

J. P. KING AUCTION COMPANY, INC.

TERMS OF AUCTION

Haig Point Island Home Haig Point (Beaufort County), South Carolina Friday, October 24, 2008 at 2:00 PM (ET)

J. P. King Auction Company, Inc. ("King"), an Alabama corporation headquartered at 108 Fountain Avenue in Gadsden, Alabama 35901 (telephone 800-662-5464 or 256-546-5217 and facsimile 256-543-8036) and its South Carolina broker of record, Rick Gilliam ("Broker") whose address is Gilliam and Associates, 3946 Tybre Down Circle, Little River, South Carolina 29566 (King and its Broker being referred to herein collectively as "Auctioneer") have contracted with IV Payne Associates ("Seller") to offer to sell at public auction ("Auction") certain real property ("Property"). These terms, plus any additions, deletions, and/or revisions announced by Auctioneer before the commencement of the Auction, represent the exclusive terms for the Auction ("Terms of Auction").

1. *AGENCY*: Auctioneer is acting exclusively as an agent for Seller and not as an agent for any Bidder or Buyer. No third-party broker is acting as a sub-agent of Auctioneer.

2. *COLLUSION*: Bid-rigging is a federal felony punishable by imprisonment and fine. Auctioneer will report all illegal conduct to the F.B.I. and cooperate with any prosecution.

3. *COPYRIGHT*: The Auction is the exclusive intellectual property of Auctioneer, covered by copyright protection, and may not be recorded, reproduced, or used in any form by anyone other than Auctioneer.

4. *PROPERTY*: The Property is described in the "Real Property Sale Contract" ("Sale Contract"), a copy of which is available from Auctioneer, online at www.jpking.com, and posted at the Auction. No personal or other property will be included in this Auction sale with the exception that the total contract price includes a Signature Full Golf Membership to be issued by the Haig Point Club and Community Association, Inc. ("Club"). Seller agrees that it is responsible for paying the Membership contribution to the Club. Buyer agrees promptly upon execution of this Sale Contract to complete and submit to Club the required application forms and understands that approval by Club of such membership application is required prior to issuance of a Membership to Purchaser. The Property and the Membership must be owned in the identical name. Buyer will be responsible for all normal Club fees commencing with the date of Closing. Buyer recognizes that only the Club can issue the Membership once the Seller has resigned its Membership and requested the reissuance of the Membership by the Club to Buyer. Seller and Auctioneer will have no liability whatsoever to Buyer, on any basis, for any matter within the purview of the Club.

5. *DUE DILIGENCE*: Seller and Auctioneer do not attempt to provide Bidder with all of the information Bidder may need to make an informed decision about the Auction and Property. Bidder should obtain professional advice and conduct due diligence on the Property, title commitment (available from Auctioneer and posted at the Auction), surrounding area, all information provided by Seller or Auctioneer, "Property Information Package" (available from Auctioneer, online at www.jpking.com, and posted at the Auction), public records, Terms of Auction, Auction, Sale Contract, transaction contemplated, and all circumstances, defects, facts, issues, problems, and other relevant matters (collectively "Property Issues"). All information provided by Auctioneer came from Seller and is believed to be accurate, but neither Seller nor Auctioneer guarantees, represents, or warrants its accuracy or completeness and Bidder should not rely upon it without independent inspection and verification from sources Bidder knows to be reliable. Seller and Auctioneer are not required to update any information provided or published and shall have no liability on any basis for failing to do so.

6. *DISCLAIMER*: Participation in the Auction is at Bidder's sole risk and Seller and Auctioneer, plus their agents, contractors, and employees, shall have no liability on any basis. The Property will be offered in "**AS IS, WHERE IS**" condition. To the fullest extent allowed by law, Seller and Auctioneer unconditionally disclaim any guarantee, representation, or warranty of every kind, whether expressed, implied, or statutory, whether oral or written, whether past, present, or future, with respect to all Property Issues, except as expressly provided in the Terms of Auction and the Sale Contract.

7. *DISCLOSURES*: The Property will be offered for sale and conveyed subject to all conditions, covenants, deeds, easements, reservations, restrictions, right-of-ways, title exceptions, and matters of record. Maps, depictions, and sketches in any materials related to the Property are for illustration purposes only and Seller and Auctioneer do not guarantee, represent, or warrant their accuracy or completeness.

Property Specific Disclosures: Property specific disclosures shall be attached to these Terms of Auction as referenced herein.

8. *REGISTRATION:* Any competent adult with a satisfactory photo identification who properly registers and complies with the Terms of Auction may bid. Auctioneer may refuse to register or expel any person who is disruptive, noncompliant, or previously caused a problem for Seller or Auctioneer. Bidder must deposit a cashier's check in the amount of Fifty Thousand Dollars and no cents (\$50,000.00) with Auctioneer at registration. This deposit must be in the form of a cashier's check made payable to Bidder. Any person intending to bid on behalf of another must present Auctioneer with an executed, enforceable, recorded, and unexpired power of attorney which is subject to Auctioneer's approval. The requirements for Bidder registration may be waived by Auctioneer with respect to any Bidder, without waiving same for any other Bidder. By registering, Bidder acknowledges receipt of the Terms of Auction and access to the Sale Contract and unconditionally and irrevocably agrees to be bound by both.

9. *BUYER'S PREMIUM:* A ten percent (10.00%) buyer's premium shall be in effect for the Auction and added to the amount of the highest bid to arrive at the selling price for the Property ("total contract price").

10. *AUCTION:* Auctioneer's discretion includes, but is not limited to, the auction method, bid-calling, bid increments, and determining the buyer. The decision of Auctioneer is final regarding all matters that arise before, during, or after the Auction. Seller shall not bid. Bidder shall not retract any bid. Bidder's purchase shall be considered a single transaction whether of the whole or a fraction of the Property. The sale of the Property shall not be contingent upon the sale of any other property or portion thereof, whether purchased by the same Buyer or not.

(a) The Property is scheduled to be sold at an auction without reserve ("absolute auction") where the Property will sell to the highest bidder regardless of price.

11. *SALE CONTRACT:* This is a cash sale and not contingent upon any matter, including Buyer obtaining financing. Buyer shall immediately execute the Sale Contract and all related documents presented by Auctioneer to bind Bidder and Seller to the sale of the Property. Any Buyer purchasing on behalf of a business or arm of government ("artificial person") shall immediately execute the Sale Contract in both the artificial person's and buyer's names, until such time as the artificial person presents Auctioneer with acceptable, written evidence of the artificial person's good standing in its state of formation, plus written authority, in a form acceptable to Auctioneer, agreeing to be bound by the Sale Contract. The Terms of Auction are incorporated into the Sale Contract which defines the entire agreement between Seller and Buyer. The Terms of Auction complement the Sale Contract and, in the event of any conflict between them, the Sale Contract shall control in all instances. Buyer shall execute the Sale Contract and no addition, deletion, or revision shall be permitted.

12. *DEPOSIT:* Buyer shall immediately pay to the escrow/closing agent, in U. S. Dollars, an earnest money deposit of no less than ten percent (10.00%) of the total contract price of the Property ("deposit"). If for any reason Buyer fails to timely execute the Sale Contract or pay the deposit, Seller has sole discretion, to: (a) pursue all legal and equitable remedies available against Buyer, or (b) declare Buyer's bid to be immediately forfeited, null, and void, without any requirement of notice, and immediately re-sell the Property to another buyer.

13. *RELEASE* Bidders, Buyers, and other persons present at the Auction (collectively "Attendees") are advised that Auctioneer and its agents, contractors, employees, and/or representatives may record the Auction, related matters, and Attendees through audiotape, photography, motion pictures, and/or videotape for advertising, marketing, promotion, publicity, record, and/or trade purposes, and in consideration of being allowed to attend the Auction, Attendees unconditionally and irrevocably agree that their images and voices may be so recorded and used by Auctioneer in all types of media without territorial, time, or use limitation, and without compensation being owed or paid to Attendees by Auctioneer or Seller.

14. *ARBITRATION:* Any action, claim, controversy, counterclaim, dispute, or proceeding arising out of the Property Issues and involving Seller, Bidder, Buyer, or Auctioneer, in any combination, whether controlled by federal or state law, and whether an issue of law or equity, including the determination of the scope and applicability of this agreement to arbitrate, shall be determined and resolved exclusively by final and binding arbitration, with no appeal permitted, except as provided by applicable law for the judicial review or enforcement of arbitration decisions. Notwithstanding the preceding, a default by Buyer does not require Seller to initiate an arbitration or legal action in order to obtain the forfeited Buyer's deposit as liquidated damages under that section. The arbitration shall be administered by Judicial Arbitration and Mediation Services, Inc., or its successor, and decided by a panel of three (3) independent arbitrators; however, any party may reduce the number of arbitrators from three (3) to one (1) on motion to JAMS to do so, if that motion is unopposed by every other party. Judgment on the arbitration award may be entered in any court having jurisdiction. The parties waive the right to any legal action and trial by jury. The costs of arbitration, including the fees and expenses of the arbitrators, but not including the parties' attorneys' fees, shall initially be paid equally by them. The prevailing party shall be entitled to collect from the other its full costs associated with the arbitration, including

reasonable attorneys' fees. All aspects of any arbitration shall be permanently kept confidential and not disclosed in any form or manner to any entity, media, or person, and the parties shall jointly move the court entering judgment on the arbitration award to so order. Any arbitration must be commenced within two (2) years from the date when the cause of arbitration accrues or it will be forever barred. The right of arbitration shall accrue, and the two (2) year limitation period shall begin to run, on the date the breach, damage, or injury is sustained and not when the resulting damage or harm is discovered.

15. CHOICE OF LAW, JURISDICTION, AND VENUE: Any Auction matter shall be exclusively construed and governed in accordance with the laws of the State of South Carolina, without regard to its conflict of laws principles. The exclusive jurisdiction and venue for any controversy or claim between the parties shall be the Beaufort County in the State of South Carolina.

16. MISCELLANEOUS: The Terms of Auction shall bind Bidders and their agents, assigns, attorneys, beneficiaries, brokers, directors, distributees, employees, executors, heirs, legatees, officers, representatives, shareholders, and successors in interest. No deletion, modification, supplement, or waiver of any provision of the Terms of Auction shall be made, except by Auctioneer's written revision or announcement at the Auction.

PROPERTY SPECIFIC DISCLOSURES

DISCLAIMER: Seller and Auctioneer (this term to include Broker) do not, here or otherwise, attempt to provide Bidder with all of the information Bidder may need to conduct due diligence and make an informed decision about the Auction and Property. Participation in the Auction is at Bidder's sole risk and Seller and Auctioneer, plus their agents, brokers, contractors, employees, and representatives shall have no liability whatsoever on any basis. The Property will be offered and sold in "AS IS, WHERE IS" condition with all defects, faults, issues, and related problems. To the fullest extent allowed by law, Seller and Auctioneer unconditionally disclaim any guarantee, representation, or warranty of every kind, whether expressed, implied, or statutory, whether oral or written, whether past, present, or future, with respect to all issues and matters affecting, involving, or related in any way to the Auction and Property, except as expressly provided for in the *Terms of Auction* and the *Real Property Sale Contract*. The disclosures that follow are made to Bidders to assist them in performing their due diligence, but this list is not represented to be complete or correct and there may be other defects, facts, faults, issues, items, problems, and other relevant matters affecting, involving, or related in some way to the Property. Bidders should govern themselves accordingly.

Seller Financing: Seller is offering financing on the Property to a qualified Buyer who has no outstanding judgments or tax liens and who has not been in bankruptcy protection during the past three (3) years. A Buyer desiring Seller financing will be required to complete a loan application for Seller and provide such information as is reasonably necessary to establish financial qualification for a loan. Buyer authorizes Seller to conduct a full credit check on Buyer and obtain copies of Buyer's credit reports for this purpose. Seller financing is offered on the following terms: (a) Buyer must pay Twenty-five Percent (25.00%) of the Total Contract Price as a down payment as follows: (1) Ten Percent (10.00%) of the Total Contract Price must be paid at the time of execution of this Sale Contract and (2) an additional Fifteen Percent (15.00%) of the Total Contract Price must be paid at, or before, the time of closing; (b) the balance of the Total Contract Price will be amortized over thirty (30) years and Buyer will pay Seller the principal and all accrued interest in equal monthly installments due on the first day of each month following the date of closing and the loan will include a final balloon payment that Buyer will make to Seller on the Twenty-fourth (24th) month to satisfy the entire balance then remaining owed on the loan; (c) interest will accrue at a rate of Seven Percent (7.00%) per annum; (d) there will be no prepayment penalty to Buyer; (e) the loan is not subject to assignment by Buyer without the prior, written consent of Seller; and (f) Buyer will execute, at closing, a promissory note for the balance owed and a deed of trust or mortgage ("security agreement") in favor of Seller to be recorded against the Property. The promissory note and security agreement will be provided by Seller and at its expense.

Attorney State: South Carolina is a "attorney state" which means that real estate transactions must be under the supervision of an attorney. A Buyer may choose who will act as his/her closing agent to examine the title and provide title insurance to the Buyer. For this Auction sale, the title insurance is being provided by the Seller and the Buyer may not wish to hire a separate attorney, in which case the Buyer may contact the designated Closing Attorney for the closing of the real estate. Should the Buyer choose to hire his own attorney, Buyer's attorney will be required to coordinate all closing documents and procedures with the designated Closing Attorney.

Escrow Agent and Closing Attorney: The Escrow Agent designated for this Auction sale is Professional Title Services (an issuing agent for Stewart Title Guaranty Company), 2903 Millwood Avenue, Columbia, South Carolina (telephone 803-254-2221) and the designated Closing Attorney is Anthony V. Panico, Attorney At Law, 111 E. Main Street, Lexington, South Carolina 29072 (telephone 803-359-9644).

Association Memberships: Buyer will automatically become a member of the Haig Point Club and Community Association and the Halandy Hammock Owner's Association. Buyer will be responsible for all association fees and special assessments, if any, as required. The association dues, if any, as required, will be prorated through the date of closing between the Seller and the Buyer at the time of closing of the sale of the Property.

Mold Disclosure: Mold is a natural occurring microbe and mold should pose no health threat unless there are concentrated high levels in the living environment. If the Purchaser is concerned or desires additional information, Purchaser should consult an appropriate professional. The Seller, Broker and the Auction Company specifically make no representations, guarantees, or warranties of any kind whatsoever regarding the present condition of the property, the future condition of the property, or anything regarding mold, mildew and the remediation process. The Seller, Broker and the Auction Company fully and unconditionally disclaim any liability whatsoever for any action, arbitration, claim, cost, damage, deficiency, expense, loss, suit, or other demand of any kind related to the property, these conditions, damages, problems, the remediation process, and all related issues.

South Carolina Coastal Council Critical Line: The Property is selling subject to the South Carolina Coastal Council Critical Line as established by the Coastal Zone Management Act of 1972, as amended.

Flood Zone: According to F.I.R.M. numbers 450025 0137D Index dated January 17, 1991, the Property lies within a flood hazard zone area. This area have been identified as having at least one percent (1.0%) chance of being flooded in any given year by rising tidal waters associated with hurricanes. Local regulations require certain flood hazard protection in the design and construction of structures in this area. For further information, Buyers should contact the South Carolina Department of Health and Environmental Control Office of Coastal Resource Management, 2600 Bull Street, Columbia, South Carolina 29201 (telephone 803-898-3432).

Radon Gas: The United States Environmental Protection Agency ("EPA") has indicated that a number of homes and residential buildings in the United States experience elevated levels of radon gas. Radon is a naturally occurring gas that is caused by radioactive decay of the element radium. Since radium is contained in the earth's crust and dissolves readily in water, radon can be found virtually everywhere and can enter the home or residential buildings through a variety of sources. Purchasers seeking information about radon can contact the EPA or a state environmental office. Seller has no expertise in the measurement or reduction of radon in homes or residential buildings or regarding acceptable levels or possible health hazards associated with radon. Seller makes no warranty or representation of any kind, express or implied, regarding the presence or absence of radon gas, or regarding the effectiveness of any architectural activities for reducing the presence of radon.

Specific Island Disclosure:

(a) By execution of the Sale Contract, Buyer agrees that Seller has made no pledges, covenants or commitments in regard to the Haig Point development, including, but not limited to, representation of Seller with respect to common facilities, amenities, roads, sewer, water, and electric service which has induced the Buyer of the Property.

(b) Buyer acknowledges that the Property is located on an island with boat access only and may be subject to extraordinary forces or acts of nature including storms, hurricanes, wind, erosion or weather. Seller makes no representation to Buyer regarding the future availability or cost of casualty or homeowner insurance for Buyer and/or the Property and Buyer shall be required to determine the availability and cost of casualty or homeowner insurance for the Property.