

**SALE PROCEDURES MEMORANDUM REGARDING ASSET
OF SANTA PAULA HAY & GRAIN AND RANCHES**

On March 12, 2025, Santa Paula Hay & Grain and Ranches ("Debtor") filed a petition for relief under Chapter 11 of Title 11 of the United States Code in the United States Bankruptcy Court for the Central District of California, Northern Division (the "Bankruptcy Court"), styled case number 9:25-bk-10314-RC (the "Bankruptcy"). In connection with Debtor's Bankruptcy, Debtor is seeking to sell a 1990 Ferrari F40 VIN ZFFMN34A9L0086230 (the "Asset"). The Asset will be sold free and clear of any and all claims, liens, and interests of any person or entity whatsoever pursuant to 11 U.S.C. § 363(f). In order to create a fair, orderly, and competitive process for the sale of the Asset, Debtor has proposed, and the Bankruptcy Court has approved, the following sale and bidding procedures (the "Sale Procedures") with respect to the contemplated sale of the Asset by order dated as of July 16, 2025 (the "Bidding Procedures Order") of the Bankruptcy Court.

I. **Asset to be Sold.** Debtor proposes to sell the Asset free and clear of any and all claims, liens, interests, and encumbrances whatsoever pursuant to 11 U.S.C. § 363(f).

II. **Buyer.** RM Auctions Inc. d.b.a RM Sotheby's, together with its successors, assigns, and designees (the "Buyer"), has agreed to purchase the Asset for \$2,555,000, subject to the Sale Procedures, the Agreement (as defined below) and Bankruptcy Court approval. The full and complete terms of the offer by the Buyer is provided in the Asset Purchase Agreement (the "Agreement"). The Agreement is attached hereto and incorporated herein, by this reference, as Exhibit "1."

III. **Inspection.** The Asset will be made available for physical inspection a Qualified Bidder (defined hereinbelow) and may obtain diligence materials and arrange for inspection of the Asset by contacting Thomas Lawson at 949-633-4981 or tom@iconservicing.com or Debtor's attorneys, whose contact information is hereinbelow.

IV. **Auction.** Debtor has filed a motion requesting the Bankruptcy Court to authorize the Debtor to sell the Asset as a "buy it now" opportunity at a price of no less than \$5,000,000 (five million dollars), and if Asset is not sold by anyone exercising the "buy it now" purchase option then the Asset will be sold to the Buyer, subject to overbids (the "Motion to Sell"). Assuming no one purchases the Asset for the "buy it now" price and there are Qualified Bidders (defined hereinbelow), Debtor will conduct an Auction with respect to the sale of the Asset at the Hearing on the Motion to Sell on August 12, 2025 at 1:00 p.m. Pacific Time in Courtroom 201 located at 1415 State Street, Santa Barbara, CA 93101-2511 (the "Auction"). The Buyer's offer will be the opening bid. The first bid over the Buyer's offer will be not less than \$2,600,000. Qualified Bidders (as defined hereinbelow), including the Buyer, shall have the opportunity to make overbids. All subsequent overbids after the first overbid shall be in minimum increments of at least \$10,000 higher than the previous bid. All bidders wishing to submit an overbid must attend the Hearing on the Motion to Sell. The Buyer and all other Qualified Bidders, and representatives of the Buyer and other Qualified Bidders, will be entitled to attend in person or by Government Zoom and/or participate at the Auction and increase their bids in an open forum in accordance with these Sale

Procedures.

V. **Qualifications to Make an Overbid for the Asset.** Any person or entity who desires to participate in the Auction for the purchase of the Asset must qualify to be an authorized bidder ("Qualified Bidder"). In order to become a Qualified Bidder, a bidder must satisfy the following requirements:

A. Deliver the Deposit of \$500,000 to the Escrow Holder no later than three (3) business days prior to the Auction (the "Deposit Deadline"), which the Escrow Holder shall confirm as good funds;

B. Execute and deliver an offer on terms substantially identical to those of the Agreement (the "Overbid Agreement") to Escrow Holder, so that it is received prior to the Deposit Deadline, except that:

1. The monetary deposit shall be a single installment in the amount of \$500,000;

2. The purchase price shall be not less than Two Million Six Hundred thousand and 00/100 (\$2,600,000);

3. The offer will not be subject to any contingencies and will not be subject to the satisfaction of any conditions except approval of the offer/bid as the highest or otherwise best bid by the Bankruptcy Court; and

4. Such offer shall provide for the consummation of all transactions described therein on or before the End Date.

C. Deliver to Debtor's attorneys, whose contact information is hereinbelow, a letter setting forth the identity of the bidder, the contact information for the bidder, and a full disclosure of any pre-petition or post-petition affiliations that the bidder has or may have with Debtor, any of Debtor's affiliates, and any creditor of Debtor;

D. Deliver to Debtor's attorneys, whose contact information is hereinbelow, an executed letter acknowledging receipt of a copy of these Sale Procedures as approved by the Court and agreeing to accept and be bound by the provisions contained herein; and

E. Deliver to Debtor's attorney satisfactory proof of immediately available funds sufficient to consummate a sale at the price offered for the Asset. Whether the proof provided is satisfactory shall be determined solely by Debtor's attorneys.

Notwithstanding anything in these Sale Procedures to the contrary, the Buyer is and will be a Qualified Bidder, and the Agreement is and will be a qualified bid, at any Auction and for all other purposes under these Sale Procedures.

VI. **Deposit.** The Deposit of \$500,000 must be timely submitted to the Escrow Holder together with the Overbid Agreement. The Escrow Holder is Haberbusch, LLP (the "Escrow Holder"). The contact information for the Escrow Holder is:

Haberbusch, LLP

Attention: David R. Haberbusch, Esq. or Vanessa M. Haberbusch, Esq.

Telephone Number: 562-435-3456

Facsimile Number: 562-435-6335

Cell Phone Number: 562-412-8286

Email: vhaberbusch@LBinsolvency.com

Website: www.lbinsolvency.com

Further information relating to the Escrow Holder can be obtained upon request upon the Escrow Holder and/or Debtor's attorneys, whose contact information is hereinbelow.

VII. **Refund of Deposit.** A Qualified Bidder will be entitled to obtain a refund of its Deposit (1) upon the Qualified Bidder's giving written notice of its intent not to be a bidder at the Auction to Escrow Holder prior to the Deposit Deadline; or (2) if the Qualified Bidder is not the Successful Bidder (defined hereinbelow).

VIII. **Who May Bid.** The Buyer and any other Qualified Bidder will be permitted to bid to purchase the Asset at the Auction, which will take place at the Hearing on the Motion to Sell.

IX. **Successful Over Bidder.** The party who makes the highest or otherwise best offer to purchase the Asset shall be the successful bidder (the "Successful Bidder"). If no Qualified Bidder submits a qualified bid other than the Agreement, then the Debtor will not hold the Auction and the Buyer will be deemed the Successful Bidder and the Agreement will be deemed the Successful Bid (as defined below). If a purchaser elects to buy the Asset at the "buy it now" price, that purchaser shall be determined to be the Successful Bidder without conducting the auction.

X. **Successful Bid.** Upon the conclusion of the Auction, Debtor, with approval from the Bankruptcy Court at the hearing on the Motion to Sell, will select the successful bid for the Purchased Asset (the "Successful Bid") as the highest or otherwise best offer received for purchase of the Purchased Asset. The Debtor and the Successful Bidder shall close the sale of the Purchased Asset no later than the End Date. In the event the Successful Bidder fails to timely close the sale, the Bankruptcy Court will have determined which unsuccessful bidders (the "Back-Up Bidder(s)"), in order of priority and with reference to the favorableness to Debtor's bankruptcy estate (the "Priority of Overbids"), shall be bound and have the right to purchase the Purchased Asset for the amount of their last bid (the "Back-Up Bid"), without any need for further order of the Bankruptcy Court. If a Successful Bidder fails to timely close the sale of the Purchased Asset, the next highest or otherwise best Back-Up Bid, as determined by the Bankruptcy Court, will instead be deemed to be the Successful Bid with respect to the sale of the Purchased Asset, without any need for further order of the Bankruptcy Court. Should such Back-Up Bidder fail to close the sale within ten (10) calendar days after notification its offer is the winning bid by Escrow Holder, its liquidated damages of \$200,000 shall be forfeit to Debtor. The process of accepting the next Back-Up Bidder in the Priority of Overbids shall require such Back-Up Bidder to close the sale within ten (10) calendar

days after the notification by Escrow Holder that it is the Successful Bidder. Escrow holder shall repeat the process with each Back-Up Bidder until the sale is closed or all Back-Up Bidders have failed to perform. Once the Successful Bidder or a Back-Up Bidder closes the sale, all other Back-Up Bidders' monetary deposits shall be returned to them by Escrow Holder within two (2) business days after the closing of the sale of the Purchased Asset, but in no event later than thirty (30) days after the hearing on the Motion to Sell without the consent of the Back-Up Bidder. Notwithstanding anything herein to the contrary, the Purchaser will not, and may not, be designated a Back-Up Bidder unless the Purchaser otherwise agrees to be a Back-Up Bidder in writing.

XI. **Retention and Return of Deposits.** Except as provided expressly to the contrary in paragraph VI ("Refund of Deposit") hereof, all Deposits provided to Escrow Holder by Court-Approved Back-Up Bidders will be retained by Escrow Holder, and all Court-Approved Back-Up Bidders' Bids will remain open, notwithstanding the Bankruptcy Court's approval of the sale of the Purchased Asset to the Successful Bidder or a Back-Up Bidder, until two (2) business days after the closing of the sale of the Purchased Asset, but in no event later than thirty (30) calendar days after the hearing on the Motion to Sell without the consent of the Back-Up Bidder; provided, however, that Escrow Holder will return, within seven (7) calendar days after the hearing on the Motion to Sell, all Deposits provided by a Qualified Bidder if the Bankruptcy Court determines that the Qualified Bid is not viable as a Back-Up Bid.

XII. **Acceptance of Successful Bid.** Debtor's obligation to consummate the sale of the Asset to the Successful Bidder will arise only when the Bankruptcy Court approves the proposed Sale of the Asset at the Hearing on the Motion to Sell and the Successful Bidder tenders in full the purchase price for the Asset and otherwise complies with its obligations under the Agreement. Debtor reserves the right, in the exercise of its sole and absolute discretion, to decline to sell the Asset in the event that the Buyer does not timely consummate its proposed purchase of the Asset.

XIII. **Payment of Purchase Price.** All funds that a Qualified Bidder will pay to Debtor in connection with the Sale Process described herein, including, without limitation, all Deposits and the purchase price, will be paid to the Escrow Holder.

XIV. **Payment of Sales Taxes.** The sale shall be through a vehicle dealer licensed by the State of California, and if the Asset is sold to a California resident who does not have a valid reseller's permit, the buyer shall, in addition to the payment of the Purchase Price, pay all applicable sales taxes. If, however, the buyer is not a resident of the State of California, the sale of the assets shall be reported to the State Board of Equalization of the State of California by submitting form CTD 448 together with the bill of lading showing that the Asset has been shipped outside the State of California by carrier licensed by the United States Department of Transportation. To the extent sales taxes must be paid, the buyer will be responsible to pay all applicable sales taxes, which shall be paid to Debtor and paid to the appropriate taxing authorities.

XV. **Release of Funds Provided to Escrow Holder.** Escrow Holder will not release any such funds it receives in relation to the sale of the Asset to Debtor unless authorized by a Bankruptcy Court order. Escrow Holder will not release any such funds to a Qualified Bidder unless (a) Debtor

and the Qualified Bidder provide to Escrow Holder their mutual written instructions authorizing the release of such funds as long as such instructions are not in conflict with the provisions of these Sale Procedures or (b) the Bankruptcy Court enters an order authorizing the release of such funds. All Qualified Bidders hereby absolve and waive and release fully and completely Escrow Holder from any liability of any nature whatsoever for any acts taken by Escrow Holder in accordance with the provisions of this paragraph.

XVI. **Jurisdiction**. Any and all disputes related to, resulting from, or arising from the Sale Procedures set forth herein, the Auction, the Motion to Sell, the Hearing on the Motion to Sell, the selection of the Successful Bidder, the disposition of Deposits, the sale of the Asset, or the conduct of Debtor, will be adjudicated solely by the Bankruptcy Court. A Qualified Bidder's submission of a bid will constitute an express consent by the bidder to the exclusive jurisdiction of the Bankruptcy Court to hear and to rule on any action or proceeding with respect to all such matters. Notwithstanding the foregoing, in the event that the Bankruptcy Case should be closed or dismissed, any action or proceeding with respect to such matters may be brought only in the state or federal courts sitting in Los Angeles County, California.

FOR FURTHER INFORMATION REGARDING THE ASSET, DUE DILIGENCE, OR THE SALE PROCESS, PLEASE CONTACT:

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