

PRELIMINARY

TERMS & CONDITIONS OF AUCTION

**“Escapes! To the Shores, Craft Farms Lots & The Peninsula Lots”
24060 Perdido Beach Blvd.
Orange Beach, Baldwin County, Alabama
July 25, 2009**

These “Terms and Conditions of Auction” shall be attached to and become a part of the PURCHASE AND ESCROW AGREEMENT (the “Purchase & Escrow Agreement”). The Purchase & Escrow Agreement, as supplemented by these Terms and Conditions of Auction, shall supersede and prevail over any other printed or oral statements and any other agreement between the Buyer and Seller.

The National Auction Group, Inc. (“Auction Company/Auctioneer”) has entered into a contract with Escapes!, Inc., and Cooper Homes, Inc., as their interest may appear, (hereinafter jointly referred to as “Seller”) to sell thirty (30) condominium units located at Escapes! To The Shores, a Condominium, located at 24060 Perdido Beach Boulevard, Orange Beach, Baldwin County, Alabama, 36561; and fifteen (15) lots located at Craft Farms, Orange Beach, Baldwin County, Alabama, and The Peninsula, Orange Beach, Baldwin County, Alabama, (hereinafter collectively referred to as the “Property”), at absolute auction. All the condominium units are selling furnished except Units 1701, 1702, 1703, 1704, 1802, 1803 and 1804 WILL NOT be sold furnished.

The Seller has the right, in his or her sole discretion, for any or no reason, to change or modify these terms and conditions, to add or withdraw any Condominium Unit or any lot, or all Condominium Units or all lots, prior to the start of the bidding by gavel of Auctioneer, before or at the Auction on July 25, 2009.

The Auctioneer reserves the right to announce any additional terms and conditions before or during the Auction. The Auctioneer makes no warranty or guarantee as to the correctness and completeness of any information. All information is subject to actual verification thereof by bidder(s)/prospective Buyer(s) prior to commencement of the Auction, and bidding constitutes

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evidence of bidder(s)' acceptance of these terms and satisfactory verification of any information received or relied upon by any such bidder(s)/prospective Buyer(s).

AS TO THE ESCAPES! TO THE SHORES CONDOMINIUMS ONLY: The Condominiums will be sold subject to covenants, restrictions, reservations, limitations, conditions, uses, agreements, easements, options and other provisions for Escapes! To the Shores, a condominium, according to the Declaration of Covenants and Restrictions for the Escapes! To the Shores, a condominium, and all Exhibits thereto, the Supplemental Declaration of Covenants and Restrictions for Escapes! To the Shores, and Amendments thereto, and Articles of Incorporation of Escapes! To the Shores Condominium Owners Association.

AS TO THE LOTS LOCATED AT CRAFT FARMS ONLY: The lots will be sold subject to the Declaration of Covenants, Conditions and Restrictions for Craft Farms North, Phase One, a Subdivision, Subsequent Amendment and Supplementary Declaration of Declaration of Covenants, Conditions and Restrictions for Craft Farms North, a Subdivision, and the By-Laws of Craft Farms North Property Owners' Association, Inc.

AS TO THE LOTS LOCATED AT THE PENINSULA ONLY: The lots will be sold subject to the Master Declaration of Covenants, Conditions and Restrictions for The Peninsula, a Residential Planned Community; By-Laws of The Peninsula Master Association, Inc.; Supplemental Declaration of Covenants, Conditions and Restrictions for The Peninsula; First Amended and Restated Master Declaration of Covenants, Conditions and Restrictions for The Peninsula; Supplemental Declaration of Covenants, Conditions and Restrictions for The Preserve Neighborhood; Supplemental Declaration for Baywalk Neighborhood; Supplemental Declaration for The Boulevard Neighborhood; Amendment to The Supplemental Declaration for the Boulevard Neighborhood; and By-Laws for The Boulevard Neighborhood Association, Inc.

The property will be sold subject to all easements, any existing rights-of-way, public utilities, health department regulations, encroachments, restrictions, zoning regulations, governmental agency regulations, environmental conditions, leases, adverse possession, sewer assessments and all other matters now of record.

Buyers will receive a credit equal to 1% of the Buyer's winning bid price **ONLY** if Buyer closes with cash on the day of the auction.

All Property will be sold "AS IS, WHERE IS" and "WITH ALL FAULTS." No warranties, either statutory or otherwise, expressed or implied, of any kind whatsoever, including those as to

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the fitness for a particular use or purpose, habitability, merchantability, quality of construction, or environmental condition [including without limitation, the presence or absence of asbestos, lead-based paint, or any hazardous substances, hazardous wastes, petroleum or petroleum by-products (collectively "Hazardous Materials") concerning or with respect to the Property are given by the Seller or the Auction Company.

All bidders acknowledge and agree by their participation in the Auction, that the bidder has inspected the Property and is not relying on any warranty or representation of Seller or Auctioneer, or any agent thereof, and that the bidder is buying the Property "AS IS, WHERE IS" and "WITH ALL FAULTS."

All bidders must register and receive a bid number in order to bid. In order to obtain a bid number, a prospective Buyer will be required to provide a personal check, business check or certified funds made payable to **Gulf Shores Title Co., Inc., 100 Cove Avenue, Gulf Shores, AL 36542, Phone Number (251) 968-6185** issued on a U.S. bank, or other funds acceptable to Seller, in the amount of **Five Thousand Dollars (\$5,000.00) per condo for the ONE Bedroom Condos; Ten Thousand Dollars (\$10,000.00) per condo for the TWO Bedroom Condos; Fifteen Thousand Dollars (\$15,000.00) per condo for the THREE Bedroom Condos; Twenty Thousand Dollars (\$20,000.00) per condo for the Penthouses and/or Two Thousand Dollars (\$2,000.00) per lot for the Craft Farms Lots and The Peninsula Lots ("Bidder Deposit").** AS TO THE ESCAPES! TO THE SHORES CONDOMINIUMS: The Condominium Units will be bid by the dollar (U.S.) and will be sold by the "High Bidder's Choice" method for each Unit Type Group. The highest bidder in the initial round of bidding shall have the choice of all available units in the Unit type Group designated by the Auctioneer. After the initial round of bidding and once the High Bidder's choice has been made, a new round of bidding shall begin for the Unit Type Group designated by the Auctioneer, with the highest bidder for that round choosing from the remaining available units in the Unit Type Group designated by the Auctioneer.

AS TO THE CRAFT FARM LOTS AND THE PENINSULA LOTS: The lots will be bid by the dollar (U.S.) and will be sold by the "High Bidder's Choice" method as designated by the Auctioneer. The highest bidder in the initial round of bidding shall have the choice of available lots as designated by the Auctioneer. After the initial round of bidding and once the High Bidder's choice has been made, a new round of bidding shall begin as designated by the Auctioneer, with the highest bidder for that round choosing from the remaining available lots designated by the Auctioneer.

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All decisions of the Auctioneer shall be final, including but not limited to, decisions on matters such as increments of bidding, disputes among bidders and any other issues that may arise before, during or after the sale.

The successful bidder shall be required to sign the Purchase and Escrow Agreement and pay an Earnest Money Deposit ("Earnest Money Deposit") equal to ten percent (10%) of the total purchase price immediately following the Auction. As used herein, the "Total Purchase Price" shall mean the winning high bid plus a Buyer's Premium equal to ten percent (10%) of the winning high bid ("Buyer's Premium"). The Earnest Money Deposit shall be comprised of the Bidder Deposit previously delivered to the Escrow Agent, with the balance of the Earnest Money Deposit being paid immediately after being declared the Buyer with certified funds, personal check or company check.

The Deposit will be held in a non-interest-bearing, escrow account under the control of Gulf Shores Title Co., Inc., as Escrow Agent, located at 100 Cove Avenue, Gulf Shores, AL 36542, (Phone) (251) 968-6185, pending closing and in accordance with the terms of the Purchase & Sale Agreement. No disbursement will be made from this escrow account until closing or as otherwise set forth in accordance with the Purchase & Escrow Agreement.

In the event a Buyer fails to close and pay his or her balance when due, the Deposit may be retained by Seller as liquidated damages in addition to any other remedies available to the Seller and shall not be deemed a forfeiture or penalty within the meaning of any applicable law.

CLOSING: Closing shall take place on/or before August 24, 2009 ("Closing Date"), or in accordance with the Purchase & Escrow Agreement or such date as mutually agreed upon by Seller and Buyer in writing. Current year taxes shall be prorated to the date of closing. Buyer will be responsible for any subsequent assessments for prior years due to any changes in the usage of the property, if applicable. Seller shall have paid all real property taxes that are due and owing as of the Closing Date. Seller will deliver a Statutory Warranty Deed conveying the Property provided in the Purchase & Sale Agreement. Each party shall pay its own closing costs as enumerated in the Purchase & Escrow Agreement and its own attorneys fees. **POSSESSION SHALL BE DELIVERED IMMEDIATELY AFTER CLOSING AND FUNDING.**

TERMS: Terms shall be as follows: Ten Percent (10%) Earnest Money Deposit on Auction Day payable by personal check, business check, certified funds or other funds acceptable to the Seller with the balance due at closing.

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OWNER FINANCING AVAILABLE: Terms are as follows: Twenty Percent (20%) down on auction day with principal and interest due and payable monthly for twelve (12) months at Eight Percent (8%) interest of the unpaid principal balance based on a 25 year amortization. The principal balance shall be due and payable twelve (12) months from date of closing. Principal amount due auction day will be _____. Principal amount financed will be _____. If the Buyer accepts owner financing, the Financed Portion shall be evidenced by a Promissory Note and secured by a first lien Mortgage covering the Property, each to be executed by Buyer at Closing.

1031 EXCHANGE: It is understood that Seller or Buyer may wish to make a like kind tax-deferred exchange, therefore; Seller or buyer shall have the right to assign their rights to an intermediary for the purposes of effecting a like kind exchange pursuant to Section 1031 of the Internal Revenue Code of 1986 as amended (“Section 1031,” “exchange,” or a “tax-free exchange”); provided, however, that in no event shall the foregoing extend the Closing Date beyond August 24, 2009. Seller and Buyer agree to execute any documents as reasonably necessary to effect such an exchange. The exchanging party will pay any costs associated with said exchange.

AUCTION COMPANY NOTICE OF AGENCY RELATIONSHIP: The Auction Company is acting as agent for the Seller in this transaction and is to be paid a fee by the Seller pursuant to a separate written agreement between Seller and the Auction Company. The Auction Company is not acting as agent for the Buyer in this transaction. Any third party broker is not a subagent of the Auction Company.

THERE WILL BE A TEN PERCENT (10%) BUYER'S PREMIUM ADDED TO THE WINNING BID PRICE TO ARRIVE AT THE TOTAL PURCHASE PRICE. THIS BUYER'S PREMIUM WILL BE PAID BY THE BUYER.

BUYERS WILL RECEIVE A CREDIT EQUAL TO 1% OF THE BUYER'S WINNING BID PRICE ONLY IF BUYER CLOSSES WITH CASH ON THE DAY OF THE AUCTION.

THE NATIONAL AUCTION GROUP, INC. IS THE SELLER'S AGENT ONLY AND MAKES NO REPRESENTATION CONCERNING THIS PROPERTY WHATSOEVER.

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Dated the 25th day of July, 2009.

SELLER:

ESCAPES!, INC.

BY: _____
Print Name: _____
Title: _____

COOPER HOMES, INC.,

BY: _____
Print Name: _____
Title: _____

BUYER(s):

(signature)
Print Name: _____

(signature)
Print Name: _____

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