

CHICAGOLAND REAL ESTATE AUCTION TERMS & CONDITIONS

I. INTRODUCTION

Thank you for attending the Chicagoland Real Estate Auction. All of the properties offered today must be liquidated. The auction will begin at 9:00 a.m.

II. PRE-AUCTION PROCEDURE

(A) **Credit Approval**: Each prospective bidder must complete an application for credit which must be reviewed and approved at the credit table before the purchase of any property and for each subsequent purchase.

(B) **Bidder Registration**: Upon approval of application for credit, each prospective bidder is required to register at the bidder's registration table before being allowed to bid. Each bidder must present a **certified check, cashier's check, or money order in an amount of not less than \$500.00** made payable to the bidder (which will thereafter be endorsed to "Chicagoland Real Estate Auction Company, as Escrowee" upon a winning bid). This check will remain in the bidder's possession and will only be taken to apply to the initial earnest money on a winning bid. **ONLY a certified check, cashier's check, or money order will be accepted. No personal checks, no company checks, and no checks from a credit union, NOW account, or money market account will be accepted.** Each registered bidder will receive a numbered card to use as a bidder's paddle in the Auction Room.

A \$500.00 initial earnest money deposit is required on each property purchased by the winning bidder, **UNLESS OTHERWISE INDICATED BY ONE OR MORE ASTERISKS**:

* **REQUIRES INITIAL EARNEST MONEY DEPOSIT OF \$1,000.00**
** **REQUIRES INITIAL EARNEST MONEY DEPOSIT OF \$2,000.00**

(C) **Purchaser's Responsibility**: Each potential purchaser is expected to have made an on-site inspection of the property, reviewed its related documents prior to the auction, and bid after having made and relied solely on his/her own independent investigation and inspection of the property. Potential purchasers acknowledge that the sale of each property offered will be made on an "as is, where is, and with all faults" basis without any representation or warranty, except as may be expressly provided for in the Real Estate Contract. No liability for the information contained herein in relation to its accuracy, errors, or omissions is assumed by the Seller or its agents. Properties may be withdrawn or modified without notice at any time.

(D) **Bidder's Assistants**: If you have any questions on "how to bid," please ask bidder's assistants for help. They are standing in the Auction Room to assist you in making sure that the auctioneer can see and hear your bid. Do not bid more than you can afford to pay for a property. Take into consideration that in addition to your earnest money deposit, you will have monthly payments which will include principal, interest, taxes, and insurance. We

appreciate your participation; however, do not purchase a property that you cannot manage financially.

III. AUCTION PROCEDURE

The properties described in the Bidder's Package will be offered FOR SALE at auction. By bidding at the auction, each bidder agrees to be bound by these terms and conditions of sale. All information contained herein and all other auction-related material are subject to and superseded by the Real Estate Contract which is made available to prospective bidders prior to the auction and which should be reviewed prior to the auction. All bidding is open and public. Announcements made by the auctioneer at the auction will supersede any written information, except the Real Estate Contract.

(A) **The Successful High Bidder:** Auction personnel will escort the winning bidder (the person offering to purchase each property for the highest dollar amount) from the Auction Room to the Contract Room. In the Contract Room, the winning bidder must immediately present his/her application for credit and deposit the required initial earnest money on the property purchased and will be required to sign the Real Estate Contract. Make sure that you review and understand the Real Estate Contract before signing it. A sample contract was included in the information packages provided at the property viewings and in the vacant land brochures and is available today, upon request.

Please note that a winning bidder must have his/her credit reapproved before additional bidding and must have the appropriate initial earnest money to deposit on subsequently purchased properties.

(B) **Auction Day Price Discount Program:** Winning bidders can reduce their purchase price by depositing additional earnest money over and above the required initial deposit needed to bid on a specific property. The purchase price will be reduced by one half of the amount of additional earnest money deposited **ON AUCTION DAY ONLY!**

For example, if the winning bidder is able to deposit on auction day an additional \$1,000.00 earnest money, the purchase price will be reduced by \$500.00.

This price discount program is available up to a maximum price reduction of \$1,000.00 for each property. The additional earnest money must be in the same form required for bidder's registration (see II(B) above).

THIS OFFER IS GOOD ONLY ON THE DAY OF THE AUCTION, OCTOBER 17, 2009.

This price discount is contingent upon the winning bidder increasing the earnest money deposit to five percent (5%) of the reduced purchase price on or before 3:00 p.m. on Saturday, October 24, 2009 and paying the dollar amount required for the initial closing on or before the date stipulated in the Real Estate Contract.

(C) **Bid Acceptance**: The properties in this auction are being offered on a reserve basis. Final bids on each parcel are irrevocable and are subject to the Seller's acceptance until 11:59 p.m. on Friday, October 30, 2009 ("Irrevocability Period"). If the high bid is not accepted by the Seller within the Irrevocability Period, the high bid shall thereafter continue to be an offer to purchase until accepted by the Seller or until withdrawn by the high bidder, whichever is first to occur. If the high bid is rejected by the Seller, either within the Irrevocability Period or thereafter, all earnest money shall be refunded to the high bidder. The high bid can be accepted only in a writing signed by the Seller, and the auctioneer is not authorized to sign an acceptance on behalf of the Seller.

(D) **Back-up Bids**: If you are not the successful bidder, you may want to consider signing a Back-up Bid Contract. Here is how it works--if the high bidder does not complete his/her purchase, the Seller will sell the property to the back-up bidder if he/she has signed an acceptable Back-up Bid Contract. If you sign an acceptable Back-up Bid Contract and make the initial earnest money deposit, the Seller will give you \$100.00 in cash today. If the high bidder completes his/her purchase, your Back-up Bid Contract will be cancelled, your initial earnest money deposit will be refunded to you, and you will retain the \$100.00 in cash which you were paid. Please remember that a Back-up Bid Contract, if signed by the Seller, becomes a legally binding contract. Do not sign a Back-up Bid Contract if you cannot complete the purchase. The Back-up Bid Table is located near the entrance to the Auction Room.

If you sign a Back-up Bid Contract and are the high bidder on another property and you do not want both properties or do not have another deposit, you can apply the money that you deposited on the back-up bid property to your new high bid property. Your Back-up Bid Contract will be cancelled when you sign the new Real Estate Contract, and you will return the \$100.00 in cash that you received because you are no longer a back-up bidder.

(E) **Remaining Properties**: Properties which are not sold today will be available for purchase after the auction on a "first come, first served" basis. You may obtain a list of available properties for sale by calling (312) 334-1300 or by visiting www.chicagolandauctions.com.

(F) **Reservation of Right**: The Seller and its agents reserve the right in their sole discretion to exclude and remove any person from the auction at any time and for any reason.

IV. POST-AUCTION PROCEDURE

(A) **Additional Earnest Money**: For each property purchased, the purchaser must increase the earnest money to five percent (5%) of the purchase price by 3:00 p.m. on Saturday, October 24, 2009. The additional earnest money must be in the form of a cashier's check, certified check, or money order payable to the Seller and delivered to the Seller located at 120 N. LaSalle Street, Suite 1350, Chicago, Illinois 60602.

(B) **Post-Auction Purchase Price Reduction Incentive:** The purchaser can reduce his/her purchase price after the auction by doubling, tripling, or quadrupling the 5% required earnest money deposit as follows:

- double your earnest money deposit to 10% of the purchase price and receive a purchase price reduction equal to 2.5% of the purchase price OR
- triple your earnest money deposit to 15% of the purchase price and receive a purchase price reduction equal to 5% of the purchase price OR
- quadruple your earnest money deposit to 20% of the purchase price and receive a price reduction equal to 7.5% of the purchase price.

Example 1 (doubling the required 5% earnest money deposit):

\$100,000.00 purchase price



deposit \$10,000.00 in earnest money (required 5% deposit plus additional 5%)



results in a reduced purchase price of \$97,500.00 (2.5% reduction in purchase price)

Example 2 (tripling the required 5% earnest money deposit):

\$100,000.00 purchase price



deposit \$15,000.00 in earnest money (required 5% deposit plus additional 10%)



results in a reduced purchase price of \$95,000.00 (5% reduction in purchase price)

Example 3 (quadrupling the required 5% earnest money deposit):

\$100,000.00 purchase price



deposit \$20,000.00 in earnest money (required 5% deposit plus additional 15%)



results in a reduced purchase price of \$92,500.00 (7.5% reduction in purchase price)

To receive this discount, the additional earnest money deposit must be received by Seller on or before 3:00 p.m. on Saturday, October 24, 2009. The earnest money deposit must be in the same form required for bidder's registration (see II(B) above).

(C) **Owner Financing:** At the initial closing (see IV(D) below), the Seller agrees to allow a purchaser (after having made all required earnest money deposits) to finance the balance of the purchase price for each property purchased. The following schedule is based on financing 95% of the purchase price after increasing the earnest money deposit to 5% of the purchase price:

BID AMOUNT	MONTHLY PAYMENT OF PRINCIPAL AND INTEREST	5% EARNEST MONEY REQUIRED
Up to and including \$20,000	\$275	\$500-\$1,000
\$20,001 to and including \$25,000	\$325	\$1,000-\$1,250
\$25,001 to and including \$30,000	\$375	\$1,250-\$1,500
\$30,001 to and including \$35,000	\$425	\$1,500-\$1,750
\$35,001 to and including \$40,000	\$475	\$1,750-\$2,000
\$40,001 to and including \$45,000	\$525	\$2,000-\$2,250
\$45,001 to and including \$50,000	\$575	\$2,250-\$2,500
\$50,001 to and including \$55,000	\$625	\$2,500-\$2,750
\$55,001 to and including \$60,000	\$675	\$2,750-\$3,000
\$60,001 to and including \$65,000	\$725	\$3,000-\$3,250
\$65,001 to and including \$70,000	\$775	\$3,250-\$3,500
\$70,001 to and including \$75,000	\$875	\$3,500-\$3,750
Over \$75,000 add \$50 per month per \$5,000 or any fraction thereof up to and including \$150,000		5% of bid amount
\$150,001 to \$155,000	\$1,725	\$7,500-\$7,750
Over \$155,000 add \$50 per month per \$5,000 or any fraction thereof up to and including \$250,000		5% of bid amount
\$250,001 - \$255,000	\$2,825	\$12,500-\$12,750
Over \$255,000 add \$50 per month per \$5,000 or any fraction thereof up to and including \$300,000		5% of bid amount
\$300,001-\$305,000	\$3,375	\$15,000-\$15,250
Over \$305,000 add \$50 per month per \$5,000 or any fraction thereof		5% of bid amount

The monthly payment includes interest at the rate of 12.5% per annum up to 12.99% APR (Annual Percentage Rate).

In addition to the above payment, the purchaser will be required to deposit 1/12th of the estimated annual real estate taxes and 1/12th of the annual insurance premiums each month with the Seller.

(D) **Initial Closing:** The initial closing for each property will take place on the date specified in the Real Estate Contract. The purchaser is required to furnish the Seller at the

time of initial closing proof of insurance with a company or companies licensed to do business in the State of Illinois for fire and extended coverage in an amount not less than the purchase price and for general liability coverage in an amount not less than \$300,000 per occurrence for bodily injury and property damage for buildings designed primarily for use as residential units or in an amount not less than \$1,000,000 per occurrence for bodily injury and property damage for buildings not designed primarily for residential use. The purchaser shall furnish the Seller at initial closing evidence of full payment of one year's advanced premiums or, in lieu thereof, shall deposit with the Seller the amount of one year's advanced premiums on the Seller's existing policies. The only named insured under the Seller's existing policies is the Seller and coverage under such policies will protect only the Seller. At the time of initial closing, the purchaser shall pay to the Seller a loan documentation fee of \$500.00; interest as provided in paragraph 3(d) of the Real Estate Contract from and including the first day after the initial closing through and including the last day of the calendar month in which the initial closing occurs; and the purchaser's prorated share of any water, sewer, drainage district charges and any homeowner's or condominium assessments levied against the property.

Thank you again and good luck!