

EXHIBIT "A"

TERMS & CONDITIONS OF AUCTION

"San Carlos"

365 E. Beach Blvd.

Gulf Shores, Baldwin County, Alabama

February 7, 2009

These "Terms and Conditions of Auction" shall be attached to and become a part of the **PURCHASE AND SALE AGREEMENT** (the "Purchase & Sale Agreement"). The Purchase & Sale 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 **Canyon-Gulf Shores Condominium Company, LLC**, (hereinafter referred to as "Seller") to sell units located at San Carlos, a condominium, according to that certain Declaration of Condominium and all exhibits attached thereto, including the By-Laws, dated August 25, 2006, and recorded August 30, 2006, at Instrument 997847, and being more particularly described and defined by Architect's Certification Drawings filed in Apartment Book 24, Page 204, et seq., of the records in the Office of the Judge of Probate of Baldwin County, Alabama, together with appropriate undivided percentage interest in the common elements as declared in said Declaration to be appurtenant to the unit (hereinafter collectively referred to as the "Property" and sometimes referred to as "Unit" or "Units") at absolute auction.

The Seller has the right, in its sole discretion, for any or no reason, to change or modify these terms and conditions, to add or withdraw any Unit or all Units, prior to the start of the bidding by gavel of Auctioneer, before or at the Auction on **February 7, 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 **Declaration of Condominium of San Carlos, a condominium, and all Exhibits thereto, including the By-Laws of San Carlos Condominium Association, Inc.**, 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.

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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.

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.” Notwithstanding any provision hereof to the contrary, this purchase and sale shall expressly exclude any furniture in the Unit, as well as any furniture, blinds or window hardware provided or placed in the Unit by Coastal Dreams by Design, LLC.

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, company check or certified funds made payable to Clear Title, LLC (Escrow Agent) issued on a U.S. bank, or other funds acceptable to Seller (the “**Bidder Deposit**”) in the amount of either: **(i) Five Thousand Dollars (\$5,000.00) per Unit for the two bedroom, two bath units; (ii) Seven Thousand Five Hundred Dollars (\$7,500.00) per unit for the three bedroom, three bath units; and (iii) Ten Thousand Dollars (\$10,000.00) per unit for the Penthouse Units (each a “Unit Type Group”).**

The 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.

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 Auction.

The successful bidder shall be required to sign the Purchase and Sale Agreement and pay an Earnest Money Deposit (the “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%)** (“Buyer's Premium”) of the winning high bid. 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 by certified funds, personal check or company check.

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The Deposit will be held in a non-interest-bearing, escrow account under the control of **Clear Title, LLC** (“Escrow Agent”) at **229 East 20th Avenue, Suite 3, Gulf Shores, AL 36542; Phone No.: (251) 980-1500**, 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 & Sale 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 **March 9, 2009**, (“Closing Date”), or in accordance with the Purchase & Sale 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 Statutory Warranty Deed conveying the Property free and clear of all liens and monetary encumbrances, except as otherwise provided in the Purchase & Sale Agreement. Each party shall pay its own closing costs as enumerated in **Exhibit “C”** of the Purchase & Sale Agreement and its own attorney’s 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 with **Five Thousand Dollars (\$5,000.00) per Unit for the two bedroom, two bath units; Seven Thousand Five Hundred Dollars (\$7,500.00) per unit for the three bedroom, three bath units and Ten Thousand Dollars (\$10,000.00) per unit for the Penthouse Units** being in personal check, company check or certified funds or other funds acceptable to the Seller, with the 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”); provided, however, that in no event shall the foregoing extend the Closing Date beyond March 9, 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.

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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.

FOR ALL SALES THAT CLOSE ON THE DAY OF THE AUCTION, THE SELLER WILL GIVE THE BUYER A CREDIT EQUAL TO 1% OF THE BUYER'S WINNING BID PRICE.

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

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