

# J. P. KING AUCTION COMPANY, INC.

## TERMS OF AUCTION

### ALABAMA RECREATIONAL TIMBER LAND Crenshaw County, Alabama

### FLORIDA RECREATIONAL LAND Holmes County, Florida

**Saturday, March 6, 2010**

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 Alabama Broker, J. Craig King ("Broker") whose address is 108 Fountain Avenue, Gadsden, AL 35901 and its Florida Broker, J. Scott King ("Broker") whose address is 108 Fountain Avenue, Gadsden, AL 35901 (unless otherwise noted, King and Broker collectively referred to as "Auctioneer") have contracted with Union Timber and Investment Company, LLC ("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](http://www.jpking.com), and posted at the Auction.

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](http://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:** Unless otherwise disclosed, the Property will be offered for sale and conveyed by deed free and clear of all liens, mortgages, deeds of trust, delinquent taxes, assessments and warrants, but subject to all non-monetary encumbrances such as conditions, covenants, deeds, easements, reservations, restrictions, right-of-ways, title

exceptions, zoning regulations 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 incorporated herein by reference.

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.

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 on the Property, either directly or indirectly. 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 any fraction of the Property shall not be contingent upon the sale of any other portion thereof, whether purchased by the same Buyer or not.

(a) The sale of this property shall be by Seller's confirmation of the High Bid Price for the Property/Tract.

(b) The Property is scheduled to be sold using the "*Multi-Parcel Bidding*" (also known as "*Multi-Par Bidding*") method of auction as follows:

(c) *Round One:* The initial highest Bidder in round one will select any one or more of the tracts from the Property inventory designated for round-one bidding. Once the initial highest bidder has completed this selection, if any tracts in the round-one Property inventory remain available, bidding will resume in a second phase of round one for the available tracts. The highest Bidder in the second phase of round one will select any one or more of the available tracts from the round-one Property inventory. This process will continue into a third and subsequent phases of round-one bidding until all tracts in the round-one Property inventory have been selected by their respective highest Bidders. Prior to starting the second and any subsequent phase of round-one 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 tracts 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 tracts from the round-one Property inventory, that Bidder may NOT exchange any tract previously selected for any other tract.

(d) *Round Two:* All Bidders, including the respective high bidders in round one, shall have the right to select any tract for re-bidding in round two, or to select and combine any two or more tracts for re-bidding, on the terms defined by Auctioneer and subject to a minimum, five-percent (5.00%) increase over the current highest bid price for the tract(s) selected. Round-two bidding shall remain open for the tract(s) selected through one or more phases of bidding until all bidding for all of the tracts has ended and the Bidders make no further request to re-bid any tract or combination of tracts, at which time Auctioneer will close the round-two bidding and announce which tracts have been sold and the identities of the respective highest Bidder(s) to become the Buyer(s).

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:** The Closing of the **Alabama Property** shall occur on or before April 5, 2010. Closing shall be conducted at Murphy, Murphy & McCalman, P.C. located at 5 East Court Square, Andalusia, Alabama 36420; telephone (334) 222-3333. The representative is J. Mark Murphy.

The Closing of the **Florida Property** shall occur on or before April 5, 2010. Closing shall be conducted at Blue Title located at 174 Watercolor Way, Suite 331, Santa Rosa Beach, Florida 32459; telephone (850) 960-0016. The representative is Lisa Shaffer.

14. **FINANCING:** Promotional auction financing is available through First South Farm Credit to buyers of **Alabama Auction Properties**, subject to credit approval. Further credit qualifications as well as other terms and conditions may apply and are subject to change. Contact Andrew Moorner at First South Farm Credit at (334) 335-6531 or [amoorer@firstsouthfarmcredit.com](mailto:amoorer@firstsouthfarmcredit.com) for further details.

Promotional auction financing is available through Farm Credit of Northwest Florida, ACA to buyers of **Florida Auction Properties**, subject to credit approval. Further credit qualifications as well as other terms and conditions may apply and are subject to change. Contact Stephen Roach at Farm Credit of Northwest Florida, ACA, 5052 Highway 90, Marianna, FL 32446-7856; telephone: (800) 527-0647 or [sroach@farmcredit-fl.com](mailto:sroach@farmcredit-fl.com) for further details.

15. **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.

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 will be exclusively construed and governed in accordance with the laws of the state where the Property is located, without regard to its conflict of laws principles. The exclusive jurisdiction and venue for any controversy or claim between the parties will be the city/county where the Property is located.

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.

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