

J. P. KING AUCTION COMPANY, INC.

TERMS OF AUCTION

**Summer House at Old Ponte Vedra
Ponte Vedra (St. Johns County), Florida
Saturday, October 10, 2009 at 11:00 AM (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 Florida broker, J. Scott King ("Broker") whose address is 108 Fountain Avenue, Gadsden, Alabama 35901 (King and its Broker being referred to herein collectively as "Auctioneer") have contracted with The Village at Ponte Vedra, LLC, a Florida limited liability company ("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 "Purchase and Sale Contract" ("Sale Contract") and the condominium prospectus together with all exhibits attached thereto ("Condominium Documents"), a copy of which is available from Auctioneer, online at www.jpking.com, and posted at the Auction. No personal property will be conveyed with the real estate.

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, the Condominium Documents, 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. 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. **BIDDER/BUYER WILL BE LIMITED TO THE PURCHASE OF TWO (2) UNITS UNLESS PRE-APPROVED IN WRITING BY SELLER.**

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. An individual purchase shall be considered a singular transaction whether it includes one or more units. Under no circumstances will the sale of any unit be contingent upon the sale of any other unit whether or not purchased by the same Buyer.

(a) The Auction Inventory includes twenty-four (24) condominium units that are scheduled to be sold using the "*High Bidder's Choice*" method of auction as follows:

1. The first twelve (12) units as selected by the highest bidder will be sold by a sale to the highest respective bidder for each unit (absolute auction).

2. The remaining units will be offered for sale in an Auction with Reserve, subject to Seller's acceptance of the highest respective bid price for each unit.

(b) The initial highest Bidder will select any one or more of the units from the Property inventory designated for round-one bidding. Once the initial highest bidder has completed this selection, if any units in the round-one Property inventory remain available, bidding will resume in a second phase of bidding for the available units. The highest Bidder in the second phase of bidding will select any one or more of the available units from the Property inventory. This process will continue into a third and subsequent phases of bidding until all units in the Property inventory have been selected by their respective highest Bidders. Prior to starting the second and any subsequent phase of bidding, Seller and Auctioneer may offer Bidders, on a first-come-first-served basis, the opportunity to select any one or more of the unselected units included in the round-one Property inventory for the amount of the last highest Bidder's bid. Once a high Bidder has selected one or more units from the Property inventory, that Bidder may NOT exchange any unit previously selected for any other unit.

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. *CLOSING*: Closing shall be conducted at the office of North American Title Company, Escrow agent, whose address is 10199 Southside Blvd., Suite 104, Jacksonville, FL 32256; telephone (954) 448-3937, on or before 5:00 p.m. on November 10, 2009 ("closing date"). The contact for North American Title Company is Beth LaBella. Closing may be conducted by mail.

14. *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.

15. OWNER OCCUPIED FINANCING: Special owner occupied auction financing is available through American Home Funding to buyers of auction properties (to be owner occupied) subject to credit approval. Further credit qualifications as well as other terms and conditions may apply and are subject to change. Contact Kevin M. Brennan at (904) 382-3637 at American Home Funding for further information.

16. 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. 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. 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.

17. CHOICE OF LAW, JURISDICTION, AND VENUE: Any Auction matter shall be exclusively construed and governed in accordance with the laws of the State of Florida, without regard to its conflict of laws principles. The exclusive jurisdiction and venue for any controversy or claim between the parties shall be the City of Ponte Vedra in the County of St. Johns in the State of Florida.

18. 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.

COPYRIGHT 2009
J. P. King Auction Company, Inc.

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.

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.

Radon Gas: Radon is a naturally occurring radioactive gas that, when it has accumulated in a building in sufficient quantities, may present health risks to personnel who are exposed to it over time. Additional information regarding radon and radon testing may be obtained from the county public health unit.

Personal Property: No personal property will be conveyed with any of the real estate.

Florida Statutes: The Property is selling subject to §718.503 Florida Statutes. Prior to execution of the sale agreement, Buyer will be required to acknowledge receipt of all documents as outlined in this statute.

Association Memberships: Buyer will automatically become a member of the Summer House in Old Ponte Vedra Condominium Association, Inc. Buyer will be responsible for all association fees, special assessments, if any, as required and any capital contribution or transfer fees as outlined in the association's documents. The association dues or assessments, 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.

Declaration of Summer House in Old Ponte Vedra Condominium: The property is selling subject to the Declaration of Summer House in Old Ponte Vedra Condominium and Exhibits thereto, recorded in Official Records Book 2495 at page 313, as amended in Official Records Book 2495, page 572, Official Records Book 2498, page 1059, Official Records Book 2548, page 1940, Official Records Book 2662, page 669 and Official Records Book 3127, page 665, of the Public Records of St. Johns County, Florida; and any applicable recorded additions or amendments thereto, and the easements, options, liens for assessments, if any, contained therein.

Rental Management: Buyer will have the option to include their Unit in the rental management pool. The rental management company is Suncoast Management, LLC. If Buyer elects to include the Unit in the program, Buyer will need to enter into a separate agreement with the rental management company.