

AUCTION: SUMMIT TOWER CONDOMINIUM - AVAVIEW CONDOMINIUM - SUNRISE AT THE LAKE CONDOMINIUM

AUCTION TERMS & CONDITIONS

AUCTION DAY

The Auction of **SUMMIT TOWER CONDOMINIUM - AVAVIEW CONDOMINIUM - SUNRISE AT THE LAKE CONDOMINIUM** will be held on **December 5, 2009** at **1:00PM** at the Metropolitan Ballroom, Sheraton Seattle Hotel, 1400 Sixth Avenue, Seattle, WA. The auction will last approximately 1 hour. Bidders should plan to arrive at **11:00AM** to pick-up their bidder packages.

PUBLISHED RESERVE

The Seller has established a minimum selling price (Published Reserve) for each property to be auctioned. No bid below the published reserve will be recognized by the Auctioneer. **There are no Hidden Reserves.** The auctioneer will accept bids only from qualified, registered bidders equal to or greater than the published reserve price. This public auction process ensures that you will be able to purchase the Home of your choice!

AUCTION BUYER'S SEMINAR

An informative "Auction Buyer's Seminar" will be held on **December 1, 2009** at **7PM**. **Contact the Auction Information Office for the location of the Seminar.** If you've never bought a Home at auction before, this seminar will be helpful for you. A practice auction will take place with a professional auctioneer, and there will be a "Question and Answer" session where you will learn about:

- Auction Terms and Conditions
- How to Register for the auction
- How to Bid at the auction
- How to Prequalify for Financing

OPEN HOUSE

The Auction Information Office is located on-site at (**SUMMIT:** 900 Summit Ave E, Seattle, WA 98102) (**AVAVIEW:** 9056 Mary Avenue NW, Seattle, WA) (**SUNRISE:** 13426 Greenwood Avenue N., Seattle, WA) and is open **seven days per week** from **11 am to 5 pm**. You will have the opportunity to view and inspect all of the Homes prior to Auction Day.

COMMUNITY & HOME INSPECTIONS

Registered bidders are encouraged to inspect all of the Homes prior to Auction Day. It is the responsibility of all prospective buyers to inspect the properties prior to the auction and satisfy themselves as to their physical condition. Prospective buyers assume all risks associated with any such inspection.

REVIEW AUCTION DOCUMENTS

Registered bidders are encouraged to thoroughly review the documents which are available in the Auction Information Office. Written acknowledgement of receipt of Auction Documents is required to be eligible to bid on Auction Day. A partial list of documents includes:

- a) **PURCHASE AND SALE AGREEMENT ("PSA") FORMS**, including: 1) Condominium Purchase and Sale Agreement (MLS Form 28); 2) Standard Addendum to Condominium Purchase and Sale Agreement (Alternative to MLS Form No. 29); and 3) Special Warranty Deed.
- b) **DISCLOSURE BOOK**, containing: 1) Public Offering Statement, including warranty disclosures and disclaimers; 2) Inspection Reports, if any; 3) Declaration of Covenants, Conditions and Restrictions (CC&R's); 4) Survey Map and Plans; 5) Homeowners Association ("HOA") Articles of Incorporation; 6) HOA Bylaws; 7) HOA Rules and Regulations, if any; 8) HOA Estimated Annual Budget; 9) Reserve Study, if any; and 10) any other documents that may be included in the Disclosure Book.
- c) **SEPARATE PROJECT FORMS/DISCLOSURES**. There is a separate and distinct set of PSA Forms and Disclosure Book for each project being auctioned. Bidders are responsible for assuring receipt and review of the PSA Forms and Disclosure Book for each project on which Bidder may be bidding.

All Purchasers will become members of the Condominium Homeowners Association and will be assessed a monthly fee. Complete details are available at the Auction Information Center.

REGISTER TO BID

Auction Registration is required to be eligible to bid on Auction Day. Registration consists of completing and returning the Bidder Registration Form included in the Auction Brochure and online. Bidders should submit their Registration Form in person to the Auction Information Office or by fax to **425.641.5572**. All Registration Forms must be received by **6PM** on **December 3, 2009**. Potential registered bidders shall be solely responsible for confirming the delivery and timely receipt of their completed and signed Registration Form to the Auction Information Office. Bidder's failure to timely register with the Auction Information Office shall result in non-recognition of the bidder at the Auction.

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AUCTION FINANCING

Prior to the Auction, **all auction bidders are required to be pre-qualified with one of Seller's Designated Lenders**, even if Bidder is intending to use another lender for the purchase, or to pay cash for the purchase. Therefore, no contingencies will be allowed upon the buyer's ability to obtain financing. A variety of current market rate financing programs are available through Seller's Designated Lender(s) for all qualified participants. Information for contacting representatives from Seller's Designated Lender(s) is available at the Auction Information Office.

THIRD PARTY FINANCING AND CASH BUYERS

A buyer who chooses to apply for financing other than through the Seller's Designated Lender must submit a letter of pre-approval from their lender with a point of contact person for the lender **prior to Auction Day**. When submitting your Bidder Registration form Registered Bidders must bring their pre-approval letter with them on auction day. Registered Bidders who choose to pay cash for the purchase must submit **PROOF OF FUNDS**, such as original bank statements, to the Seller's Designated Lender prior to Auction Registration. **HOWEVER, ALL BUYERS MUST ALSO HAVE BEEN PRE-QUALIFIED WITH THE SELLER'S DESIGNATED LENDER (EVEN IF CHOOSING THIRD-PARTY FINANCING). REGISTERED BIDDERS MUST BRING THEIR SELLER'S DESIGNATED LENDER PRE-QUALIFICATION LETTER ON AUCTION DAY.** Use of an alternative lender must be approved by Seller, and the alternative lender must prior to Auction day verify in writing to Seller that the Condominium has been approved for financing and that Bidder has been prequalified.

BUYER PREMIUM

A 3% Buyer Premium shall be added on to your bid amount. Buyer premiums are used by many auction houses as a way of spreading the cost of the event with the people who benefit most from the opportunity to purchase: the buyer. It is an amount added to the high bid in addition to the high bid and payable by the buyer.

ALL BIDDERS

In order to be eligible to bid at the Auction of **SUMMIT TOWER CONDOMINIUM - AVAVIEW CONDOMINIUM - SUNRISE AT THE LAKE CONDOMINIUM**, all registered bidders, including those using third party financing and those cash buyers, are required to be prequalified by Seller's Designated Lender prior to the auction. Neither the Seller, the Seller's Broker, nor the Seller's Auctioneer make any representation or warranty that the prospective buyer of any Home will qualify for purchase financing from the Seller's Designated Lender and/or third party financing. Mortgage financing is subject to buyer's credit approval and completion of all loan documents and property appraisal.

BROKER PARTICIPATION

Broker Participation is encouraged from licensed real estate Brokers and their agents. A Referral Fee equal to **one percent (1%)** of the winning bid amount will be paid to the broker who properly registers a bidder who subsequently closes escrow. To qualify for a Broker Referral Fee, the broker must (1) accompany their clients on the **FIRST** visit to the Condominium, and (2) attend the auction on Auction Day with their client, and (3) be present in the contract room with their successful bidder, and (4) assist with their contract documentation and loan processing, and (5) must also follow through with the overall Escrow completion, loan and/or cash requirements in order to successfully close escrow. Clients must register their broker on their Bidder Registration Form. All Cooperating Broker forms must be received at the Auction Information Office in person or via fax no later than **December 3, 2009. No Broker Registrations will be accepted on Auction Day.** Buyers and Brokers who do not comply with all of the above steps shall assume liability and be solely responsible for payment of any Broker Referral Fee due and payable to their broker.

CASH EQUIVALENT

To participate and bid, all bidders must bring with them on Auction Day a "Cash Equivalent" of **\$2,500.00**. This Cash Equivalent must be in the form of a Cashier's Check made payable to yourself. For winning bidders, your Cash Equivalent will be used as your initial Earnest Money Deposit. Should a bidder be approved to purchase more than one Home, a separate Cash Equivalent will be required for each Home. Successful multiple Home Buyers who wish to remain in the auction and bid on further properties, will be required to immediately endorse and deposit a separate **\$5,000.00** Cashier's Check with the auction escort after each successful purchase. Multiple Home Buyers may remain in the Auction, but must complete the purchase documents on each Home immediately following the Auction.

DEPOSIT

Upon acknowledgment of a final successful bid, which bid shall be recognized at the auctioneer's sole and absolute discretion, an auction escort will usher the bidder out of the Auction room and into the document area. The bidder shall immediately sign a Bid Confirmation Form acknowledging the auctioneer's final successful bid amount. The Cashier's check shall be endorsed to the Sellers Designated Title and Escrow Company and shall be used as your initial earnest money deposit which will total **5%** of the purchase price. Bidders who wish to purchase Multiple Homes must deposit **15%** earnest money deposit on Auction Day. The additional money due for the total deposit must be paid by personal check by

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the winning bidder on Auction Day. Please bring your personal checkbook with you. The bidder will then complete and sign purchase documentation.

CLOSING

All escrows for the Auction of **SUMMIT TOWER CONDOMINIUM - AVAVIEW CONDOMINIUM - SUNRISE AT THE LAKE CONDOMINIUM** shall close no later than **January 8, 2010**. All buyers will be required to pay all buyers applicable and customary closing costs including, but not limited to, escrow fees, recording fees, normal pro-rations, title insurance premiums and fees, and document preparation fees.

EXTENSIONS

The Seller, at Seller's sole and absolute discretion, may grant an extension of the closing date. Any such requests for extensions must be made in writing and at least ten (10) days prior to their original scheduled closing date. All extension requests are evaluated by the Seller on a case-by-case basis and are solely at the Seller's discretion and, if granted, extension fees will be applicable. No Auction sale will be contingent upon receiving a closing extension from the Seller.

BUYER DEFAULT

If a buyer defaults on the terms of the contract Seller may retain buyer's total Earnest Money deposit of **5%**, or **15%** deposit for Multiple Home Buyers, of the Purchase Price and as per the terms of the Purchase Agreement.

ADDITIONAL CONDITIONS

1. No claim will be considered for allowance, adjustment or rescission based upon failure of the properties to correspond to any particular expectation or standard (except condition of title pursuant to the Purchase and Sale Agreement forms). No contingent buyer will be able to purchase at the Auction.
2. Title insurance is available for each Home ensuring the title of such properties to be marketable and subject to no exceptions and exclusions that are inconsistent with the "Condition of Title" stated in: (a) General Term d of Condominium Purchase and Sale Agreement (MLS Form 28 Rev. 1/09); and Paragraph 29 of Standard Addendum to Condominium Purchase and Sale Agreement (Alternative to MLS Form No. 29).
3. No buyer shall assign its rights under the Purchase Agreement to any other party, and any attempted assignment shall void the Purchase Agreement.
4. Bidding increases will be in such increments as the Auctioneer, in his or her sole discretion, directs. In the event of a dispute between Registered Bidders, the Auctioneer shall make the sole and final decision to either recognize the high bid or to re-offer and re-sell the properties in dispute. The Auction will be recorded and if any dispute arises following the Auction, the Auctioneer's records shall be conclusive in all respects. Registered Bidder's attendance at the Auction shall constitute registered bidder's consent to audio/video recording of the Auction.
5. On Auction Day, the properties will not necessarily be auctioned in the order in which they appear in the brochure. The order of bidding will be announced prior to the Auction on Auction Day.
6. Seller reserves the right to refuse admittance to or expel anyone from the Auction premises for interference with Auction activities, nuisance, canvassing, or other reasons. No alcoholic beverages will be allowed. No auction participant may take audio or video recordings of the auction.
7. The Seller has the right to postpone or cancel the Auction in whole or in part in its sole discretion, and to modify or add any terms and conditions of sale and to announce such modifications or additional terms and conditions either prior to or at the Auction.
8. The information contained herein and all related Auction materials, and all offers and subsequent sales, are subject to these Auction Terms and Conditions of **SUMMIT TOWER CONDOMINIUM - AVAVIEW CONDOMINIUM - SUNRISE AT THE LAKE CONDOMINIUM**, the Purchase and Sale Agreement (and Standard Addendum thereto). No inconsistency is intended between the provisions of the Auction Terms and Conditions and the Purchase and Sale Agreement (and Standard Addendum thereto). However, if there are any conflicting provisions, the Auction Terms and Conditions shall control over the Standard Addendum and the Agreement, and the Standard Addendum shall control over the Purchase and Sale Agreement.
9. This offer is void where prohibited. Brochures will not be mailed to residents of any state in which this offering is not in compliance with the real estate laws or other laws of that state.
10. There are no contingencies whatsoever in connection with the purchase. If Buyer(s) fail to complete the purchase, their deposit shall be forfeited as per Liquidated Damages up to **5%** (or **15%** for Multiple Home Buyers) of the purchase price.

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SELLER DISCLOSURE AND DISCLAIMER OF ALL WARRANTIES. Bidder acknowledges and agrees:

- 1. Full Disclosure Regarding the Receivership and Condominium.** Bidder received, prior to the Auction, a full and complete copy of the Disclosure Book (including the Public Offering Statement, which contains various disclosures, including without limitation: (i) Seller's role as a receiver for the Property, (ii) Receiver's limitations on access to information regarding the Condominium including the prior work done by the original Property owner and condition of the improvements, (iii) Receiver's efforts to obtain information necessary to update the disclosures in the Disclosure Book including updated reports regarding the condition of the Condominium to the extent reasonably ascertainable, (iv) the likelihood that after the sale of all Units and payment of secured creditors there will be no funds remaining to satisfy any claims of Unit owners or the Owners Association for the Condominium, and (v) Receiver's application to the Court for an order authorizing the sale of the Unit to Bidder without the benefit of those consumer protections stated in Article 4 of the Washington Condominium Act, Chapter 64.34 RCW, including any implied warranties of quality which would otherwise be available under RCW 64.34.445.
- 2. Intent/Purpose.** The intent and purpose of the Disclosure and Disclaimer is to provide Bidder and Seller, prior to the consummation of a transaction, with a clear and predictable understanding of their rights, duties and obligations.
- 3. Bidder Review.** Bidder received the Disclosure Book and the Standard Addendum, including this Disclosure and Disclaimer, prior to the Auction and prior to signing the Purchase and Sale Agreement. Bidder has had full and fair opportunity, prior to the Auction and prior to signing the Purchase and Sale Agreement, to carefully review, seek legal advice with respect to, and understand the effect, purpose and consequences of this Disclosure and Disclaimer. Seller has encouraged Bidder to seek advice from an attorney of Bidder's choosing prior bidding at the Auction and prior to signing this Purchase and Sale Agreement. Bidder's failure to read or understand this Disclosure and Disclaimer or to obtain any necessary or desirable assistance of legal counsel in understanding this Disclosure and Disclaimer shall not in any way change Bidder's or Seller's rights, duties or obligations under this Disclosure and Disclaimer or under the Purchase and Sale Agreement.
- 4. Bidder Inspection.** Bidder has had a full and fair opportunity to inspect the Unit prior to bidding at the Auction and prior to signing the Purchase and Sale Agreement. Bidder has determined the scope of its inspection in Bidder's sole discretion.
- 5. Deep Discount; Election to Purchase.** Bidder acknowledges that the purchase price of the Unit established at auction may have been deeply discounted to reflect this Disclosure and Disclaimer. By bidding on the Unit and signing the Agreement, Bidder has determined that the benefits of a deeply discounted price outweigh the significant risks arising from purchasing the Unit under the terms of this Disclosure and Disclaimer and has elected to proceed with the purchase. Bidder represents and warrants to Seller that Bidder suffers from no physical or mental infirmity, illiteracy, or inability to understand the language of this Disclosure and Disclaimer or similar factors, and that Bidder used due care and deliberation in electing to purchase at the Auction.
- 6. Disclaimer of all Warranties.** Seller, Auctioneer, TeamBuilder JLS, LLC (d/b/a TeamBuilder Auction Group) and/or Broker, make no warranties expressed or implied, or representations of any kind concerning the property, including but not limited to the physical condition of the property. ***SELLER HEREBY DISCLAIMS ALL WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTIES OF QUALITY DESCRIBED IN RCW 64.34.445, AND ANY WARRANTY OF HABITABILITY, MERCHANTABILITY OR FITNESS FOR A PARTICULAR USE. BIDDER ACKNOWLEDGES THAT THIS WARRANTY DISCLAIMER IS CONSCIONABLE IN LIGHT OF BIDDER'S OPPORTUNITY TO FULLY INVESTIGATE THE UNIT AND COMMON ELEMENTS AND CONSULT WITH AN ATTORNEY BEFORE BIDDING AT THE AUCTION, AND SELLER'S EFFORTS TO MAKE FULL AND COMPLETE DISCLOSURES IN THE DISCLOSURE BOOK TO THE EXTENT POSSIBLE UNDER THE CIRCUMSTANCES. BIDDER FURTHER ACKNOWLEDGES THAT THIS WARRANTY DISCLAIMER SHALL NOT CAUSE BIDDER TO BE LEFT WITHOUT A MINIMALLY ADEQUATE REMEDY IN LIGHT OF THE DEEP DISCOUNT BIDDER MAY BE RECEIVING AT THE AUCTION AND THE POTENTIAL FOR THE VALUE OF THE UNIT TO INCREASE SIGNIFICANTLY IN THE FUTURE AND THE FACT THAT SELLER'S REMEDIES FOR BIDDER LATER DECIDING TO NOT CLOSE THE PURCHASE ARE LIMITED TO FORFEITURE OF THE EARNEST MONEY.***
- 7. Inducement to Seller.** Bidder's acceptance of this Disclosure and Disclaimer is a direct and material inducement to Seller's agreement to sell the Unit for the agreed price, and has been relied upon by Seller (and Seller's contractor, subcontractors, vendors, suppliers and other professionals).
- 8. Binding on Bidder.** That Bidder's acknowledgment and agreement shall be binding upon Bidder in Bidder's capacity as a Unit Owner and Association Officer and Board member, and with respect to the Unit and Common Elements.