

HOW TO BID AND BUY AT THE AUCTION

Inspect the Condominiums

All of the available condominiums will be open for inspection from 1-5pm on Saturdays and Sundays beginning on March 21st. An on-site auction office is located in the furnished model located at 812 Cotton Gin Alley. Representatives from the auction company will be available to show the homes, distribute information, and answer questions. On your first visit, fill out a registration form at the on-site office. The registration form will provide us with your email address and other contact information so we can keep you updated with the latest information for the auction.

We recommend that you inspect each of the condominiums carefully and take notes. You may visit as often as you like. A worksheet will be available at the model for taking notes and for placing the condos in your order of preference starting with your 1st choice and ending with your last choice. The auction will be held in the Campania Café located next to the condominiums. It is highly recommended that buyers take notes about the differences between the condos and also rank the condos from 1st choice to last choice so that you can refer to your notes during the selection process of the auction. You could be outbid on your favorite condos, so it will be very helpful to have notes about the other condos and have them placed in order by your personal preferences. Favorite condos tend to go for higher prices, so it is helpful to have a backup plan for all the other homes. Any homes that are sold before the auction will be removed from the auction.

Review all Diligence Information

Interstate Auction Company will provide diligence information on its website for the convenience of the buyer. Review the website frequently as new information may be added. The information provided will include the Auction Purchase and Sale Agreement, Bidder's Affidavit, Condominium Declaration, Bylaws, HOA Budget, Floor plans, and other important information. It is the buyer's responsibility to review all the information provided and to research the property prior to bidding at the auction.

Condition of the Condominiums

All of the condominiums are new and completed. Appliances will come with any manufacturers warranties. Because the condominiums are being offered at auction prices, the condominiums will be sold "AS IS", without a builder "punch out" following the auction. The condominiums will come with clear, insurable title. Any taxes will be prorated at closing. The purchaser will not be responsible for any back taxes.

Homeowners Association Dues

All condominium owners will become members of the homeowners association. At closing, buyers will pay \$XXX into the homeowners association as an initiation. The initiation fees will be used to establish a reserve fund for the condominium. Homeowners will be required to pay monthly dues of \$XXX. After all of the homes have sold and closed, the developer will help to organize the homeowners association, hold elections for officers, and hire a management company.

Get Prequalified for Financing

Peoples Bank is offering special financing for the auction. Representatives from Peoples Bank are available to prequalify buyers before the auction, and the contact information is available in the Auction Brochure, on the auction website, and at the model office. Contact Peoples Bank early to get prequalified. Do not wait until just before the auction. The Auction Purchase & Sale Agreement does not have a contingency for financing. Each buyer is responsible for making sure that they will be able to get financing if they need it. The down payment for the condominium is \$5,000. If you are unable to close due to your inability to obtain financing, you would lose your down payment unless you have a prequalification letter from Peoples Bank. If you are prequalified with Peoples Bank, and Peoples Bank is not able to make your loan, you would receive a refund of your earnest money. Buyers may choose any lender for financing. However, having a prequalification letter from another lender will not entitle you to receive a refund of your earnest money if that lender is unable or unwilling to give you a loan.

Save the Date

The auction will be held on Saturday, April 18th at 11:00am. Arrive early to get a good seat. The seating at the Campania is limited, so we may not be able to accommodate observers who are not there to bid. The homes will be open for final inspection starting at 9:00 am on the day of the auction. Registration for the auction will start at 10:00 am. At 11:00am, the auctioneer will read some announcements regarding the rules and procedures for bidding at the auction. The auction will begin following the announcements.

What to Bring

Bring your check book, photo identification, and your notes from the inspections. We do not require certified funds for the down payment. Your personal check will be acceptable. If you are bidding for someone else, you will need to bring a notarized limited power of attorney authorizing you to bid on homes in this specific condominium. If you want to be represented by a real estate agent, make sure they have registered you by 5pm on Friday, April 17th. Broker/Agent registration will not be allowed on the day of the auction. If you miss the broker registration deadline, you can still bring an agent to the auction. However, the agent will not be paid a commission by the seller or auctioneer.

Food and Refreshments

Food and other refreshments will be available for purchase from the Campania Café. We encourage bidders to dine at the Campania during the auction.

How to Bid

The auction will be a live auction similar to what you might see on television. Bidders will be given a bid card and information packet when registering. Introduce yourself to the bid spotter; it's their job to help the auctioneer spot your bid. To bid, you can bid by holding up your card, your hand, nodding your head, etc. You can bid to the auctioneer or to any of the bid spotters. Auctions are exciting and fun. Bidding will continue until nobody submits a higher bid. Don't hesitate when it is your turn to bid – it only encourages your competition. Don't wait until the last second to bid, your bid might not get noticed in time, and you may miss out on a really good deal. The best way to win is to bid quickly and confidently up to your limit. When your competition stops, you have won the bidding. Set some reasonable limits for yourself. Don't bid more than you can afford to pay or borrow. A 10% buyer's premium will be added to the high bid price to determine the purchase price. The buyer's premium helps the seller recover the cost

of the accelerated marketing program for the condos. For example, if the high bid is \$150,000, the buyer's premium will be \$15,000, and the purchase price will be \$165,000. The down payment required at the auction will be \$5,000 regardless of the purchase price. With this example, the buyer would pay the remaining \$160,000 of the purchase price at closing plus closing costs, plus or minus prorated taxes and HOA fees, plus 2 months initiation fee for the Homeowner's Association.

Order of Sale

Condominiums can be auctioned in a variety of ways. For example, the condos might be offered one at a time, in sequence by their address. The condos could also be offered one at a time, in a sequence by their respective floor plans. The disadvantage of offering the condos in a predetermined order, is that buyers may not feel comfortable with the process until a few condos have been sold, so they may pass good opportunities to bid on the homes they really want. Also, if the last condos to be offered happened to be the most desirable, we would have light bidding and low prices on the early condos and intense bidding and high prices on the last condos. Many buyers would be disappointed that they didn't buy one of the early condos. Our seller would also be disappointed because we wouldn't have maximized their prices.

Usually, we offer condominiums using a form of "high bidder's choice" methodology. With high bidder's choice, there is no predetermined order of sale. Bidders bid for an opportunity to select the best available home. The auction is conducted with successive rounds of bidding. In round one all of the homes are available for selection. The high bidder is allowed to select their favorite condo. The high bidder in round 2 selects from the remaining condos. The auction is conducted with successive rounds of bidding until all the condos are selected.

Interstate Auction Company represents the seller and not the purchaser. The methodology for offering the condominiums will be determined based on the number of bidders in attendance and the best interests of the seller. We will ensure that everyone in attendance understands the methodology used and has a fair opportunity to bid for the condominium of their dreams.

Absolute Auction Condos

The seller is highly motivated and has reached an agreement with its lenders to offer the condominiums at auction with 5 condos being offered at "absolute auction". The absolute condos will be sold to the highest bidder, regardless of the price, at the conclusion of the auction. The seller has the right to accept or reject the high bids on any or all of the condos not offered at absolute auction. The seller also has the right to remove properties from the auction or sell properties prior to the auction.

Post Auction Contracts

At the conclusion of the auction, the high bidder will sign the Auction Purchase and Sale Agreement for the condo the respective home and make the required \$5,000 down payment. Bidders are required to read the Auction Purchase and Sale Agreement prior to the auction. No changes will be made to the Agreement. The seller will sign the Auction Purchase and Sale Agreements for the Absolute condos. The seller has the right to accept or reject the high bid for the condos that are not offered at Absolute Auction. The offers for the non-absolute condos will be open for acceptance or rejection by the seller and its lenders until 5:00 pm on Tuesday, April 21, 2009. Earnest money checks will not be deposited unless and until the Auction Purchase and Sale Agreement has been signed by the seller.

Closing

Purchasers will be required to close on or before 30 days from date all parties sign the Auction Purchase and Sale Agreement. The purchaser will be responsible for the closing costs. The seller will provide a termite letter. Buyers who need a short extension for closing normally get one if they can show that they have been approved for financing.