

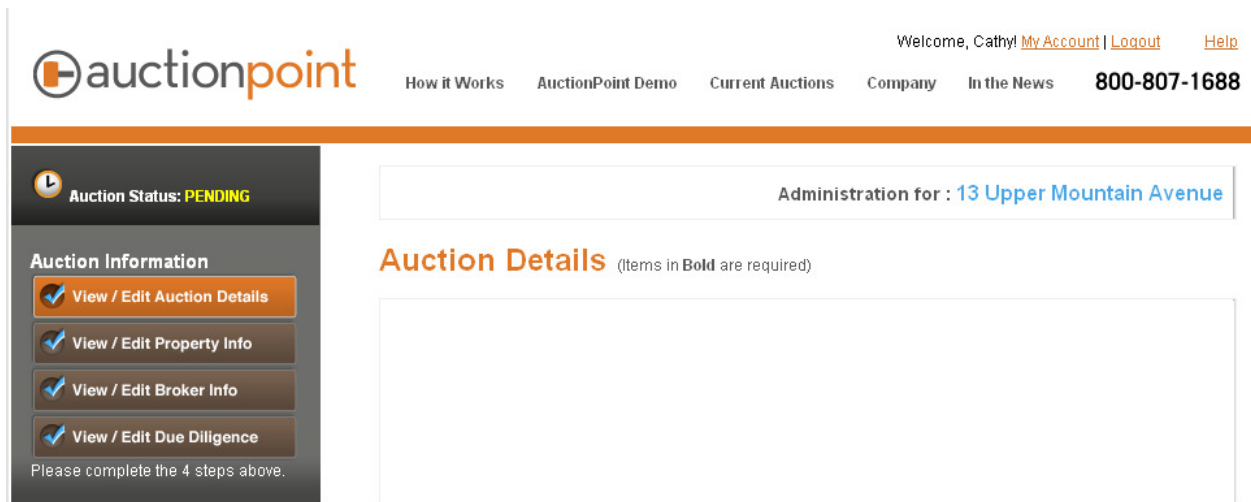


Auction Set-up Guide

This guide is designed to answer any questions you may have while setting up an auction. It provides definitions of key terms as well as screen shots that take you through the steps.

To set up an auction, log into www.AuctionPoint.com. You will be placed on the [My Account](#) page. In the middle of the page, you will see the a list of the properties you are auctioning. Click on the [Administer](#) link to the right of the property you wish to work on.

You will then be taken to the Auction Administration screens. Four screens are used to set up an auction: Auction Details, Property Info, Broker Info and Due Diligence. The section highlighted in orange in the upper left indicates the screen in which you are currently working, as shown below:



Screen 1 – View/Edit Auction Details

Auction Nick Name: The Nick Name will be entered by AuctionPoint, and is the phrase following the domain name. The Nick Name will typically be a property address, project name, or other key identifier. Please contact AuctionPoint if you would like to change the Nick Name for your auction. Here are two sample Nick Names:



Auction Title and Subtitle: These are the headlines on your auction Home Page, which is the first page that people see when they go to your Auction Website Address. The Subtitle begins with Online Auction highlighted in yellow.

The screenshot shows an auction listing for an industrial condo in Camarillo, CA. The main header contains the text: "INDUSTRIAL CONDO - CAMARILLO, CA" and "ONLINE AUCTION JAN 20TH - STARTING BID \$595K (\$92 PSF)". The subtitle is "ONLINE AUCTION JAN 20TH - STARTING BID \$595K (\$92 PSF)". The sidebar includes the listing broker "CBRE", property location "Carga Business Center Industrial Condo 4750 Calle Carga Camarillo, CA 93012", and online auction details: "Date: January 20, 2011", "Starts: 11:00 AM PST", "Ends: 03:00 PM PST". There is a yellow "ENTER" button and a "Broker Participation Welcome" message. The footer includes the CBRE logo and contact information for Paul Farry and Indira Rodriguez.

Other examples of Auction Title/Subtitle include:

*Retail Center – Downtown Atlanta
Online Auction Mar 20 – Starting Bid \$34 PSF*

*Bank-Owned Luxury Multifamily
Online Auction April 5 - Starting Bid \$15K/door*

*REO Office Building
Online Auction Aug 15 – Starting Bid \$1*

No-NickName Domain: http://: This area will be pre-filled by AuctionPoint. If this field is blank, please leave blank.

Auction Website URL: Your customized domain name will be provided by AuctionPoint and pre-filled here. If this field is blank, please leave blank.

Auction Date: Enter as MM/DD/YYYY. AuctionPoint recommends that commercial auctions run on Tuesday, Wednesday or Thursday and residential auctions run on Saturday. (See [Appendix A – How to Postpone or Cancel an Auction](#))

Auction Start and End Times: AuctionPoint recommends a 4-hour window, typically 10 am – 2 pm or 11 am – 3 pm in the time zone of the property.

Original Asking Price: This is the price at which the property was originally listed. If you don't have this information, please leave the default value of \$1M, and then enter something meaningful in the Auction Room Subtitle (see below). The higher the Original Asking Price relative to Starting Bid, the more compelling the auction. The Original Asking Price is listed as the default subtitle on the Auction Room page, as shown below:

Original Asking Price/Auction Room Subtitle

The screenshot shows a web page for an industrial condo in Camarillo, CA. The main heading is "INDUSTRIAL CONDO - CAMARILLO, CA" with a subtitle "Original Asking Price: \$1,194,160". The page features a navigation bar with links for "SELL A PROPERTY", "CONTACT US", "FAQS", and "HELP". Below the header, there are tabs for "Auction Room", "Property Details", "Due Diligence", "Purchase Agreement", "How to Bid", and "For Brokers". A photo of the property is shown on the left, and a registration prompt is on the right. The starting bid is \$595,000, and the cap rate is N/A. The start time is 1/20/2011 11:00 AM PST and the end time is 1/20/2011 3:00 PM PST.

Auction Room Sub Title: Leave this field blank unless you would like to override the Original Asking Price with an Appraised Value or other type of information, in which case you would include the full subtitle, e.g., "2010 Appraised Value \$2.5 Million"

Minimum Bid: This is the starting bid for your auction. If your auction has no hidden reserve, then this is the lowest price at which the property may be sold.

Hidden Reserve: If your auction has a hidden reserve, then this is the lowest price at which the property may be sold. The existence of a Hidden Reserve is disclosed, but the amount is kept hidden. A Hidden Reserve will often have a negative impact on final values because it discourages bidders from bidding.

Minimum Bid Increment: This is the minimum amount by which a bidder can raise the current bid in order to become the highest bidder. AuctionPoint recommends the following bid increments:

<u>Starting Bid</u>	<u>Recommended Minimum Bid Increment</u>
Less than \$1 million	\$5,000
\$1 million - \$2 million	\$10,000
\$2 million - \$4 million	\$20,000
\$4 million+	\$25,000

Google Tracking Code:

Do not modify this field. This is a unique code for Google Analytics to track website traffic for your auction. Please provide the Auction Support Team with your Gmail email address to allow you real-time access to this report.

Winner's Deposit: The Winner's Deposit is a non-refundable deposit charged to the winning bidder. It can be provided via check or credit card authorization. Winner's Deposits submitted by check are typically made payable to the escrow company, mailed to the broker and held by the broker until the end of the auction. Winner's Deposit checks are returned to all non-winning bidders. If the Winner's Deposit is submitted by credit card, the credit card is authorized but not charged. The card will only be charged in the event a winning bidder fails to sign the Purchase Agreement within 2 business days of the auction end date. The credit card of the winning bidder will not be charged if he signs the Purchase Agreement, and he will then be required to submit the full earnest money deposit to escrow via check. If the winning bidder provides a credit card authorization for the Winner's Deposit and the Winner's Deposit is forfeited to the Seller because the winning bidder does not go forward with the transaction, a 5% processing fee will be deducted from the Winner's Deposit prior to payment to the Seller. AuctionPoint recommends the following Winner's Deposit amounts:

<u>Starting Bid</u>	<u>Recommended Winner's Deposit Amount</u>
Less than \$500,000	\$1,000
\$500,000 - \$1 million	\$2,000
\$1 million - \$2 million	\$2,500
\$2 million+	\$5,000

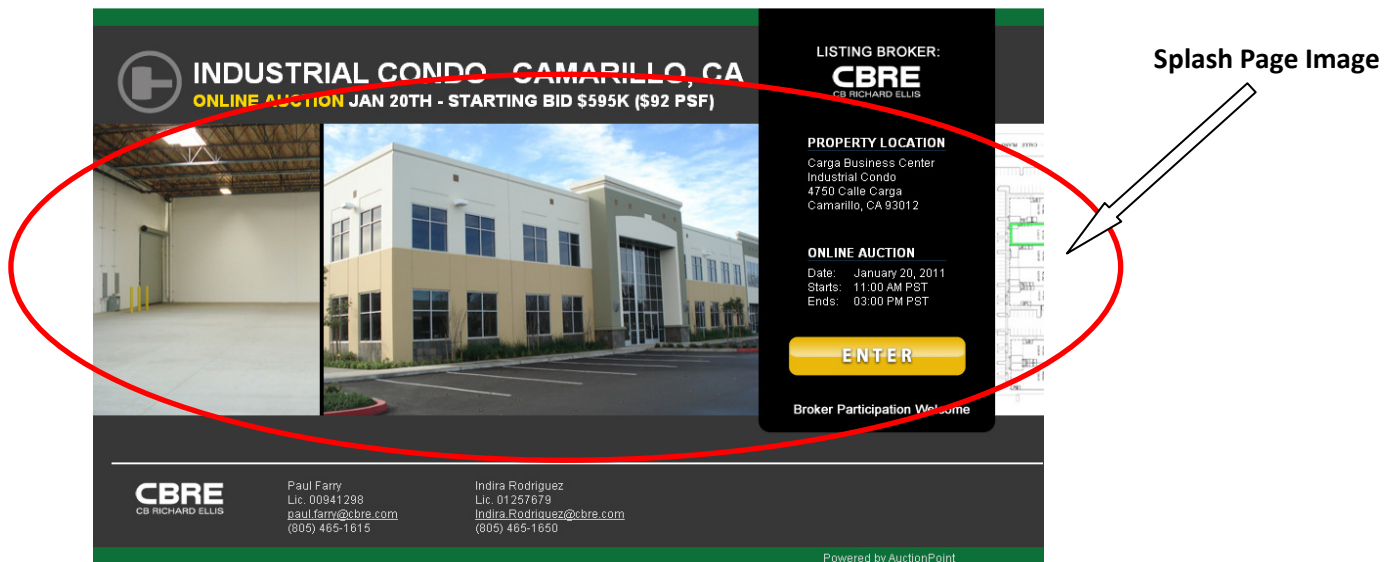
Screen 2 – View/Edit Property Info

Property Name: This field will show up underneath Property Location and above the Address on the Splash Page

Purchase & Sales Agreement: This is a draft of the final Purchase & Sales Agreement (“PSA”) to be entered into between the Winning Bidder and Seller following the auction. Unlike in a non-auction sale, where the PSA is negotiated after the price has been agreed upon, the terms of the PSA are set by the Seller and all bidders have agreed to sign the PSA as a condition of participating in the auction. Use your standard form PSA, or one approved by the Seller. The only two blanks in the PSA should be the name of the buyer and purchase price. All other blanks – including the earnest money deposit, any contingency periods, and closing date – should be filled in.

An Auction Rider should also be attached to disclose the non-refundability of the Winner's Deposit, as well as payment of the Buyer's Premium. A sample Auction Rider to Purchase & Sales Agreement is attached as Appendix C – Sample Auction Rider to Purchase Agreement.

Splash Page Image: This is the image displayed on the Auction Site homepage. The ideal image size is: 1,000 pixels by 304 pixels. There are guides to help you format graphics at www.APLearningCenter.com, as well as a Photoshop Template for your use.



Auction Room Image: This is the image displayed in the Auction Room. The ideal image size is: 277 pixels by 185 pixels.

Property Details Image: There are the images displayed in the Property Details tab. The ideal image size for the Property Detail Image is 804 pixels by 536 pixels.

Custom Map: The Custom Map is displayed in both the Auction Room and the Property Details tab. The ideal image size for the Map is 804 pixels by 536 pixels.

Description: The Description appears on in the Property Details tab, and is your opportunity to provide a narrative description of the property.

Highlights: The Highlights appear in both the Auction Room and Property Details tab, and should list the top reasons why the buyer should bid for the property.

Screen 3 – View/Edit Broker Info

Company Logo: If you are with a major brokerage firm, a pre-formatted version of your company logo may be available from (or pre-loaded by) AuctionPoint. Otherwise, please format a logo to 140 pixels by 43 pixels, in PNG format, with a transparent background. An online guide for formatting logos is also available at www.APLearningcenter.com.

Line 2: Can be used to display your company name, title or real estate license number.

Primary Email Sender: Checking this box will designate the “From” address on emails sent to registered users.

Slot Order: Click on the up/down arrows to change the display order of broker names at the bottom of each page of the auction website.

Screen 4 – View/Edit Due Diligence

Is a bidder number required to view these Due Diligence document(s)?: AuctionPoint typically recommends that you answer “no”, so that potential buyers can access due diligence materials after registering. If you answer “yes”, potential buyers will have to register and submit the Winner’s Deposit in order to view due diligence materials.

Select Document, Document Title and Document Category: Browse for and upload the due diligence document, enter a document title and then select a category from the drop-down box. Due diligence categories include: Association Documents (Association Dues Budget, CC&R’s, Condo Plan, Rules and Regulations), Environmental (Phase 1 or 2 – Environmental Site Assessment, Site Closure Letter), Financial Information, Lease Documents, Maps (Aerial Map, Parcel Map), Market Information, Marketing Materials, Plans, Property Information (Inspection Reports, Permits, Construction Docs, Sign Program), Title Documents (Title Report, Plotted Easements), Zoning and Other.

Appendix A – How to Postpone or Cancel an Auction

With the AuctionPoint platform, you have the flexibility to modify the date of your auction at any time. Below are instructions for re-scheduling, postponing or canceling an AuctionPoint auction.

Changing an Auction Date:

- 1) Go to www.AuctionPoint.com and login to your account.
- 2) Click on the “Administer” link next to the auction which you’d like to administer.
- 3) On the Auction Details page, change the Auction Date.
- 4) You will also need to change the date anywhere else it may be mentioned on the auction site (e.g., Highlights, Description, Auction Subtitle, or Auction Room Subtitle).
- 5) In addition to modifying your auction site, don’t forget to modify the auction date on any listing services, brochures, flyers, etc.

Date TBD or Canceled Auctions:

- 1) If the auction is either being Postponed to a date “TBD” or you are canceling the auction, change the year of the Auction Date to 2999 (e.g., 01/01/2999). The auction date will now show up as “TBD” on the auction site.
- 2) Please follow steps 4 and 5 above. For instance, the Auction Subtitle and Auction Room Subtitle may be changed to “Postponed – Auction Date TBD”, “Sold Prior to Auction”, or “Auction Canceled”.
- 3) If you would like to disable (or take-down) the auction website, please contact AuctionPoint.

Notifying Auction Participants:

- 1) After an auction date has been changed, you should notify the participants by using the “Email Registered Users” tool in the auction administration area.
- 2) Please see the Sample Email templates in the Download area of www.AuctionPoint.com/LearningCenter for suggested language you can use in these emails.

Appendix B – Sample Auction Rider to Purchase Agreement

[ATTENTION: This form is provided as a sample only. No representation or recommendation is made as to the legal and/or tax sufficiency, effect or consequence of this form or the transaction to which it relates. The parties are encouraged to seek advice of appropriate counsel as to the legal and tax consequences of this form and transaction.]

RIDER TO PURCHASE AGREEMENT

This Rider to Purchase Agreement (“**Rider**”) is attached to and made part of that certain Purchase Agreement dated _____, 20__ (“**Agreement**”), between _____, a _____, as Seller, and _____, as Buyer, pertaining to the commercial real property currently known as _____. The definitions set forth in the printed portion of the Agreement shall apply herein. To the extent of any conflict between the terms, covenants and provisions of the printed portion of the Agreement and the terms, covenants and provisions of this Addendum, the terms, covenants and provisions of this Addendum shall control.

1. Due Diligence Period. Notwithstanding anything else stated in this Agreement, Buyer shall have until 5:00pm PST on _____ (“**Due Diligence Period**”) to perform all of its inspections of the Property – including, without limitation, those inspections described in Paragraph ____ above, and obtaining financing, if necessary, as described in Paragraph ____ above.

2. Earnest Money Deposit. Buyer hereby acknowledges and agrees that \$_____ of the Deposit is nonrefundable but applicable to the Purchase Price. If the Agreement is not terminated by Buyer in writing by the end of the Due Diligence Period, the remaining \$_____ of the Deposit shall become nonrefundable but applicable to the Purchase Price. If the Agreement is not terminated by Buyer in writing by the end of the Due Diligence Period, and the Buyer – through no fault of Seller – subsequently fails to Close Escrow for the purchase of the Property, the entire Deposit shall be forfeited to Seller as liquidated damages pursuant to Paragraph ____ of the Agreement.

3. Buyer’s Premium. Per the auction terms, the Purchase Price includes a Buyer’s Premium of \$_____. This Agreement shall serve as an irrevocable instruction to Escrow Holder to pay such amount out of sale proceeds to _____ at Closing.

OR

Buyer’s Premium. Per the auction terms, Buyer agrees to pay a Buyer’s Premium equal to _____ Dollars (\$_____) (_____% of the Purchase Price) at Closing. This Agreement shall serve as an irrevocable instruction to Escrow Holder to charge Buyer the Buyer’s Premium and to pay such amount to _____ through escrow at Closing.

“BUYER”

“SELLER”

a _____

By: _____

Name: _____

Title: _____

a _____

By: _____

Name: _____

Title: _____