

J. P. KING AUCTION COMPANY, INC.

TERMS OF AUCTION

Federal Deposit Insurance Corporation Commercial and Residential Property Portfolio, Georgia Tuesday, October 27, 2009 and Wednesday, October 28, 2009

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 Georgia broker, J. Craig King ("Broker") (King and its Broker being referred to herein collectively as "Auctioneer") have contracted with Prescient Asset Management on behalf of the Federal Deposit Insurance Corporation ("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 Estate Purchase and Sale Contract" ("Sale Contract"), 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:** Bidder must conduct and rely upon its own investigation of the Property. Bidder will be deemed to represent, warrant and agree that (i) it has examined the Property, is familiar with the physical condition thereof, and has considered it to be acceptable; (ii) neither Seller, its affiliate, officer, employee, nor the Contractor has made any expressed or implied representation, warranty, promise or guarantee whatsoever to Bidder, and in particular, with respect to the physical condition, operation, or any other matter or thing affecting or related to the Property; and (iii) Bidder has not relied upon any representation, warranty, guarantee, or promise, or upon any statement made or any information provided concerning the Property including, but not limited to, due diligence packages, provided or made available by Seller or Contractor, and has determined to make its bid after having made and relied solely on its own independent investigation, inspection, analysis and evaluation of the Property, and the facts and circumstances related thereto. 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").

Seller and Auctioneer do not attempt to provide nor are they under any obligation to disclose to Bidder all of the information Bidder may need to make an informed decision about the Auction and Property. 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 for its failure to disclose to Bidder information known and related to the Property..

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 present a cashier's check in the amount of One Thousand Dollars and no cents (\$1,000.00) per Property to Auctioneer at registration.*** This registration deposit must be in the form of a cashier's check made payable to Bidder. Upon being declared the successful high bidder for the Property, the Bidder will immediately be required to endorse the registration fee (cashier's check) over to the Escrow Agent. The difference between the registration fee of \$1,000.00 and the 10% down payment, if any, will be required to be paid by Bidder in the form of a personal or company check on sale day. 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:** An eight and one-quarter percent (8.25%) 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. Certain properties, as identified on the Auction Inventory, will be sold at absolute auction to the highest respective bidders, while other properties, as identified on the Auction Inventory, will be sold subject to Seller's confirmation of the final high bid price. The Auction Inventory is included in the Bidder's packet.

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 to the Sale Contract, including its exhibits.

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 or One Thousand Dollars and no cents (\$1,000.00) whichever amount is greater ("deposit"). The buyer will be required to endorse the registration fee (cashier's check) over to the Escrow Agent, and the difference between the \$1,000.00 registration fee and 10% down payment must be paid by personal or company check on sale day. 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, at which time Buyer would forfeit its \$1,000.00 bidder's registration cashier's check, and Seller will instruct auctioneer to immediately re-sell the Property to another buyer.

13. **CLOSING:** The Closing of the Property will be on or before November 27, 2009 for Properties sold on October 27, 2009. For Properties sold on October 28, 2009, the closing of the Property will be on or before November 30, 2009. Closing shall be conducted at the offices of Morris/Hardwick/Schneider, (an agent for Chicago Title Company), located at 2401 Lake Park Drive, Suite 160, Smyrna, Georgia 30080; telephone (678) 805-0265. The contact for Morris/Hardwick/Schneider is Jason Thurber. 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. *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.

16. *CHOICE OF LAW, JURISDICTION, AND VENUE:* Any Auction matter shall be exclusively construed and governed in accordance with the laws of the State of Georgia, without regard to its conflict of laws principles. The exclusive jurisdiction and venue for any controversy or claim between the parties shall be the county in which the Property is located in the State of Georgia.

17. *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.

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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 (“Property” herein may have either a singular or plural meaning, plus the “Properties” is used in some instances for the plural). Participation in the Auction is at Bidder’s sole risk and Seller and Auctioneer, plus their agents, brokers, contractors, employees, and representatives will have no liability whatsoever on any basis. The Property will be offered and sold in “*AS IS, WHERE IS*” condition with all burdens, circumstances, defects, facts, faults, dangers, hazards, issues, items, material facts, problems, vandalism, and other relevant matters, whether latent or patent, whether past, present, or future, and whether or not referenced herein, which affect, involve, or relate in any way to the Property (“Property Issues”). 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 Property Issues affecting, involving, or related in some way to the Property. Bidders should govern themselves accordingly. Participation in the Auction is at Bidders’ sole risk and Seller and Auctioneer, plus their agents, contractors, and employees, will have no liability on any basis whatsoever. All Properties will be offered and sold in “*AS IS, WHERE IS*” condition with all Property Issues then existing.

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: (a) THE *TERMS OF AUCTION*, and (b) THE *REAL PROPERTY SALE CONTRACT*.

Without waiving or modifying the above disclaimer in any way or degree, Seller and Auctioneer disclose the following information which relates to the specific Properties identified. Seller and Auctioneer emphasize that there may be other Property Issues affecting any one or more of these identified Properties and this is not an all-inclusive list of such matters to be relied upon by Bidders.

EXCEPT AS EXPRESSLY STATED BELOW, SELLER WILL TAKE NO ACTION TO ADDRESS, CURE, FIX, REMEDY, REPAIR, OR SOLVE ANY PROPERTY ISSUES DISCLOSED.

REO: Seller discloses that the Property was previously foreclosed by it and is now its “Real Estate Owned” (“REO”). Seller has little or no knowledge of the condition or circumstances surrounding these REO Properties and, consequently, Seller does not attempt to make any other disclosures about the Property, except as contained herein, and Buyer must perform all due diligence required or needed. As a material part of the consideration for this Agreement, Seller and Buyer agree that the Property is being sold in “*AS IS, WHERE IS*” condition with all burdens, circumstances, defects, faults, dangers, hazards, issues, material facts, problems, vandalism, and other relevant matters, whether latent or patent, whether past, present, or future, and whether or not referenced herein, or in the *Terms of Auction*, and Buyer knowingly, voluntarily, unconditionally, and irrevocably waives, releases, and discharges Seller and Auctioneer from any claim that Buyer may otherwise have had with respect to the Property, the Auction, this Sale Contract, and the transaction contemplated.

DISCLAIMER: This package is merely a bulletin and is solely intended to provide interested parties with preliminary information only. The delivery of this bulletin to any person shall not create any agency relationship between such person and the Federal Deposit Insurance Corporation (FDIC), in its various capacities, or subsidiaries (Seller). The information included in this package is believed to be correct, but it is not guaranteed and is not necessarily correct. Some of the information furnished is from outside sources deemed to be reliable, but is not certified as accurate by the FDIC.

All of the information contained herein is subject to corrections, errors and omissions, etc. All purchase offers must be based on purchaser's own investigation of any Property made available for purchase and not on any representations made by any party. Seller makes no representation nor warranty, express or implied, with respect to any of the Property(ies) made available for purchase; every Property is being sold in an AS IS, WHERE IS CONDITION, WITH ALL FAULTS, if any.

This Statement shall not constitute an offer to sell or a solicitation of an offer to buy any of the Properties referenced herein. In addition and without limitation of the foregoing, there shall not be any sales of any of the Properties in any state in which such offer, solicitation, or sale would be unlawful prior to registration or qualification under the applicable security laws of that state.

Mold Disclosure: Mold is a naturally occurring microbe that can pose a health risk to people in certain circumstances, and particularly where there concentrated, high levels exist in a living environment. If the Bidder/Purchaser is concerned or desires additional information, Bidder/Purchaser should consult an appropriate professional. 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. 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 people exposed to it. Additional information regarding radon and radon testing may be obtained from the county public health unit where the Property is located.

Lead-Based Paint Disclosure: Residential dwellings built prior to 1978 may include lead-based paint. Buyer of such Property must immediately execute a "Lead-Based Paint Waiver" in favor of Seller to be made part of the Sale Contract, thereby waiving Buyer's right to conduct any risk assessment or inspection for lead-based paint hazards. Every Bidder should read and understand the lead hazard information pamphlet provided and the "Lead-Based Paint Disclosure" in the Sale Contract.

Property Tax Disclosure Summary: Purchaser should not rely on Seller's current property tax assessment on the Property as being indicative of the amount of tax that will be owed on the Property in the future. A change of ownership or improvement of the Property may trigger a tax reassessment for the Property and could result in higher taxes being assessed to Purchaser. If you have any question concerning valuation or taxation of the Property, you should immediately contact the municipal treasurer's office for further information.

Environmental Reports: As applicable to various Properties, the Seller has provided environmental assessment reports. These reports may include certain material facts that may affect the value or desirability of the Property. These reports are not intended to be a substitute for prospective Buyer's hiring of qualified experts to inspect the Property, nor are these reports a warranty or guarantee, of any kind by the Seller, Broker or Auction Company. Notwithstanding, no party may rely upon such reports.

Closing Costs: Buyer will be responsible for paying the following closing costs, including but not limited to the following:

(a) **For a Sale Contract of \$50,000 or less** (high bid price; prior to inclusion of buyer's premium), the preparation of the deed will be paid by the Seller. Buyer will be responsible for all closing expenses and costs incurred in connection with the Purchaser's purchase of the Property, including all utility costs and expenses incurred by any party in connection with the Property, whether or not such costs or expenses are assessed against the Property will be paid by the Purchaser. The expenses and costs to be paid by the Purchaser include, but are not limited to, escrow/closing fees charged by the title/closing company, preparation of the Title Commitment and the premium for the Title Policy, documentary stamp fees, ad valorem and transfer taxes, outstanding back taxes, if any, and recording fees. The Seller will convey the Property to Buyer by Quit Claim Deed.

(b) **For a Sale Contract above \$50,001** (high bid price; prior to inclusion of buyer's premium), Seller will pay the costs associated with the preparation of the Deed and all other conveyance documents, one-half of the escrow fees charged by the Title Company, the premium for the Title Commitment and Title Policy, and Seller's attorneys' fees. Seller will cause any mortgages, deeds of trust, or other monetary liens recorded against the Property to be released, unless it elects not to cure according to Section 6 of the sales contract. All other costs and expenses incurred in connection with the sale of the Property will be paid by Purchaser. The Property will be conveyed by Seller to Purchaser by Special Warranty Deed.

Utility Services: Purchaser shall be exclusively responsible for obtaining any and all permits for the installation or continuation of utility services to the Property itself and paying all costs related to such installation or continuation. Any and all past due utility charges will be the responsibility of the Buyer and not the Seller.

Association Memberships: Some Properties may be part of an association in which the Buyer will automatically become a member as a result of purchasing a Property. Buyer will be subject to, and solely responsible for paying, all such association fees which may include, but are not limited to, assessments, common expenses, and capital contributions.

Prohibited Purchaser: Bidder/Purchaser acknowledges that certain persons are prohibited from purchasing assets from Seller. Bidder/Purchaser also acknowledges that under certain circumstances, Seller will not sell assets to certain persons. Accordingly, prior to the execution of the sales contract, Purchaser will be required to complete and execute the Purchaser Eligibility Certification (the "**PEC**") as found in Bidder's Packet. Bidder/Purchaser represents and warrants that the completed PEC is true and correct, and acknowledges that Seller is relying on the truth and accuracy of the completed PEC. Any incorrect information on the PEC will constitute a breach of the Contract by the Purchaser. Should the Seller determine prior to Closing that any portion of the Purchaser's completed PEC is incorrect, Seller may terminate the Contract and retain the Earnest Money per Section 16 of this Contract and may pursue other sanctions provided by law.