

AUCTION CONTRACT
(962 Modesto Avenue – Shared Ownership)

TO: Old Republic Title Company (“**Escrow Holder**”)
2580 Lake Tahoe Boulevard
South Lake Tahoe, California 96150

Re: 962 Modesto Avenue
Shared Ownership Interest No(s). _____

Buyer(s):

A. Full Name: _____
Physical Address: _____
Mailing Address: _____
City, State, Zip: _____
Telephone: _____
Facsimile: _____
Email: _____

B. Full Name: _____
Physical Address: _____
Mailing Address: _____
City, State, Zip: _____
Telephone: _____
Facsimile: _____
Email: _____

(List additional Buyer(s), if any, on separate addendum.)

1. **DESCRIPTION:** Shared Ownership Interest No(s). _____, consisting of:
- (a) An undivided _____% fee interest in and to that certain real property and improvements located at 962 Modesto Avenue, South Lake Tahoe, El Dorado County, California, more particularly described in Exhibit A attached hereto and made a part hereof (the “**Property**”);
 - (b) An undivided _____% interest in any and all Common Furnishings described in the Declaration (defined below); and
 - (c) The exclusive right to use and occupy the Property for residential purposes during the twelve (12) approximately one-week Use Periods for Block No. _____ set forth in the Use Period Calendar attached hereto as Exhibit B.

(hereinafter collectively referred to as “**Shared Ownership Interest**”), all subject to the reservation policies and procedures set forth more fully within the Rules and Regulations and in accordance with the Declaration of Covenants, Conditions, and Restrictions for Shared Ownership of 962 Modesto Avenue provided to you herewith (as amended or as such document may be amended, the “**Declaration**”). Capitalized terms used herein shall have the meaning ascribed thereto in the Declaration unless otherwise defined herein.

The Shared Ownership Interest is a deeded interest in real property and is perpetual in nature. The Declaration has an initial term of thirty (30) years and will automatically renew for additional terms of ten (10) years unless terminated by the Owners of the Shared Ownership Interests as provided in the Declaration.

2. **PARTIES:** This Auction Contract is made by and between Roman Todd Kreminski ("**Seller**"), whose address is Post Office Box 733, South Lake Tahoe, California 95156, and that certain Buyer(s) whose name(s), address(es) and telephone number(s) are more particularly set forth above ("**Buyer**"). Buyer was the winning bidder at the auction of the Shared Ownership Interest completed on July 19, 2008, and enters into this Contract pursuant to the terms and conditions of the registration form executed by Buyer of even date herewith (the "**Registration Form**") and the auction terms and conditions incorporated by reference therein ("**Auction Terms**"). All capitalized terms used in this Contract but not defined shall have the meaning ascribed them in either the Registration Form, Auction Terms or the Declaration (defined below).

3. **AGREEMENT TO BUY AND SELL:** For the consideration herein stated and subject to the terms and conditions set forth herein, Buyer agrees to purchase, and Seller agrees to sell to Buyer, the Shared Ownership Interest located at 962 Modesto Avenue, South Lake Tahoe, California, as described above by reference to its Shared Ownership Interest Number.

4. **PURCHASE PRICE:** The Purchase Price shall be \$ _____, comprised of the winning bid plus the 10% Buyer's premium plus a \$2,900 document and transaction fee (as described in the Auction Terms), payable as follows:

(a) \$7,500.00 (seventy-five hundred dollars) cash deposit, which Seller acknowledges was delivered by Buyer to Auctioneer prior to the auction, and which has been delivered by Auctioneer to Escrow Holder, and which shall be credited against Purchase Price (the "**Initial Deposit Money**").

(b) The "**Additional Cash Deposit**" in the amount of ten percent (10%) of the Purchase Price shall be deposited with Escrow Holder, and credited against the Purchase Price, on or before 5:00 PM (PST), July 23, 2008. The Initial Deposit and the Additional Cash Deposit shall constitute the total NON-REFUNDABLE "Good Faith Deposit" to Seller.

(c) The balance of the Purchase Price (not including closing costs) shall be deposited on or before 5:00 PM (PST), September 8, 2008, with Escrow Holder.

Additional terms are as follows:

- A. No Seller financing or assumption of any existing financing
- B. Sale is not contingent upon Buyer obtaining new financing
- C. All earnest money deposits shall become non refundable to Buyer.
- D. All funds held in escrow shall be placed in a non-interest bearing account and either applied toward the Purchase Price at closing or returned to the Buyer only in the event the Seller defaults or fails to deliver to Buyer clear title to the Property as described in the preliminary title report reviewed and approved by Buyer prior to the auction as acknowledged in the Registration Form. In any other event that the Buyer does not successfully fulfill and close this purchase transaction in accordance with the terms of this Contract, all deposits shall be released to the Seller and Seller shall be free to retain title unencumbered in any manner by Buyer, including Seller's sale of the property to another party.

5. **PAYMENTS TO THE MANAGER:**

(a) Buyer agrees to pay the estimated current quarterly (subject to amendment by the Owners) Assessment amount due of \$825 to Manager within ten (10) days after Buyer's receipt of a bill therefor from the Manager, provided, however, that Buyer shall pay the first Assessment to Escrow Holder for distribution by Escrow Holder to the Manager upon the Close of Escrow if requested by the Manager. In clarification of the foregoing sentence, Buyer acknowledges that the failure by Buyer to make a timely reservation request shall not relieve Buyer of his obligation to pay the current Assessment amount due.

(b) Buyer agrees to pay the Basic Assessment for each Fiscal Year of the Property (other than the current Fiscal Year for which payment is made pursuant to Paragraph 16(a), above) to the Manager promptly after receipt of a statement therefor. The Manager will bill Buyer quarterly for the Basic Assessment for each Fiscal Year and the Buyer will be obligated to pay each quarterly Basic Assessment payment within thirty (30) days after receipt of a bill therefor. The Basic Assessment may be increased only as provided for in the Shared Ownership Declaration.

(c) Buyer agrees to pay five hundred dollars (\$500.00) to the Manager as an advance deposit against Personal Charges incurred by Buyer. The \$500.00 advance deposit shall be paid through escrow to the Manager.

(d) Buyer agrees to pay to the Manager a one-time amount of seven thousand dollars (\$7,000.00) per fractional interest purchased by Buyer for use by Manager to purchase additional furnishings to be included in the Common Furnishings, such furnishings to be purchased and installed before September 15, 2008. These funds shall be paid through escrow to the Manager. Any portion of funds so advanced that are unused by the Manager for the stated purpose shall be added to the advance deposit against Personal Charges incurred by Buyer noted in subsection (c) above.

6. **BONDS AND ASSESSMENTS:** All bonds and assessments which are part of or paid with the property tax bill will be assumed by the Buyer. In the event there are other bonds or assessments which have an outstanding principal balance and are a lien upon the property, the current installment will be prorated between Buyer and Seller as of the date of closing. Future installments will be assumed by Buyer WITHOUT CREDIT toward the purchase price.

7. **PROPERTY TAX:** Within seventy-two (72) hours of acceptance, Seller will deliver to Buyer a copy of the latest property tax bill. Buyer is advised that (a) the property will be reassessed upon change of ownership, which may result in a tax increase; and (b) the tax bill may not include certain exempt items such as school taxes on property owned by seniors.

8. **DESTRUCTION OF IMPROVEMENTS:** If the improvements of the property are destroyed, materially damaged, or found to be materially defective as a result of such damage prior to close of escrow and the costs of restoring same does not exceed ten (10%) percent of the assessed valuation of the improvements so damaged, cost of restoration shall be an obligation of the Seller and closing shall proceed pursuant to the terms of Contract with costs therefore escrowed at closing. In the event the cost of repair or restoration exceeds ten (10%) percent of the assessed valuation of the improvements so damaged, Buyer shall have the option of either taking the Property as-is, together with either the said ten (10%) percent or any insurance proceeds payable by virtue of such loss or damage, or of canceling the Contract and receiving return of deposit(s) made hereunder.

9. **EXAMINATION OF TITLE:** Buyer did, prior to the auction, obtain from Seller a preliminary title report issued by Escrow Holder (Preliminary Report No. 2132004522-NM dated May 29, 2008, at 7:30 am) on the Property (the "**Report**"), which Report shows certain exceptions to title. Buyer hereby affirms, represents and warrants to Seller that Buyer has no objections to title to the Property arising from Buyer's review of the Report and that Buyer hereby accepts all exceptions described therein, excepting only monetary encumbrances, liens and judgments. If, on or after execution of this Contract and prior to Close of Escrow, Seller or Buyer shall discover an exception to title (a "**Late Exception**") which is a material exception and which was not disclosed by the Report or otherwise known to Buyer prior to his or her execution of this Contract, the discovering party shall immediately notify the other party thereof; Buyer shall then have three (3) business days to notify Seller if Buyer objects to the Late Exception. If Buyer does object to a Late Exception, then Seller, within the next three (3) days shall notify Buyer whether or not Seller will remove the Late Exception and, if yes, how. If there is any Late Exception to which Purchase objects and which Seller is unable or unwilling to remove, Buyer shall have the right either to proceed under this Contract or to terminate this Contract by written notice to Seller and Title/Escrow Holder.

10. **EVIDENCE OF TITLE:** Will be in the form of a CLTA policy of title insurance, issued by the above herein named Title Company, paid by the Buyer (100%).

11. **PRORATIONS AND INSURANCE:** Taxes, assessments, rent, interest, insurance and other expenses and revenue of the Shared Ownership Interest shall be prorated as of date of closing. Buyer shall have the option of taking over any existing policies of insurance on the Property, if assumable, in which even premiums shall be prorated. The cash at closing shall be increased or decreased as may be required by said prorations. All references in Contract to prorations as of date of closing will be deemed "date of occupancy" if occupancy occurs prior to closing, unless otherwise provided for herein.

12. **TIME FOR ACCEPTANCE AND EFFECTIVE DATE:** If this offer is not executed by Buyer on or before 5:00 p.m. (PST) July 19, 2008, the aforesaid Initial Deposit Money shall be released to the Seller and this offer shall thereafter be null and void. The date of this Contract ("**Effective Date**") shall be the date when the last one of the Seller and Buyer has signed this offer.

13. **CLOSE OF ESCROW:** Full purchase price to be paid and deed to be recorded on or before September 8, 2008. Signed escrow instructions will be delivered to escrow holder within twenty-four (24) hours. Escrow fees and County/City transfer taxes are to be paid 50% by Buyer and 50% by Seller. Owners of Shared Ownership Interests shall hold title, as between the Owners, as tenants in common. However, owners of individual Shared Ownership Interests may hold title, as between such owners, as they desire and Buyer shall be solely responsible for instructing Escrow Holder as to the manner in which title to the Shared Ownership Interest subject to this Contract shall be vested in Buyer (or among the Buyers).

14. **PLACE OF CLOSING:** Closing shall be held in the county wherein the Property is located, at the office of the Title Company or at a place mutually agreed upon by Buyer and Seller; provided, however, that if a portion of the purchase price is to be derived from an institutional mortgagee, the requirements of said mortgagee as to time of day, place and procedures for closing, and for disbursement of mortgage process, shall control, anything in this Contract to the contrary notwithstanding.

15. **OCCUPANCY.** Subject to the provisions of the Declaration and the Rules and Regulations, Buyer's right to occupy his or her Shared Ownership Interest shall commence on Buyer's first Use Period following the Close of Escrow.

16. **COMMON FURNISHINGS:** The Unit shall include those Common Furnishings listed in Exhibit B attached to this Contract and incorporated herein by reference, or such other comparable substitutions selected by Seller so long as same are of equal or better quality. Declarant reserves the right, in the exercise of Declarant's reasonable discretion, to make minor additions and deletions where necessary to appropriately furnish the Property. The Declaration shall specify how title to the furnishings at the Property shall be held.

17 **BUYER'S ACKNOWLEDGMENTS.** Buyer's signature on this Contract constitutes Buyer's acknowledgment that he or she has received the following:

- (a) the Shared Ownership Declaration;
- (b) the Rules and Regulations;
- (c) the pro forma Budget for the Property;
- (d) the Buyer's Acknowledgment of Representations;
- (e) the Buyer's Statement of Investor's Knowledge;
- (f) this Contract; and
- (g) the Auction Terms.

18. **COVENANTS, REPRESENTATIONS AND WARRANTIES OF BUYER.** Buyer covenants, represents and warrants to Seller as follows:

(a) Buyer is purchasing the Shared Ownership Interest and the rights and privileges evidenced thereby for Buyer's own personal use and account and not for any other purpose and does not anticipate or expect that Buyer will make a profit from ownership of the Shared Ownership Interest. Buyer understands that Seller does not provide any rental or resale services to persons acquiring Shared Ownership Interests and that the purchase of a Shared Ownership Interest should be based solely upon its use as a planned vacation and not for its potential liquidity or as an appreciating investment, including potential for rental income or for resale at a profit.

(b) Buyer is aware that no Federal or State agency has made any recommendation or endorsement of the Property or the Shared Ownership Interests therein;

(c) Buyer hereby agrees to indemnify and hold Seller harmless from and against any and all loss, threat of loss, suits, claims, actions, liabilities, damages, obligations, demands, costs and expenses (including attorneys' fees) arising out of or in connection with any breach by Buyer of any covenant, representation or warranty contained in this Paragraph 18 or any untrue statement made by Buyer in this Contract;

(d) The agreements, representations and warranties of Buyer set forth in this Paragraph 18 shall survive the Close of Escrow;

(e) Buyer acknowledges that except for those spaces Buyer has authorized to be filled in by Escrow Holder, all of the information called for in the blank spaces of this Contract was filled in and read and understood by Buyer prior to the time of execution hereof by Buyer; and

(f) Buyer agrees that the package of property documents provided to Buyer by Seller hereunder, including, without limitation, the documents named in Paragraph 17 above, shall remain the property of Seller until the Closing and Buyer shall be obligated to return such materials to Seller promptly following termination of this Contract for any reason.

19. **SELLER'S REAL PROPERTY DISCLOSURE STATEMENT:** Seller will comply with California Civil Code by providing Buyer with a completed Real Estate Transfer Disclosure Statement. Seller agrees to hold all third parties in the transaction harmless and to defend and indemnify them from any claim, demand, action or proceedings, resulting from any omission or alleged omission by Seller in his or her Real Estate Disclosure Statement or supplement.

20. **INSPECTION OF PROPERTY:** Buyer acknowledges it has undertaken and completed its inspection of the Property, its review of the physical condition of the Property, including but not limited to, inspection and examination of soils, environmental factors, hazardous substances, if any, and its review and investigation of the effect of any zoning, maps, permits, reports, engineering data, regulations, ordinances, and laws affecting the Property, as Buyer, in its sole discretion, has deemed necessary. Buyer hereby approves of the results of its inspection and review and elects to proceed under this Contract.

Buyer acknowledges and agrees that the Property is to be sold and conveyed to, and accepted by Buyer, in an "AS IS" condition with all faults, if any, except as otherwise set forth in this Contract. Buyer has investigated and has knowledge of operative or proposed governmental laws and regulations, including, without limitation, zoning, environmental and land use laws and regulations, to which the Property is or may be subject and accepts the Property solely upon the basis of its review and determination of the applicability and effect of such laws and regulations. Buyer acknowledges it is entering into this Contract on the basis of Buyer's own investigation of the physical and environmental conditions of the Property, including subsurface conditions, and Buyer assumes the risk that adverse physical and environmental conditions may not have been revealed by its own investigation. Buyer further acknowledges that Seller, its agents and employees and other persons acting on behalf of Seller, have made no representation or warranty of any kind in connection with any matter relating to the condition, value, fitness, or zoning of the Property upon which Buyer has relied directly or indirectly for any purpose.

Seller has no knowledge of any adverse physical or environmental conditions of the Property, except as Seller has disclosed to Buyer in writing. Buyer hereby waives, releases, and forever discharges Seller, Seller's members, directors, officers, managers, employees, agents, successors, assigns, or any other person acting on behalf of Seller, of and from any claims, actions, causes of action, demands, rights, damages, costs, expenses or compensation whatsoever, direct or indirect, known or unknown, foreseen or unforeseen, which Buyer now has or which may arise in the future on the account of or in any way growing out of or connected with the physical or environmental condition of the Property or any law or regulation applicable thereto. Buyer further agrees to indemnify, defend and hold harmless Seller, its members, directors, officers, managers, employees, agents, successors, and assigns, from and against any and all loss, damage, liability, claim, cost or expense including, without limitation, attorney's fees and court costs, resulting from any injury to persons or damage to property, arising from and adverse physical or environmental condition of the Property.

21. **LEASES:** Seller guarantees to Buyer that NO leases to third parties will be in effect at the close of escrow.

22. **COMPLIANCE WITH LOCAL LAWS:** Seller will comply with any local laws applicable to the sale or transfer of the property, including but not limited to providing inspections and /or reports for compliance with local building and permit regulations. It is understood that if Seller has given notice that necessary permits or final approvals were not obtained for some improvements, Seller will not be responsible for bringing the improvements into compliance.

23. **PENDING LITIGATION:** Seller warrants and represents that there are not legal actions, suits or other legal or administrative proceedings, including cases, pending or threatened or similar proceedings affecting the Property or any portion thereof, nor has Seller knowledge that any such action is presently contemplated which might or does affect the conveyance contemplated hereunder.

24. **DEFAULT BY SELLER:** In the event that the Seller should fail to consummate the transaction contemplated herein for any reason, except Buyer's default; (i) Buyer may enforce specific performance of this Contract in a court of competent jurisdiction and in such action shall have the right to recover damages suffered by Buyer by reason of the delay in the acquisition of the Property, or (ii) may bring suit for damages from breach of this Contract, in which event, the deposit made hereunder shall be forthwith returned to Buyer, or (iii) declare a default, demand and receive the return of the deposit. All rights, powers, options or remedies afforded to Buyer either hereunder or by law shall be cumulative and not alternative and the exercise of one right, power, option or remedy shall not bar other rights, powers, options or remedies allowed herein or by law.

25. **DEFAULT BY BUYER:** In the event Buyer defaults in the performance of this Contract, Seller shall be entitled to retain all money deposits, such sum being agreed upon as liquidated damages for the failure of Buyer to perform the duties and obligations imposed upon it by the terms and provisions of this Contract.

26. **ATTORNEY FEES:** In any action, arbitration or other proceeding involving a dispute between Buyer and Seller arising out of the execution of this Contract or the sale, whether for tort or for breach of contract, and whether or not brought to trial or final judgment, the prevailing party will be entitled to receive from the other party a reasonable fee.

27. **MEDIATION OF DISPUTES:** If a dispute arises out of or relates to this Contract or its breach, both parties agree to first try in good faith to settle the dispute by voluntary mediation before resorting to court action or arbitration. The fees of the mediator will be shared equally between all parties to the dispute.

28. **RESTRICTIONS, EASEMENTS, LIMITATIONS:** The Buyer shall take title subject only to: Zoning, restrictions, prohibitions and other requirements imposed by governmental authority; Restrictions and matters appearing on the plat or otherwise common to the subdivision; Public utility easements or record: Taxes for year of closing and subsequent years, assumed mortgages and purchase money mortgages, provided, however, that none of the foregoing shall prevent use of the property for the purpose of a single family residence.

29. **TIME:** Time is the essence of this Contract. Any reference herein to time periods of less than six (6) days shall in the computation thereof, exclude Saturdays, Sundays and legal holidays, and any time period provided for herein which shall end on a Saturday, Sunday or legal holiday shall extend to 5:00 p.m. of the next business day.

30. **OTHER AGREEMENTS:** With the exception of the Registration Form and the Auction Terms, no prior or present agreements or representations shall be binding upon any of the Parties hereto unless incorporated in this Contract. No modification or change in this Contract shall be valid or binding upon the Parties unless in writing, executed by the Parties to be bound thereby.

THE UNDERSIGNED BUYER ACKNOWLEDGES that he and/or she has thoroughly read and approved each of the provisions of this offer and agrees to purchase the property for the price and terms and conditions specified. Buyer acknowledges a receipt of a copy of this offer.

EXECUTED BY SELLER: _____, 2008, at _____ .m PST

Roman Todd Kreminski

EXECUTED BY BUYER: _____, 2008, at _____m PST

Buyer Name Here – Signature

Buyer Name Here - Signature

EXECUTED BY BUYER'S BROKER (IF ANY): _____, 2008, at _____m PST

Buyer Broker

Buyer/Broker-Agent

EXECUTED BY SELLER'S BROKER: _____, 2008, at _____m PST

Seller's Broker Name - Signature

EXHIBIT A

To Auction Contract

(Legal Description of Land)

The land referred to is situated in the City of South Lake Tahoe, County of El Dorado, State of California, and is described as follows:

Lot 15, Block 60, of Amended Maps of Al Tahoe, filed November 21, 1917, in Book "A" of Maps, at Page 3, El Dorado County Records.

APN: 026-114-20-100

EXHIBIT B
To Auction Contract
(Use Period Calendar)

SEE ATTACHED

