and sufficient general warranty deed to the Property in such

form as will convey good and marketable title in fee simple to the Property, together with an easement estate in the Utility Easement(s), subject only to the following (the "Permitted Exceptions"):

- i. taxes and assessments for the year of the Closing, not yet due or payable;
- ii. those specific matters listed in the Title Commitment to which Buyer does not raise an objection or, having objected, Buyer waives or is deemed to have waived such objection in accordance with the provisions of Section 3.1;
- iii. the Declarations;
- iv. all other matters existing with the written consent of Buyer, or as a result of the acts of Buyer; and,
- v. Rights of others in and to the Utility Easements.

b. Other Documents. Seller agrees to execute and deliver to Buyer all other documents contemplated expressly or impliedly in this Agreement.

4.5. Buyer's Obligations at Closing. At the Closing, Buyer shall deliver to Seller each and all of the following:

a. Purchase Price. The Purchase Price for the Property, and

b. Other Documents. Buyer agrees to execute and deliver to Seller all other documents contemplated expressly or impliedly in this Agreement.

4.6. Escrowed Closing. The parties agree that the Title Company shall serve as escrow agent for the Closing (the "Escrow Agent").

At the Closing Seller shall deliver to the Escrow Agent all documents of conveyance executed by Seller hereunder, a settlement statement signed by Seller setting forth an accounting of funds to be received and disbursed by the Escrow Agent (the "Settlement Statement"), and all other documents signed by Seller contemplated herein and/or reasonably requested by the Escrow Agent in connection with the Closing.

At the Closing Buyer shall deliver to the Escrow Agent the Purchase Price, the Settlement Statement signed by Buyer, and all other documents signed by Buyer contemplated herein and/or reasonably requested by the Escrow Agent.

When all requirements in the Title Commitment have been fulfilled, and the Escrow Agent is unconditionally prepared to issue the Policy to Buyer in accordance with this Agreement, subject only to the Permitted Exceptions, Escrow Agent shall thereupon (a) record Seller's deed to Buyer and deliver such recorded deed and all documents of conveyance to Buyer, and (b) deliver the Purchase Price to Seller and/or on behalf of Seller pursuant to the Settlement Statement signed by the parties.

4.7. Possession. Upon recording of the Deed and disbursement of funds, Seller shall deliver possession of the Property to Buyer. Seller shall deliver the Property to Buyer in its natural condition, except for the installation of the required utilities under Section 2.4, with all debris from the installation of such utilities removed.

4.8. Risk of Loss. Risk of loss to the Property shall shift from Seller to Buyer as of the Closing Date. Seller represents to Buyer that as of the date of this Agreement there are no existing Improvements on the Property. If any part of any Improvements installed or constructed by or on behalf of Seller on the Property after the date of this Agreement and prior to the Closing Date, are destroyed or damaged prior to the Closing Seller shall prior to Closing, restore such destroyed or damaged Improvements to their condition at the time of original installation or construction. If such restoration cannot be reasonably accomplished prior to Closing, Seller and Buyer shall deposit into escrow from the Purchase Price 150% the cost of such restoration pending its completion. If Seller and Buyer cannot agree upon such cost, Seller's architect and Buyer's architect shall select a neutral cost estimator to determine such cost amount to be escrowed. Upon completion of the restoration, the escrowed cost amount shall be released to Seller.

4.9. Taxes and Other Prorated Items. On or before the Closing Date Seller shall have paid all taxes, assessments, landowner association fees and other charges relating to the Property through the calendar year prior to that of the Closing Date, and such taxes, assessments, fees and other charges relating to the Property for the calendar year of the Closing Date shall be apportioned between Seller and Buyer as of the Closing Date based upon information available at the time of the Closing and shall be binding upon the parties.

4.10. Closing Expenses. On the Closing Date Buyer shall be solely responsible for the payment of any and all recording fees of conveyance and new loan documents, the Seller shall be solely responsible for the payment of any and all recording fees for the release of any lien or encumbrance on the Property and for the recording of the Final Lot Split Plat, and the parties shall each be responsible for one-half (1/2) of the Escrow Agent's closing fees.

4.11. Designation for Reporting to IRS. The parties agree to take all actions and sign all necessary documentation in order to designate the Escrow Agent as the reporting person responsible for complying with all reporting requirements relating to this real estate transaction pursuant to the Internal Revenue Code and regulations promulgated thereunder.

4.12. 1031 Exchange Cooperation. Each party shall cooperate with the other in connection with the other party's efforts to transfer or acquire the Property in a transaction qualifying as a tax-deferred exchange under Section 1031 of the Internal Revenue Code. The party desiring to effectuate such exchange shall bear all costs of any facilitator used in connection with such party's exchange transaction.

ARTICLE 5

SELLER'S REPRESENTATIONS

Seller's Representations.

subdivision) rules, regulations or limitations, unless the same have become legally non-conforming relating to the Property, and no enforceable violations of any restrictions of any restrictive covenant, agreement or condition subject to which the title to the Property is to be conveyed in accordance with the terms of this Agreement. Furthermore, Seller represents that, to Seller's actual knowledge, without any inquiry or investigation, the Property or any portion thereof does not contain any environmental hazards or any hazardous substances, and the Property and use thereof are and have been in accordance and compliance with all applicable governmental rules, regulations and limitations relating to the environment, environmental hazards or hazardous substances. Buyer does acknowledge that Seller has disclosed to Buyer the discovery on April 9, 2001 of an unauthorized discharge of an unknown amount of kerosene fuel on property of Santa Fe Estates located near Tano Road and North Ridgetop Road, and that the contaminated soil from such discharge was "farmed" on a portion of Parcel 9A other than the Property.

5.2. F.I.R.P.T.A. Affidavit. Seller represents that Seller is not a "foreign person" as defined in Section 1445 of the Internal Revenue Code and agrees, if requested by Buyer, to deliver at the Closing a "non-foreign affidavit" as provided in said Section 1445. If the Seller fails to deliver such an affidavit at the Closing or if Buyer has actual knowledge or receives notice that such affidavit is false as provided in subparagraph (B)(7) of said Section 1445, then Buyer may withhold at the Closing the payment of up to ten percent (10%) of the Purchase Price in accordance with the provisions of Section 1445.

5.3. Existing Tenants. Seller represents and warrants to Buyer that there are not any tenants occupying the Property as of the date of this Agreement, nor will any tenants occupy the Property on the Closing Date.

5.4. Disclaimer. Seller makes no express or implied warranty(ies) or representations with respect to any aspect or condition of the Property, other than as specifically set forth in this Purchase Agreement or any document delivered by Seller in connection with Closing. Buyer's election to close on the purchase and sale of the Property shall constitute Buyer's acceptance of the Property "as is," in its then existing condition, subject to Seller's express warranties and representations set forth in this Agreement.

ARTICLE 6

GENERAL PROVISIONS

6.1. Enforcement of Agreement. It is mutually agreed that time is of the essence in the performance of this Agreement. Except as otherwise provided herein, in the event either party fails to perform hereunder, the other party shall have all remedies available at law or in equity including the right of specific performance. The prevailing party shall be entitled to recover from the non-prevailing party all costs incurred in connection with any action to enforce this Agreement, including

reasonable attorneys' fees. In addition to the foregoing remedies of Seller in the event of Buyer's breach of this Agreement, Seller shall have the option to terminate this Agreement and retain the Deposit as liquidated damages.

6.2. Condemnation. In the event that any portion of the Property shall be taken in condemnation or under the right of eminent domain after the date of this Agreement and before the Closing Date, this Agreement, at the option of Buyer, may be declared null and void and, except as otherwise provided in this Agreement, the Deposit shall then be returned to Buyer.

6.3. Authority. The undersigned signatories represent that each has the power and authority to bind their respective entities. Each further agrees to provide upon request such resolutions, certificates or other documentation reasonably required to evidence such power and authority.

6.4. Commissions. Buyer represents and warrants to Seller that Buyer has had no contact or dealings relating to or otherwise concerning the Property with any real estate broker or salesperson other than Phase One Realty, who is acting in this transaction as Seller's agent. Buyer shall be responsible for the payment, and shall indemnify and hold harmless Seller from any and all claims, demands, and causes of actions asserted against Seller by any real estate broker or salesperson, other than Phase One Realty, arising out of or as a result of Buyer's contact or dealings with such other broker or salesperson, with respect to the Property. Seller shall be responsible for the payment, and shall indemnify and hold harmless Buyer from any and all claims, demands, and causes of actions asserted against Buyer by any real estate broker or salesperson, including Phase One Realty, arising out of or as a result of Seller's contact or dealings with such broker or salesperson, with respect to the Property.

6.5. Notices. All notices and communications required or permitted under this Agreement shall be in writing and shall be deemed given and delivered to, and received by, the receiving party:

- a. when hand-delivered to the address of the receiving party set forth below;
- b. when sent by facsimile transmission to the telephone number of the receiving party set forth below, provided that the facsimile transmission is confirmed by written report of the facsimile machine transmitting the facsimile document;
- c. one day after deposit with a national overnight courier addressed to the receiving party at the address set forth below; or
- d. three (3) days after deposit in the U. S. mail, certified mail, return receipt requested, postage prepaid, addressed to the receiving party at the address set forth below.

Any party may change the address and facsimile telephone number set forth below upon giving notice thereof to the other party(ies) in accordance herewith.

Seller: Santa Fe Estates, Inc.

Address: c/o Phase One Realty, Inc.

With a copy (which shall not be deemed notice) to:

Mack E. With, Esq.
Jurgens, Thayer & With, P.A.
100 La Salle Circle, Suite A
Santa Fe, New Mexico 87505
Facsimile Number: 505-982-6417

Buyer: H. Garrett Thornburg, Jr., Trustee

Address: 150 Washington, Suite 302
Santa Fe, New Mexico 87501

Facsimile No.: (505) 954-4323

With a copy (which shall not be deemed notice) to:

Leonard S. Katz, Esquire
Rubin, Katz, Salazar, Alley, Rouse & Herdman
Post Office Drawer 250
Santa Fe, New Mexico 87504-0250
Facsimile No.: (505) 988-1286

6.6. Recitals. Each and all of the recitals set forth at the beginning of this instrument are hereby incorporated herein by this reference.

6.7. Exhibits. Each and all of the Exhibits stated herein and attached hereto are hereby incorporated herein by this reference.

6.8. Calculation of Times and Extension of Dates. Unless otherwise indicated in this Agreement, the term "days" shall mean calendar days, including weekends and holidays. Notwithstanding the foregoing, if, under this Agreement, any time period is to expire, or date for performance of any act is to occur, on a Saturday, Sunday or legal holiday, designated as such under the Federal Legal Holidays Act, then the time period or date for performance of such act shall be extended to the next day which is not a Saturday, Sunday or legal holiday.

6.9. Captions. The captions and paragraph headings of this Agreement are not necessarily descriptive, or intended or represented to be descriptive, of all the provisions thereunder, and in no manner shall such captions and paragraph headings be deemed or interpreted to limit the provisions of this Agreement.

6.10. Counterparts. This Agreement may be executed through the use of separate signature pages or in any number of counterparts, and each of such counterparts shall, for all purposes, constitute one agreement binding on all the parties, notwithstanding that all parties are not signatories to the same counterpart.

6.11. Facsimile Transmission. Copies of this instrument, and any and all amendments hereto, which are signed and delivered by each party and produced and/or reproduced by facsimile transmission, shall be valid and binding upon each signatory party.

6.12. Numbers and Genders. Whenever used herein, unless the context shall otherwise provide, the singular number shall include the plural, the plural shall include the singular, the use of any gender shall include all genders, and the use of the words "include" and "including" shall be construed as if the phrases "without limitation" or "but not [be] limited to" were annexed thereafter.

6.13. Survival of Agreement. The provisions of this Agreement shall survive the Closing and shall not be merged, extinguished or superseded by the execution or delivery of any document required hereunder including any conveyance or assignment.

6.14. Severability. If any provisions of this Agreement, or the application of such provisions to any person or circumstances, shall be held invalid, the remainder of this Agreement, or the application of such provisions to persons or circumstances other than those to which it is held invalid, shall not be affected thereby.

6.15. Governing Law. This Agreement and the rights of the parties shall be governed by and construed in accordance with the laws of the State of New Mexico.

6.16. Assignments. The rights and obligations of Buyer under this Agreement may not be assigned or delegated by Buyer without first obtaining the written consent of Seller, which consent may be withheld by Seller for any reason or no reason, without regard to any standard of reasonableness. Notwithstanding the foregoing to the contrary, Buyer may assign and delegate Buyer's rights and obligations under this Agreement to an entity controlled by Buyer or H. Garrett Thornburg, Jr. Any such assignment and delegation, including any assignment and delegation consented to by Seller, shall not relieve Buyer from Buyer's obligations under this Agreement.

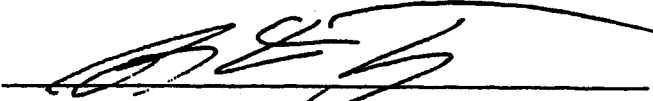
6.17. Modification. Any modification of this Agreement must be made in writing and must be executed by the parties.

6.18. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties and their respective heirs, successors and assigns.

6.19. Entire Agreement. This Agreement constitutes the entire agreement between the parties and any other prior agreements between the parties, written or oral, are merged herein.

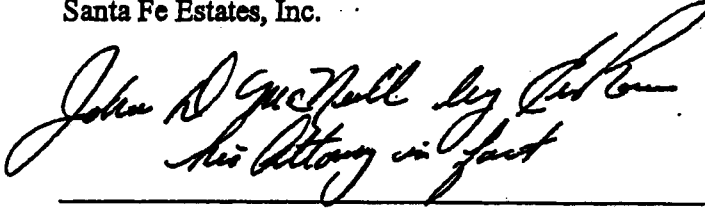
BUYER:

Dated: Oct 1, 2002
at: 2:00 am/pm


H. Garrett Thornburg, Jr., Trustee of the H. Garrett Thornburg, Jr. Revocable Living Trust utd July 27, 1990

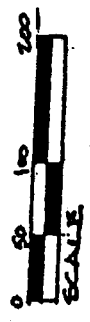
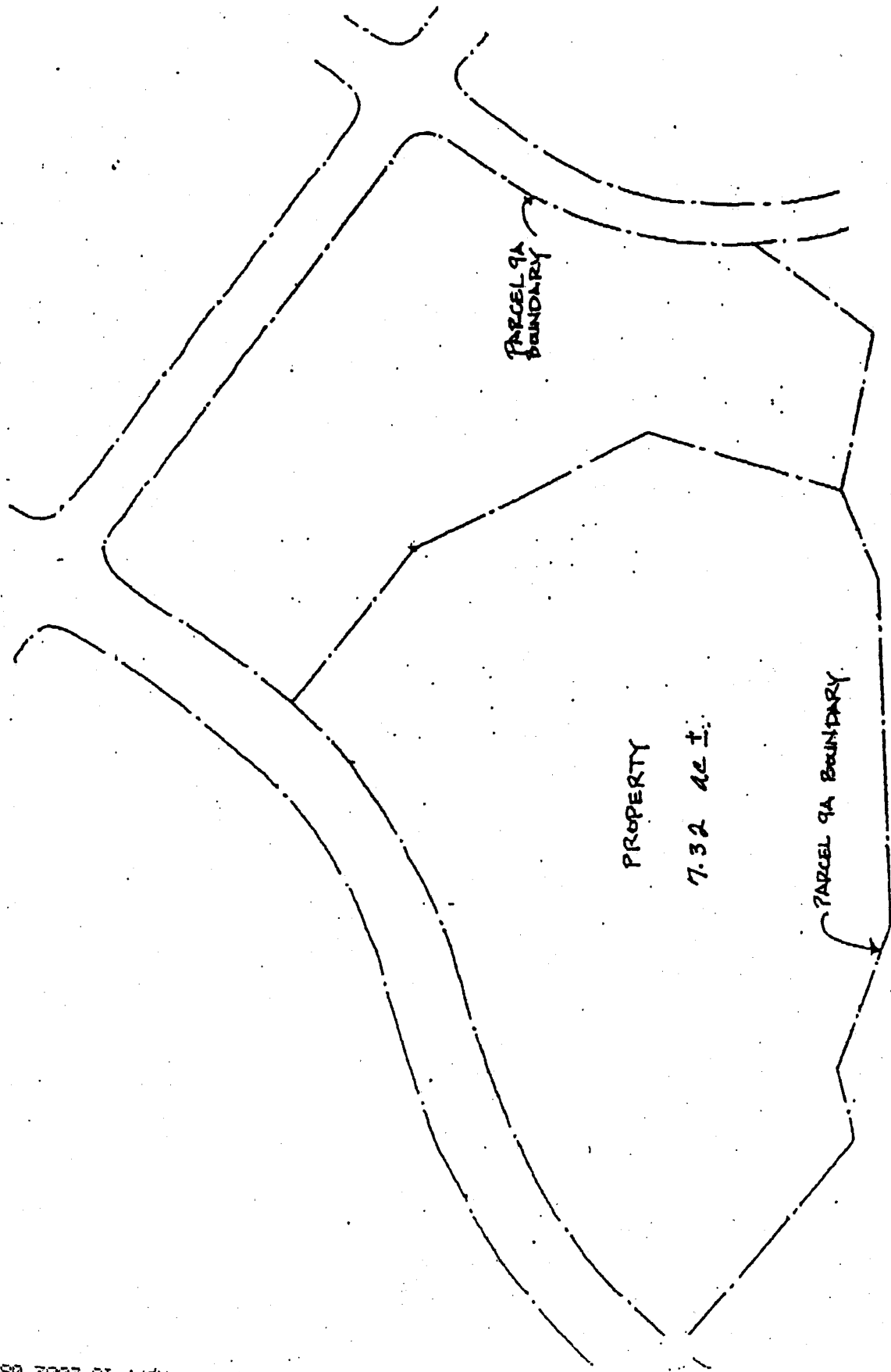
SELLER:

Santa Fe Estates, Inc.


his Attorney in fact

Dated: 10-3-02
at: 11:30 am/pm

Name: John D. McNeill
Title: President



[Handwritten signature]
EXHIBIT A

