

HOW TO BID AND BUY AT THE AUCTION

Inspect the Condominiums and Rank Them in Order By Preference

All of the available condominiums will be open for inspection daily from 11:00 am to 1:00 pm. An on-site auction office is located in the model. Representatives will be in the office to distribute information and answer questions. On your first visit, fill out a registration form and collect the information. The registration form will provide us with your email address and other contact information so we can keep you updated with the latest information for the auction.

We recommend that you inspect each of the condominiums carefully and take notes. Notice the upgraded kitchens, kitchen appliances, washers, dryers and other features. Compare the available floor plans and locations. You may visit as often as you like and we encourage you to do so. The more familiar you become with the condominiums the easier your decision will be at the auction. A Condominium Preference Worksheet will be available at the model for taking notes and for placing the condos in your order of preference starting with your 1st choice and ending with your last choice. We highly recommended that you make notes about the differences between the condos and also rank the condos from 1st choice to last choice so that you can refer to your notes during the selection process of the auction. You could be outbid on your favorite condos, so it will be very helpful to have notes about the other condos and have them placed in order by your personal preferences. Favorite condos tend to go for higher prices, so it is helpful to have a backup plan for all the other homes.

Review all Diligence Information

Virginia Auction Company, Inc. will provide diligence information on its website for your convenience. Review the website frequently as new information will be added and existing information will be updated. The information provided will include the Auction Purchase and Sale Agreement, Terms and Conditions/Bidder's Affidavit, Condominium Declaration, Bylaws, Home Owners Association Budget, Floor Plans, and other important information. It is your responsibility to review all the information provided and to research the property prior to bidding at the auction.

Auction Prices

The condominiums will be sold at auction prices. Auction prices are generally discounted from regular prices. The pricing at the auction will be determined by you and other bidders. Appraisal information will be available on the auction website and at the condominiums.

Condition of the Condominiums. The condominiums will be sold in "AS IS" condition at the time of the auction. All inspections must be done by you prior to the auction. The Purchase & Sale contract will not be subject to an inspection by the buyer.

Title

The condominiums will be transferred to the buyers with clear, insurable title. Your closing attorney will have 21 days to check the title on the property. If you wish, you can purchase an owner's title insurance policy at the closing.

Real Estate Taxes

Any real estate taxes will be prorated at closing. The purchaser will not be responsible for any unpaid taxes.

Homeowners Association Dues

All condominium owners will become members of the homeowners association. The association assesses each condominium a monthly fee to cover maintenance of the roofs, building exteriors, common areas, parking, sidewalks, security gate, insurance, landscaping and professional management. The work is done for you professionally with a consistent level of quality, and at a lower cost basis than if done individually by each homeowner. You can relax and enjoy your leisure knowing that the maintenance work will get done in a timely manner, on a cost effective basis, protecting your investment.

Down Payments

After the auction is completed, the high bidders for each condominium will sign a copy of the Auction Purchase and Sale Agreement. The high bidders will make a down payment of 10% of purchase price for the condominium. Buyers who have a loan preapproval letter that has been reviewed and approved by the auction company can reduce the required down payment to only \$3,000. The down payment will be applied to the purchase price at closing. Some examples of the down payment are shown below:

ASSUMING TOTAL PURCHASE PRICE OF \$100,000;
DOWN PAYMENTS WOULD BE DIFFERENT FOR HIGHER OR LOWER PRICES.

Buyer with Preapproval Letter from Lender

Purchase price: \$100,000

Down payment: \$3,000

Balance Due at Closing: \$97,000

Investor or Buyer without Preapproval Letter from Lender

Purchase price: \$100,000

Down payment: \$10,000

Balance Due at Closing: \$90,000

In the event that the seller does not approve a bid and sign the Auction Purchase and Sale Agreement, the purchaser's checks will be returned to the purchaser.

Lower Your Down Payment

Bidders who intend to occupy their condominiums can lower the down payment required at the auction from 10% of their bid to only \$3,000 by getting prequalified for financing. To qualify for the \$3,000 down payment, bidders will need a loan prequalification letter approved by Virginia Auction Company, Inc. You may email, fax, mail or hand deliver an original signed copy of your preapproval letter from your lender. You must intend to occupy a condominium in order to qualify for the \$3,000 down payment. Investors who desire to rent a condominium to a tenant will not qualify for the \$3,000 down payment.

Get Prequalified for Financing

If you need financing to complete your purchase, we strongly recommend that you get prequalified by a lender prior to the auction. In addition to possibly qualifying for a reduced down payment, there are several important advantages to getting prequalified for a loan. The prequalification process show you the amount of money you can borrow to purchase a condominium at the auction. This will help you set a limit on how high you should bid. Also, the

prequalification process will show you how affordable your monthly payments will be. You may use any lender you wish for your loan. Contact information for a lender is provided on the auction website. The prequalification process can be done in an hour or two, and can be done on the internet. Please do not wait until a day or two before the auction to get prequalified as there may be delays due to a high volume of applicants. The Auction Purchase & Sale Agreement does not have a contingency for financing. Each buyer is responsible for making sure that they will be able to get financing if they need it. Buyers may choose any lender for financing.

FHA Approval for Financing

The Landings at Five Points has been approved for FHA financing. The FHA approval makes several very attractive financing options available to purchasers.

Owner Occupant and Investor Units

Buyers who intend to live in the condominium, or allow a family member to live in the condominium, may purchase any unit. The Landings at Five Points limits the number of condominiums that can be rented (investor condos) in order to maintain a ratio of owner occupants to investors that will allow FHA approval for financing. Currently, 4 of the 9 condominiums offered in the auction can be approved for rental. Bidders will be required to disclose whether they intend to be owner occupants or investors. During the auction, the number of investor units will be kept to 4 or less.

Save the Date

The auction will be held on October 19th at 1:00 pm under a tent at The Landings. The auction will be held rain or shine. Dress for the weather. Arrive early to get a good seat. The seating under the tent will be limited, so we may not be able to accommodate observers who are not there to bid. The condominiums will be open for final inspection starting at 9:00 am on the day of the auction. **Registration for the auction will start at 10:00 am.** At 1pm, the auctioneer will read some announcements regarding the rules and procedures for bidding at the auction and run a practice auction to familiarize everyone with the process. The auction will begin following the announcements.

What to Bring

Bring your check book, photo identification, and your notes from the inspections. If you are bidding for someone else, you will need to bring a notarized limited power of attorney authorizing you to bid on condominiums at the Landings at Five Points. If you want to be represented by a real estate agent, make sure they have registered you by 1pm on Friday, October 18th. Buyer's agent registrations must be acknowledged in writing by the auction company in order to be valid. Buyer's agent registration will not be allowed on the day of the auction. If you miss the broker registration deadline, you can still bring an agent to the auction. However, the agent will not be paid a commission by the seller or auctioneer.

How to Bid

The auction will be a live auction similar to what you might see on television. Bidders will be given a bid card and information packet when registering. Introduce yourself to the bid spotter; it's their job to help the auctioneer spot your bid. You can bid to the auctioneer or to any of the bid spotters. You can bid by holding up your bid card, your hand, nodding your head, winking, or otherwise indicating to the auction team that you are bidding. Auctions are exciting and fun. Bidding will continue until nobody submits a higher bid. Don't hesitate when it is your turn to

bid – it only encourages your competition. Don't wait until the last second to bid - your bid might not get noticed in time, and you may miss out on a really good deal. The best way to win the bidding is to bid quickly and confidently up to your limit. Whenever a bid is made against yours, quickly submit your bid to reestablish yourself as the high bidder. This sends a signal to the other buyers that you will continue to bid higher. Hesitation on your part tends to signal buyers that you are near your limit and encourages continued bidding from your competition. When your competition stops bidding, you have won. Set some reasonable limits for yourself. Do not bid more than you can afford to pay or borrow.

Order of Sale

Condominiums can be auctioned in a variety of ways. For example, the condos might be offered one at a time, in sequence by their address or unit number. The condos could also be offered one at a time, in a sequence by their respective floor plans. The disadvantage of offering the condos in a predetermined order is that buyers may not feel comfortable with the process until a few condos have been sold. Inexperienced bidders might watch the first few rounds and miss out on good opportunities to bid on the homes they really want. Also, if the last condos to be offered happened to be the most desirable, bidding would be light for the 1st condos with intense bidding for the final condos. The last condos would sell for prices that are far higher than the early condos. Many bidders would be disappointed that they didn't buy one of the early condos. Our seller would also be disappointed because we wouldn't have maximized their prices.

We typically offer condominiums using a form of "high bidder's choice" methodology. With high bidder's choice, there is no predetermined order of sale. Bidders bid for an opportunity to select the best available home. The bidding is conducted in successive rounds. At the beginning of round one, all 9 of the condos are available for selection. We then conduct round 1 of the bidding. The bidders are bidding for the right to choose the best unit available. At the end of round 1 of the bidding, the high bidder is allowed to select their favorite condo from all 9 units. After the high bidder selects a unit, a second round of bidding is started. The high bidder in round 2 selects from the 8 remaining condos. The high bidder in round 3 selects from the 7 remaining condos. The auction is conducted with successive rounds of bidding until all the condos are selected. With high bidder's choice, it is very important for bidders to have ranked all of the condos in their order of preference prior to the auction. If you have ranked the condos by your preference, and noted the differences between the condos, you will have an easier time selecting your condo when you have won a round of bidding. A condominium preference worksheet is provided on the auction website and in the on-site office. We recommend that you make notes as you inspect the condos and assign a preference order to the condominiums with 1 being your favorite and 9 being your least favorite.

The Virginia Auction Company, Inc. represents the seller and not the purchaser. The methodology for offering the condominiums will be determined based on the number of bidders in attendance and the best interests of the seller. We will review the method of auctioning the condominiums prior to the start of the auction and run through an example with bidder participation to ensure that everyone in attendance understands the methodology used and has a fair opportunity to bid for the condominium of their dreams.

Absolute Auction Condos

The seller is highly motivated to sell all of the condos at the auction. The seller will sell at least one of the condominiums at Absolute Auction to demonstrate their motivation and intentions.

The seller may authorize additional condominiums to designate as absolute as the auction progresses. The absolute condos will be sold to the highest bidders, regardless of the prices, at the conclusion of the auction. The seller has the right to accept or reject the high bids on any or all of the condos not offered at absolute auction. The seller also has the right to remove properties from the auction, to sell properties prior to the auction, change the terms of the auction, postpone or cancel the auction, and suspend and resume bidding during the auction. Announcements made at the auction will take precedence over printed terms and conditions.

Post Auction Contracts

At the conclusion of the auction, the high bidders will sign the Auction Purchase and Sale Agreement and make the required down payment. Bidders are required to read the Auction Purchase and Sale Agreement prior to the auction. No changes will be made to the Agreement. The seller will sign the Auction Purchase and Sale Agreements for the Absolute condos. The seller has the right to accept or reject the high bid for the condos that are not offered at Absolute Auction. The offers for the non-absolute condos will be open for acceptance or rejection by the seller until 48 hours following the auction. Earnest money checks will not be deposited unless and until the Auction Purchase and Sale Agreement has been signed by the seller. The seller is highly motivated to sell the condos for auction prices. However, if the seller does not agree to sell for your high bid, your earnest money check will be promptly returned to you.

Closing

Purchasers are required to close on or before 45 days from date all parties sign the Auction Purchase and Sale Agreement. The purchaser is responsible for the closing costs. Buyers who need a short extension for closing normally get one if they can show that they have been approved for financing.

Optional to Include Points and Closing Costs in the Price

Buyers who wish to include points and closing costs in their price will have the option to increase their price to 6% above their high bid. If this option is used, the 6% increase would come from the seller's side at closing. For example, a buyer who bids \$100,000 can add points and closing costs equal to \$6,000 to the \$100,000 high bid for a total purchase price of \$106,000. At closing, the seller would pay \$6,000 towards points and closing costs from the sale proceeds. The advantage in doing this is to reduce the amount of cash the buyer needs at closing, allowing the buyer to apply more of their available cash to the down payment.

Questions

Please review all of the information on the auction website at www.vauctionco.com . If you have any questions about the condominiums or the auction process, please contact the Virginia Auction Company at 757-538-0123 or email your question to info@vauctionco.com