

PRELIMINARY
EXHIBIT "B"
TERMS & CONDITIONS OF AUCTION
"LAY LAKE"
Talladega County, Alabama
June 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 **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 **RIVER BEND, LLC.**, to sell real estate described as **Lots 1, 6, 7, 8, 9, 10, 11, 12, 24, and 25, Water's Edge Subdivision, Sector One; Lots 58, 59, 60, 61, 62, 63, 64, 65, 70, 71, 72, 74, 75, 76, 77, 78, 79, 89, 90, 91, 92, 94, 95, 97 and 99 Water's Edge Subdivision, Sector Two; and Lots 100, 101, 102, 103, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117 and 118, Water's Edge Subdivision, Sector Three.**

The National Auction Group, Inc. ("Auction Company/Auctioneer") has entered into a contract with **MCK DEVELOPMENT, L.L.C.**, to sell real estate described as **Lot 26, Water's Edge Subdivision, Sector One, (house located at 9 Timber Trail).**

The National Auction Group, Inc. ("Auction Company/Auctioneer") has entered into a contract with **JEFFREY AYCOCK** to sell real estate described as **Lot 48, Water's Edge, Sector One, and Lot 10 of Cedar Shores Subdivision, (house located at 353 General Jackson Memorial Drive).**

The National Auction Group, Inc. ("Auction Company/Auctioneer") has entered into a contract with **ROBIN P. MCKEMIE AND/OR MALLORY CANOIES** to sell real estate described as **Lots 49 and 50, Water's Edge, Sector One.**

The National Auction Group, Inc. ("Auction Company/Auctioneer") has entered into a contract with **THE COVE, LLC.**, to sell real estate described as **Lots 2, 3, 4, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 20, 21, 22, 23, 24, 25, 26, 27 and 28 in The Cove.**

The National Auction Group, Inc. ("Auction Company/Auctioneer") has entered into a contract with **CEDAR CREEK INVESTMENTS, L.L.C.**, to sell real estate described as a **34+/- acre tract of land located in Talladega County, Alabama.**

The National Auction Group, Inc. ("Auction Company/Auctioneer") has entered into a contract with **LAKE FRONT INVESTMENTS GROUP, LP.**, to sell real estate described as **Lot 56, Water's Edge Subdivision, Sector Two, (House located at 1502 General Jackson Memorial Drive) and Lot 80 Water's Edge Subdivision, Sector Two (House located at 129 Cyprus Circle).**

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The National Auction Group, Inc., is the owner of Lot 96, Water's Edge, Sector Two.

All the above listed properties are located in **Talladega County, Alabama**, and will hereinafter collectively be referred to as the "Property". All the above named individuals and/or entities will hereinafter collectively be referred to as "Seller". We are selling real estate only. Twenty (20) lots and one home will be sold 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 lot or lots, property or all properties, prior to the start of the bidding for each separate property or properties, by gavel of Auctioneer, before or at the Auction on **June 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).

All properties are selling subject to any existing rights-of-way, easements, encroachments, zoning regulations, governmental agency regulations, environmental conditions, leases, adverse possession, restrictions, sewer assessments and all other matters of record.

AS TO LOTS 1, 6, 7, 8, 9, 10, 11, 12, 24, 25, 26, 48, 49 and 50, WATER'S EDGE SUBDIVISION, SECTOR ONE ONLY: These lots are selling subject to the Declaration of Covenants, Conditions and Restrictions of Water's Edge recorded in Book 868, at Page 171, in the Office of the Judge of Probate of Talladega County, Alabama.

AS TO LOTS 58, 59, 60, 61, 62, 63, 64, 65, 70, 71, 72, 74, 75, 76, 77, 78, 79, 89, 90, 91, 92, 94, 95, 96, 97 and 99, WATER'S EDGE SUBDIVISION, SECTOR TWO ONLY: These lots are selling subject to the Declaration of Covenants, Conditions and Restrictions of Water's Edge recorded in Book 873, at Page 251, in the Office of the Judge of Probate of Talladega County, Alabama.

LOTS 100, 101, 102, 103, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117 AND 118, WATER'S EDGE SUBDIVISION, SECTOR THREE ONLY: As of 6/1/09, restrictive covenants have not been recorded for Sector Three. A copy of restrictive covenants will be furnished as soon as recorded.

AS TO LOTS LOCATED AT THE COVE ONLY: These lots are selling subject to the Declaration of Covenants, Conditions and Restrictions of The Cove recorded in Book 909, Page 656, in the Office of the Judge of Probate of Talladega County, Alabama.

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AS TO THE HOUSE LOCATED AT 353 GENERAL JACKSON MEMORIAL DRIVE, SYLACAUGA,

ALABAMA ONLY: This property is selling subject to Cedar Shores Covenants and Restrictions recorded in Book 811, at page 755, in the Office of the Judge of Probate of Talladega County, Alabama.

All Property will be sold “AS IS, WHERE IS”, “WITH ALL FAULTS, IF ANY”. 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, IF ANY”.

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 **M-TEC Alabama, Miller Title & Escrow Services, Inc.**, issued on a U.S. bank, or other funds acceptable to Seller, in the amount of **Two Thousand Five Hundred Dollars (\$2,500.00) per lot for THE COVE lots; Three Thousand Dollars (\$3,000.00) per lot for the WATERS EDGE lots; Five Thousand Dollars (\$5,000.00) per home; and/or Seven Thousand Five Hundred Dollars (\$7,500.00) for the 34+/- acre tract (“BIDDER DEPOSIT”)**.

AS TO LOTS LOCATED AT “THE COVE”: Two (2) lots at “The Cove” will be sold absolute. The lots will be bid by the dollar (U.S.) and will be sold by the “High Bidder’s Choice” method. The highest bidder in the initial round of bidding shall have the choice of all available lots in each individual group 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 for “The Cove” lots as designated by the Auctioneer, with the highest bidder for that round choosing from the remaining available lots in each individual group as designated by the Auctioneer.

AS TO THE LOTS LOCATED AT “WATER’S EDGE”: Eighteen (18) lots at “Water’s Edge” will be sold absolute. The lots will be bid by the dollar (U.S.) and will be sold by the “High Bidder’s Choice” method. The highest bidder in the initial round of bidding shall have the choice of all available lots in each individual group 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 for the “Water’s Edge” lots as designated by the Auctioneer, with the highest bidder for that round choosing from the remaining available lots in each individual group as designated by the Auctioneer.

AS TO THE HOMES LOCATED AT 129 CYPRUS CIRCLE, 9 TIMBER TRAIL AND 1502 GENERAL

JACKSON MEMORIAL DRIVE: One (1) home will be sold absolute. The homes will be bid by the dollar (U.S.) and will be sold by the “High Bidder’s Choice” method. The highest bidder will have the choice of the three (3) homes as designated by the Auctioneer.

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AS TO THE HOME LOCATED AT 353 GENERAL JACKSON MEMORIAL DRIVE and THE 34+/- ACRE TRACT: These properties will be offered subject to the Seller's confirmation with the Seller having the right to accept or reject the highest bid.

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 and 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 **Ten percent (10%)** ("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 **M-TEC Alabama, Miller Title & Escrow Services, Inc.**, ("Escrow Agent"/"Closing Agent") at **12 Woodgate Drive, Suite C, Brandon, MS 39042; Phone No.: (877) 760-2250**, pending closing and in accordance with the terms of the Agreement. **The closing agent will accommodate the Buyer and will close by overnight mail, email or at another location chosen by the Buyer.**

No disbursement will be made from these escrow accounts 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 paid by the Buyer shall be paid to the Seller as liquidated damages in addition to any other remedies available to the Seller.

CLOSING: Closing shall take place on or before **July 6, 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 warranty 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 attorneys' fees. **POSSESSION SHALL BE UPON CLOSING AND FUNDING.**

TERMS: 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.

OWNER FINANCING AVAILABLE EXCEPT ON LOTS 48, 49 AND 50 OF WATER'S EDGE SUBDIVISION: 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 with a 15 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 _____.

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_____. 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”). 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.

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

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