

PRELIMINARY
EXHIBIT "B"
TERMS & CONDITIONS OF AUCTION
"Flathead Lake Estate"
21505 E. Shore Route
Bigfork, Lake County, Montana
August 6, 2009

These "Terms and Conditions of Auction" supersede all other printed and oral statements and will be attached to and become a part of the **REAL ESTATE PURCHASE AND SALE AGREEMENT** ("Agreement"), which will contain the precise conditions of sale and will prevail over this document and any other agreement between the Buyer and Seller.

The National Auction Group, Inc. ("Auction Company/Auctioneer") has entered into a contract with **Pine Lake Holdings, LLC.**, to sell the real estate described as **Lot 17 and 18 of Flathead Lake Shores Tracts located in Lake County, Montana**, (hereinafter referred to as the "Property") at absolute auction. **We are selling real estate and all rights, title and interest in the real estate and all water, water rights and mineral rights accompanying the real property and to the extent assignable by law or the term thereof.**

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 all, or any portion of the Property, prior to commencement of the bidding on each and every parcel, by gavel of Auctioneer, before or at the Auction on **August 6, 2009**.

All information contained in the advertising and promotion of this sale has been provided by the Seller and is believed to be true and correct. 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 evidence of bidder's (s') acceptance of these terms and satisfactory verification of any information received or relied upon by any such bidder(s)/prospective Buyer(s).

The Property will be sold subject to the all easements, any existing rights-of-way, public utilities, health department regulations, encroachments, restrictions, zoning ordinances, and all other matters now of record.

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

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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 Purchaser will be required to provide personal check, business check or certified funds made payable to **First American Title Company** (Escrow Agent) issued on a U.S. bank, or other funds acceptable to Seller in the amount of **Fifteen Thousand Dollars (\$15,000.00) for Lot 18; Twenty Five Thousand Dollars (\$25,000.00) for Lot 17; or Thirty Five Thousand Dollars (\$35,000.00) for the Entirety ("Bidder Deposit")**.

Lot 17 and Lot 18 will be offered individually and will be bid by the dollar. After both properties have been offered individually, the Auctioneer shall have the OPTION of offering the property as an entirety. A minimum five percent (5%) raise will be required to open the bidding on the entirety.

If the property sells in two tracts to individual buyers (i) an easement and maintenance agreement for the common access road to the lake will be granted prior to closing and (ii) the water rights will be partitioned between the two tracts prior to closing.

All decisions of the Auctioneer shall be final, including but not limited to, decisions on matters such as method of bidding, 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 & Sale Agreement and pay an Earnest Money Deposit ("Deposit") equal to Ten Percent (10%) of the total purchase price immediately following the Auction. The total purchase price shall be the winning High Bid plus a Buyer's Premium equal to **Eight percent (8%)** ("Buyer's Premium") of the winning High Bid. The Earnest Money Deposit shall be the Bidder Deposit with the balance of the Earnest Money Deposit being paid by certified funds, personal check or company check immediately after being declared the Buyer.

The Deposit will be held in a non-interest-bearing, escrow account under the control of **First American Title Company** ("Escrow Agent") located at **210 2nd Street East, Polson, MT 59860, Phone No.: (406) 883-5258**, pending closing and in accordance with the terms of the Agreement. No disbursement will be made from this escrow account until closing or as otherwise set forth in accordance with the 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.

CLOSING: Closing shall take place on or before September 8, 2009, ("Closing Date"), or in accordance with the Agreement or such date as mutually agreed upon by Seller and Buyer in writing. Taxes for the current year 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 **Warranty**

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Deed on the property, free and clear of all liens and encumbrances, conveying the Property, except as is otherwise provided in the Agreement. Each party shall pay its own closing costs as enumerated in Exhibit “D” of the Agreement and its own attorney’s fees. **POSSESSION SHALL BE UPON 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 balance due 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”). 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 EIGHT PERCENT (8%) 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.

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

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