



AGRICULTURAL MANAGEMENT AGREEMENT

THIS AGRICULTURAL MANAGEMENT AGREEMENT (this “Agreement”) dated this _____ (the “Effective Date”) is made and entered into by and between SIERRA PACIFIC FARMS, INC., a California Corporation (“Sierra Pacific”), and _____ a _____ (“Owner”). Sierra Pacific and Owner are sometimes referred to herein individually as “Party” and collectively, the “Parties”.

RECITALS

- A. Owner is the owner of a certain parcel of real property (the “Parcel”) located in Temecula, County of Riverside, California, identified as Legal Parcel No. _____ The Parcel is used for agricultural farming operations.
- B. Owner desires that Sierra Pacific manage and conduct the agricultural farming operations on the Parcel.
- C. Sierra Pacific is capable of performing and managing agricultural farming operations on the Parcel for Owner.

OPERATIVE PROVISIONS

NOW, THEREFORE, in consideration of the foregoing Recitals, which Recitals are incorporated herein by this reference, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and in consideration of the mutual covenants contained herein, the Parties do hereby agree as follows:

1. Term of Farm Management. The term (the “Term”) of this Agreement shall be One (1) year(s) commencing on the Effective Date. Notwithstanding the foregoing, this Agreement shall be automatically extended thereafter for consecutive periods of one (1) year unless at least sixty (60) days prior to the expiration of the preceding one (1) year period, either Party notifies the other in writing of the termination of this Agreement. If this Agreement is terminated or canceled pursuant to the provisions hereunder or by court order, the date of said termination or cancelation shall also be the substituted expiration date of this Agreement.

2. Condition of the Parcel. The Parcel, as of the Effective Date, contains the number of acres and the type of crop, as follows

Acres

Crop

Owners Confirm by Initial # of
Acres

3. Nature of Farm Management Service.

3.1. Sierra Pacific Obligations. During the Term, Sierra Pacific shall act as the exclusive manager for the agricultural farming operations on the Parcel. Sierra Pacific shall devote such time, skill and efforts to the performance of its duties as required to farm and care for the agricultural operations on the Parcel in accordance with accepted agricultural practices in Riverside County, California. In connection with such management, Sierra Pacific shall supervise, care for and maintain the Parcel and provide the following farming services, labor, materials and equipment:

- A. irrigation labor;
- B. all weed control labor;
- C. basic rodent control labor;
- D. sucker control labor;
- E. liquid fertilizer labor;
- F. normal irrigation system repair parts;
- G. all herbicides to perform weed abatement;
- H. all required liquid fertilizer;
- I. materials for rodent control;
- J. coverage for liability insurance;
- K. maintenance of all workers' compensation coverage for any Sierra Pacific workers on the Parcel;
- L. basic entomology; and
- M. provision for the use of any and all equipment necessary to perform farming duties under this Agreement.

3.2. Limitation of Sierra Pacific Obligations.

A. Sierra Pacific shall not be obligated, without a mutual agreement of the Parties to the contrary, to provide the following services, items, materials or expenses which shall be the responsibility of Owner at Owner's cost and expense with respect to the Parcel:

- (1) any and all costs related to or arising out of providing water to the Parcel, including, without limitation, costs and expenses associated with transferring water to the Parcel or on any portion of the Parcel;
- (2) any utilities, including water and electrical services or the costs related to or arising out of the provision of such utilities;
- (3) any Phytophthora Root Rot treatment, containment, or testing, including the removed and replacement of trees affected by root rot (the decision to remove and/or replant trees affected by root rot shall be made by Owner);
- (4) major erosion control procedures;
- (5) acts of God;
- (6) any major irrigation system repair or replacement;
- (7) any fertilizer applications that are deemed by Sierra Pacific to be extra or extraordinary for covering special problems not generally encountered in other similar operations or that are utilized at the request of Owner;
- (8) any frost control procedures;
- (9) any and all costs related to any out of the ordinary or unforeseen major pest infestation measures;
- (10) harvesting labor and equipment;
- (11) any crop marketing, including shipment to packing houses, which shall be directed by Owner upon advice from Sierra Pacific regarding appropriate packing houses; and
- (12) any planting of new or replacement trees on the Parcel (Owner is responsible for accurate tree count at inception of the Term).

- B. Sierra Pacific shall have no obligation, duty, responsibility or liability for any damages arising out of (i) injury, disease or damage to any tree, or (ii) damage or failure of any crop, which is due to frost, wind, diseases, lack of water (whether caused by the failure to pay for utilities or failure of the applicable water company, irrigation district, any well, or transportation facilities on the Parcel to deliver adequate quantities of water to the Parcel, on the Parcel, or otherwise), or any other cause other than the sole negligence of Sierra Pacific.

4. Payment of Fees and Charges.

4.1. General. On or before the first day of every calendar month during the Term of this Agreement, Owner shall pay to Sierra Pacific, a base amount covering basic management of \$_____ per acre per month and monthly billing reflecting charges for services in Section 3.1.

4.2. Additional Charges. In the event that Sierra Pacific performs any service or covers the expense of any service or material set forth in Section 3.2.A. above, or performs any other service or provides any other material, Owner shall pay Sierra Pacific in full for such services or expenses within thirty (30) days of receipt of a written invoice from Sierra Pacific therefore.

4.3. Late Charge. If any amount payable by Owner hereunder is not received by Sierra Pacific by the due date thereof, Owner shall pay to Sierra Pacific an additional sum of three (3%) of the overdue amount as a late charge, but in no event more than the maximum late charge allowed by law. Acceptance of a late charge or interest shall not constitute a waiver of Owner's default with respect to the overdue amount or prevent Sierra Pacific from exercising any of the other rights and remedies available to Sierra Pacific under this Agreement or at law or in equity now or hereafter in effect.

4.4. Extension. In the event this Agreement is extended pursuant to Section 1, all terms and conditions hereof shall continue in full force and effect, except the base management fee set forth in Paragraph 4.1 may be adjusted by Sierra Pacific to reflect competitive charges for such services then prevailing.

5. Agricultural Lien.

5.1. Creation. Owner hereby grants, conveys, transfers and assigns to Sierra Pacific an agricultural lien in all of the crops on the Parcel, including products and proceeds from the sale or liquidation of the crops, to secure repayment of any debt or obligation from Owner to Sierra Pacific for the services, labor and materials provided by Sierra Pacific to Owner as described at Paragraph 3 herein or as otherwise provided in this Agreement or any other agreement between Owner and Sierra Pacific.

5.2. Perfection. Owner agrees to immediately execute and file and record, or alternatively agrees that Sierra Pacific may execute and file and record, a UCC Financing Statement to perfect Sierra Pacific's agricultural lien in the crops on Owner's Parcel.

6. Sierra Pacific's Remedies on Default.

6.1. General. In the event that Owner should default in making any payment at the times and in the amounts called for in this Agreement, or violate any other provisions of this Agreement, Sierra Pacific may elect to take and pursue any one or more of the following remedies:

A. Exercise all of the rights and remedies provided to a secured party after default as provided in the California Commercial Code, including the rights and remedies commencing at Commercial Code Section 9601, et seq., including, but not limited to, taking possession of, and maintaining and farming the crops and disposing of the crops in a commercially reasonable manner and (i) Owner hereby grants permission and specifically authorizes Sierra Pacific to enter on and use the Parcel to take possession of, farm and dispose of the crops to pay the underlying debt owed to Sierra Pacific, and (iii) the fees, costs and expenses of maintaining the Parcel and farming the crops until harvest and sale to repay the debt shall be added to the debt owed by Owner to Sierra Pacific.

B. Sell, pledge, mortgage or otherwise encumber all crops grown upon the Parcel and any marketing documents held by Sierra Pacific in connection with the crops which Sierra Pacific harvests and markets (sells) for Owner and to apply the proceeds thereof on account for monies owing from Owner to Sierra Pacific. For the purpose of carrying out this remedy, Owner grants an irrevocable power of attorney to Sierra Pacific to execute in Owner's name all documents that may be required;

C. Commence legal proceeding to collect any amounts due, enforce public and private sale rights for the crops, and enforce or seek damages and obtain injunctive relief for violation of any terms of this Agreement;

D. To cease to perform all or any of Sierra Pacific's obligations set forth in this Agreement until all payments are brought current without any liability of any nature whatsoever for losses or damages caused to Owner or to the Parcel or crops grown thereon during such times;

E. Terminate this Agreement by thirty (30) days written notice, without any further liability therefore; and/or

F. Record a notice and claim of lien in the county or counties within which the Parcel, or any part thereof, is situated within ninety (90) days after the completion of the services rendered or materials furnished by Sierra Pacific, or sixty (60) days after recordation of a notice of completion or notice of cessation of the services and work including materials provided on the Parcel, which lien shall attach to the Parcel, and Sierra Pacific may, within ninety (90) days after recordation of the notice and claim of lien, bring an action to enforce payment of the claim stated in the notice and claim of lien and foreclose the lien. If no action is commenced within ninety (90) days after recordation of said notice and claim of lien, such mechanics' lien shall cease to be effective and such lien shall be null and void, unless a credit is provided by Owner to the lien as provided in California Civil Code Section 3144. After the filing of any complaint Sierra Pacific may record in the office of the county recorder, or of the several counties in which the Parcel is situated, a notice of the pendency of such proceedings, as provided in Section 405.20, et. seq. of the California Code of Civil Procedure and Section 3146 of the California Civil Code. In addition thereto, Sierra Pacific shall be entitled to all of the benefits of Sections 3150-3152 of the California Civil Code, the provisions of which are incorporated herein by this reference.

6.2. Insecurity. In the event that, in the sole opinion of Sierra Pacific, reasonable grounds for insecurity exist with respect to the performance of Owner's obligations hereunder, Sierra Pacific may, upon five (5) days' written notice, cease or refuse to render services upon a credit basis and cease to incur obligations on Owner's account for services, materials, equipment, supplies or water or other utilities, until such time as Owner provides adequate assurance of due performance, including, but not limited to, payment in full of all invoice amounts due to Sierra Pacific.

7. Competition. Owner acknowledges and agrees that Sierra Pacific shall at any time during the Term have the right to conduct farming operations on properties owned, leased, or under management of owners of other properties in the vicinity of the Parcel and the crops harvested from such properties may be sold in competition with crops harvested from the Parcel, without Sierra Pacific being in violation of any of the provisions, terms and conditions of this Agreement.

8. Notices. Notices or references contained herein to "notice", "notification", "directed" or "direction" shall refer to written notice deposited in the United States mail, postage prepaid, to the respective Parties at the following addresses:

TO OWNER:

TO SIERRA PACIFIC:
Sierra Pacific Farms, Inc.
P.O. Box 1537
Temecula, California 92593
Attn: Scott A. McIntyre

WITH A COPY TO:

WITH A COPY TO:

LIEBERG OBERHANSLEY
STROHMEYER & GARN, LLP
41911 Fifth Street, Suite 300
Temecula, CA 92590

9. Status of the Parties. Owner and Sierra Pacific hereby acknowledge and agree that this Agreement constitutes only a management agreement and the Parties are not joint venturers or partners of any type. Sierra Pacific will endeavor to follow the suggestions of Owner so far as possible in the operation of the Parcel, but in the absence of special instructions agreed upon by the Parties, reserves the right to plant, cultivate, irrigate, fertilize, spray, harvest, and perform all other acts which it deems necessary or desirable in connection with the care and operation of the Parcel and crops at such times as it, in its judgment, deems proper and Owner hereby agrees to pay Sierra Pacific for all services provided and expenses incurred by Sierra Pacific pursuant to this Agreement.
10. Assignment and Recordation. Except as provided herein, this Agreement may not be assigned or encumbered in any manner by Sierra Pacific or Owner and may be recorded by Sierra Pacific.
11. Performance. It is understood and agreed by and between the Parties that Sierra Pacific, in the performance of the services herein provided, shall exercise the judgment and care, under the circumstances then prevailing, which the average farm manager performing like services as Sierra Pacific performs hereunder would do in the conduct and management of like properties in the county where the Parcel is located.
12. Accountability. Sierra Pacific shall be accountable to one person for the purpose of invoicing, billing, periodic reporting or any other communication called for in this Agreement. Owner hereby designates _____, whose mailing address is _____ and whose phone number(s) are: _____ as that one person and agrees to notify Sierra Pacific in writing of any change in this designation.
13. Disclaimer of Representations and Warranties. Owner acknowledges and agrees that all information, data and statements, heretofore or hereafter made or to be made by Sierra Pacific to Owner, are Sierra Pacific's opinion only and are not representations, guarantees or warranties. Sierra Pacific expressly disclaims and Owner acknowledges and accepts such disclaimers, and representations, guarantees or warranties including warranties of merchantability, whether express or implied, regarding the services, materials, information or data to be furnished by Sierra Pacific to Owner under this

Agreement or otherwise. The Parties agree that the risk or any loss or damage, either general, special or consequential, to Owner's property or crops, whether due to agricultural or market conditions, failure to provide utilities including water, crop damage or failure, either partial or complete, shall rest solely on Owner and Sierra Pacific shall not be legally responsible therefore. Sierra Pacific expressly disclaims and Owner accepts such disclaimer, representation, guarantee or warranty, including warranties of merchantability either express or implied, with respect to the accuracy of any cultural data, soil, tree, crop, water and/or tissue analysis or other data. Owner further acknowledges and agrees that Sierra Pacific has no responsibility or liability for the condition of the Parcel and crops at the commencement of the Term of this Agreement, including, but not limited to, the condition of the trees and crops, including disease, infestation, damage and the tree count.

14. Force Majeure Clause. Sierra Pacific shall not be required to perform, and shall not be in default of any provisions of this Agreement for such noncompliance if the nonperformance is caused by (i) strikes, work stoppages or labor demands or difficulties, labor shortages or inability to procure labor; (ii) shortages of equipment, materials, or supplies, shortages or lack of processing facilities; (iii) water shortages; (iv) car or truck shortages; (v) transportation difficulties; (vi) vendor supply shortages or emergencies, including shortages or unavailability of material supplies, fertilizer, weed control supplies, pest control supplies, and vehicles and aircraft to provide vendor supply services including crop sprays by aircraft; (vii) war, hostilities and local and national emergencies; (viii) acts of God or the elements, including, but not limited to, fires, frost, rain, hail and flooding; (ix) mechanical breakdowns; (x) power and utility failures or shortages; or (xi) causes beyond the control of Sierra Pacific.
15. Destruction. If there is a material destruction of the Parcel, or the crops thereon, by fire, rain, hail, flood, frost or other causes, including a failure of utilities to be provided to the Parcel, Sierra Pacific shall, upon five (5) days prior written notice to Owner, have the right to terminate this Agreement, in which event this Agreement shall cease and terminate thirty (30) days following the date of such notice to Owner and Owner shall immediately pay to Sierra Pacific in full any amounts then due and owing Sierra Pacific. For the purposes of this Section 15, the term "material destruction" shall be destruction of fifty percent (50%) or more of the Parcel or the crops thereon.
16. Governing Law and Venue. This Agreement and the rights and obligations hereunder, including matters of construction, validity and performance, shall be governed by California law. This Agreement has been entered into in the County of Riverside, State of California. In the event of any lawsuit or other legal action by any Party hereto as against the other Party, which is specifically agreed to be pursued pursuant to arbitration under Paragraph 18 herein unless a Superior Court action is necessary to enforce Sierra Pacific's lien rights and remedies pursuant to Paragraphs 5. and 6. herein, by reason of the breach of any covenant or condition in any way arising out of or connected with this Agreement, then the legal action(s) or arbitration proceeding(s) shall be commenced in the County of Riverside, State of California.

17. Dispute Resolution.

17.1. Arbitration. Any dispute, claim or controversy arising out of or relating to this Agreement or the breach, termination, enforcement, interpretation or validity thereof, including the determination of the scope or applicability of this agreement to arbitrate, shall be determined by arbitration and shall be resolved by arbitration in accordance with the rules for commercial arbitration of the American Arbitration Association in effect at the time such arbitration is initiated. A list of arbitrators shall be presented to the Owner and to Sierra Pacific from which one will be chosen using the applicable American Arbitration Association's rules. The hearing shall be conducted in the American Arbitration Association office in Riverside County, closest to the City of Temecula, California, unless both Parties consent to a different location or there is no American Arbitration Association office in Riverside County, which latter case the arbitration will take place at the American Arbitration Association office closest to the City of Temecula, California. The decision of the arbitrator shall be final and binding upon all Parties without any rights of appeal. The prevailing Party shall be awarded all reasonable attorney fees, filing fees expert fees and related administrative costs for the arbitration. Administrative and other costs of enforcing an arbitration award, including fees and costs to obtain a Superior Court judgment for the award, the costs of subpoenas, depositions, transcripts and the like, witness fees, payment of reasonable attorney's fees, expert fees and similar fees and costs related to collecting an arbitrator's award, will be added to, and become a part of, the amount due pursuant to this Agreement and any judgment. Except, Sierra Pacific reserves its requests to file a Superior Court case in the County of Riverside to enforce its agricultural lien and lis pendens and other real and personal property collateral and security rights set forth in Paragraphs 5. and 6. herein.

17.2. Waiver of Jury Trial. Each Party hereby waives any right to a trial by jury in any action seeking to enforce any provision of this Agreement, for damages for any breach under this Agreement, or otherwise for enforcement of any right or remedy hereunder.

17.3. Attorneys' Fees. In the event of any legal action by any Party as against the other Party by reason of the breach of any covenant or condition in any way arising out of or connected with this Agreement, then and in that event the Party in whose favor award or final judgment shall be entered shall be entitled to have and recover from the other Party reasonable attorney's fees together with the costs and expenses including expert fees, to be fixed by the arbitrators or court where said award or judgment shall be made or entered.

18. Severability. If any term, provision, covenant, or condition of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the

remainder of the provisions shall remain in full force and effect and shall in no way be affected, impaired, or invalidated.

19. Successors. This Agreement shall be binding on and inure to the benefit of the heirs, executors, administrators and successors of the Parties hereto.
20. Amendment. This Agreement may be amended only by a written agreement signed by Owner and by Sierra Pacific.
21. Miscellaneous. This Agreement sets forth the entire understanding and agreement of the Parties and may be modified only by an agreement in writing executed by the Parties. Time is of the essence of this Agreement. All negotiations are merged into this Agreement. This Agreement shall not be construed against the Party preparing it, but shall be construed as if both Parties prepared the Agreement. The section headings used herein are for convenience only and do not form a portion of this Agreement.

[SIGNATURES FOLLOW ON NEXT PAGE]

IN WITNESS WHEREOF, the Parties hereto have entered into and executed this Agreement this ____ day of ____, _____, in the County of Riverside, State of California.

“OWNER”

Name: _____
Its: _____
Date: _____

“SIERRA PACIFIC”

SIERRA PACIFIC FARMS, INC., a
California Corporation

By: _____
Name: _____
Its: _____
Date: _____



Dear: _____

We at Sierra Pacific Farms, Inc. are so pleased to begin work for you full speed ahead once we set you up into our accounting system. In order to move this process along, I have provided a self-addressed, stamped envelope for your convenience. If you have any questions or concerns please do not hesitate to call!

New / Existing Client Questionnaire:

Address of Ranch or Grove: _____

APN(s)# _____

Ownership Information: Individual Family Trust
 Corporation Other _____

Owners Identification: SS# _____ - _____ - _____ FEIN# _____ - _____

of Acres – Parcel 1 _____ # of Acres – Parcel 2 _____

of Acres – Parcel 3 _____

Owner name, phone: _____, () _____ - _____

Address: _____ city _____ state _____ zip _____

Agent name, phone: _____, () _____ - _____

Address: _____ city _____ state _____ zip _____

Payment preference: Check _____ Credit Card _____

Signature(s)

Return this document to:

SIERRA PACIFIC FARMS, INC.
P.O. Box 1537
Temecula, CA 92593