

**U.S. Marshals Service
Seattle Commercial Property Auction
Terms and Conditions of Sale**

Auction Date and Location

LPS Auctions Solutions LLC (“LPS Auctions”) is auctioning two properties in Seattle, WA (individually a “Property” and collectively, the “Properties”). The Auction will take place at the location of one of the Properties, “Rick’s Nightclub” at 11332 Lake City Way NE, Seattle, WA 98125 at 2:00 PM on Wednesday, June 29, 2011. Registration for the Auction will begin at 11:00 AM.

Registration

Registration is required to bid at the Auction and there is no fee to register. To register for the Auction, please go to our website, www.LPSAuctions.com and fill out the online Registration Form. Registering now will gain you faster access on the day of the event. You may also register at the Auction by completing the Registration Form in person. However you register, when you check in at the Auction we will need to verify that you have the following items in your possession: 1) Cash or a cashier’s check (made payable to yourself) of One Hundred Thousand Dollars (\$100,000), except if you would like to bid on the “Talents West” property at 8600 Lake City Way NE, Seattle, WA 98115, in which case the check must be for Fifty Thousand (\$50,000); 2) A blank personal check to cover any remaining Earnest Money Deposit required hereunder; and 3) A valid government-issued identification including your photo (e.g. driver’s license, passport or similar document).

Open House Inspection Hours

Both “Rick’s Nightclub” at 11332 Lake City Way NE and “Talents West” at 8600 Lake City Way NE, Seattle, WA 98115 will be available for viewing from 11:00 AM to 2:00 PM on Wednesdays, June 15 and June 22 and for three hours prior to the Auction. The properties may also be viewed by scheduling a private showing with the Listing Agent, The Kendra Todd Group at Keller Williams of Greater Seattle by calling 206-577-0028. We encourage you to visit the Properties prior to attending the Auction.

The winning bidders must represent, covenant and warrant that they are purchasing the Property relying solely on their independent inspection of the Property in its existing condition. Neither any sellers of the Properties being auctioned (individually “Seller” and collectively “Sellers”), LPS Auctions the auctioneer (“Auctioneer”) nor any of their respective members, employees, officers, directors, shareholders or affiliates (all such parties are sometimes hereinafter referred to collectively as the “Auction Parties”) shall be liable for any damages, allowances, adjustments or revisions because of any defects to the Properties, appliances or floor plans to conform to any specific standards. Any information provided by Auction Parties regarding sizes, floor plans, square footage, number of bedrooms and bathrooms, or other attributes of the Properties are approximations only and are based on available information. Actual sizes, floor plans, square footage, number of bedrooms and bathrooms may vary. In addition, the information provided in connection with the term “previously valued” or similar descriptions may refer to the highest of (a) the appraised value of the Properties in connection with the most recent mortgage, (b) the most recent asking price, (c) the assessed value, (d) the most recent broker price opinion, or (e) any previous listing price or other information.

Free and Clear of All Liens

The Properties are to be conveyed with insurable title, with customary title insurance policies (as applicable), subject to current taxes, rights-of-way, assessments, easements and other conditions of record, and any exceptions contained in the preliminary title report and other standard title exclusions. Utilities, assessments and real estate taxes will be prorated at closing. Seller shall give and Buyer shall accept such title as Seller’s title insurance company shall be willing to approve and insure in accordance with its standard form of title policy approved by the governing agency for the state where the Property is located, subject only to the matters provided for in the Auction Purchase Agreement. Lender’s and Owner’s title insurance will be at the Buyer’s expense. All other closing costs shall be treated as specified in the Auction Purchase Agreement (“APA”).

Cash Sale

All sales will be deemed "Cash Sales" and are not contingent on Buyer's ability to obtain financing or any other contingency, including attorney approval or modification. Bidders should consult with their attorney prior to executing the APA.

Bid Deposits

The amount of the required Bid Deposit is specified above. The Bid Deposit must be in the form of cash or a cashier's check made payable to yourself.

Additional Money Required

Winning bidders must increase their Bid Deposit upon signing the APA to the greater of 10% of the total purchase price or \$100,000 under the APA, except if you would like to bid on the "Talents West" property at 8600 Lake City Way, in which case the bid deposit is the greater of 10% or \$50,000. A personal check, business check or cash equivalent is acceptable for this additional Earnest Money, and bidders will be required to show a blank check when they register or check in at the Auction. The total Earnest Money Deposit is non-refundable for all sales and shall be retained and applied against the purchase price of the Property. In the event of default of the terms of the APA, Buyer hereby waives the requirement to sign any release in connection with the deposit and understands that the deposit on said Property will be forfeited in its entirety.

Winning Bidders

Winning bidders shall execute an APA for the Property they purchase immediately after being declared the winning bidder by the Auctioneer. If you plan to purchase additional Properties, you must bring a separate check for each Property you purchase. Copies of the APA are available for review prior to the Auction on the website at www.lpsauctions.com. If the Auctioneer has gaveled a Property "Absolute", this means the purchase price has reached the Seller's reserve price, if any. If a Property is gaveled "Sold Subject to Seller's Acceptance", the Seller shall have ten (10) business days to accept or reject the offer made pursuant to the Buyer-executed APA. LPS Auctions will notify Buyers by phone or e-mail of the Seller's confirmation and acceptance of their APA. Should Seller not accept any Buyer-executed APA, the APA will be terminated and the Buyer's Earnest Money Deposit will be promptly refunded.

Closing

All sales must be closed within 30 days after the Auction. Any Buyer not closing within 30 days after the Auction will forfeit their total Earnest Money Deposit.

Broker Participation Invited

A 1% commission for the properties located 11332 Lake City Way NE ("Rick's Nightclub") and 8600 Lake City Way NE ("Talents West"), will be paid to a licensed real estate broker upon their properly registered client's Closing and funding on the Property, as more particularly described below. To be paid a commission, a broker must satisfy *each* of the following:

1. Be a licensed real estate broker who (a) is not prohibited by law from being paid such commission, and (b) who will abide by the National Association of Realtors Code of Ethics.
2. Review the Auction Terms and Conditions of Sale with each client you are representing.
3. Professionally assist your client by providing relevant advice and Property information.
4. You and your client must sign the registration form which can be downloaded from the LPS Auctions, LLC website, www.lpsauctions.com. The fully signed registration form must be faxed to LPS Auctions at 312.278.6900 by 12:00 noon Washington time, on June 28, 2011.

No commission will be payable unless each of the above requirements have been satisfied. There will be no exceptions. As Buyers register on Auction day, Buyers will be required to acknowledge their relationship with the registered broker. By bidding, each Buyer and their registered broker agree to indemnify and hold harmless all of the Auction Parties for any and all claims for compensation made by any person or entity in connection with the Auction.

Neither Seller nor LPS Auctions will be obligated to pay commissions to any other brokers except as stated above. Registered brokers will not be paid commissions for sales in which they or any immediate family members are purchasers (*e.g.*, spouse, siblings, parents, children, etc.). In addition, no registered

broker may qualify for a commission if they are an owner in any entity such as a corporation, limited liability company, partnership or trust purchasing a Property.

Reservations

LPS Auctions reserves the right to add or remove any Property from the Auction or to alter the order or method of sale from that published herein or otherwise advertised, by announcement from the Auction podium.

All Properties sell “as-is, where-is, and with all faults” and with no warranties either express or implied. Unless specifically stated otherwise in writing, all Properties will be conveyed by special warranty deed, a quit claim deed, or such other deed necessary to convey insurable title to the Property with Seller warranting only record ownership, and the owner’s title insurance policy in the amount of the purchase price, will be an expense of the Seller.

The information set forth herein has not been independently verified by any Auction Party. Its accuracy is not warranted in any way, including, but not limited to, information set forth herein concerning utilities, zoning and size of land parcel and square footage of improvements and all photographs.

Any person attending the Auction is a guest of LPS Auctions and subject to removal by them at its discretion. No modification to the APA will be accepted.

The failure to execute the APA in the form presented or failure to tender any deposits on the day of the Auction may result, at the Seller’s option, in the voiding of the sale and will result in the sale of the Property to the next high bidder, or placement of the Property back in the Auction, at Seller’s sole discretion.

Although LPS Auctions will make every effort to provide the most updated information to bidders, there is no obligation on the part of LPS Auctions or any other Auction Party to update this information. All announcements, whether oral or written, made at the Auction take precedence over all other advertising. The Auction Parties do not have any liability whatsoever for any oral or written presentation, warrants or agreements relating to the Property (including announcements made at the time of the Auction) except as expressly set forth in the APA. All Properties which are sold by reserve are sold subject to Seller acceptance. Without limiting the generality of the forgoing or anything else contained herein, there is no obligation on the part of the Seller to accept any backup bids in the event the high bidder fails to perform.

Disclaimers

The Property will be conveyed by Seller to Buyer on an “as-is, where-is, and with all faults” basis. Buyer accepts all faults of the Property whether known or unknown, presently existing or that may hereafter arise. Buyer acknowledges and agrees that no Auction Party has made, do not make and specifically negate and disclaim any representations, warranties, promises, covenants, agreements or guarantees of any kind or character whatsoever, whether express or implied, oral or written, past, present or future, or as to, concerning or with respect to: (i) the value, nature, quality or condition of the Property, including, without limitation, the water, soil and geology; (ii) the income to be derived from the Property; (iii) the suitability of the Property for any and all activities and uses which Buyer may conduct therefrom; (iv) the compliance of or by the Property or its operation with any laws, rules, ordinances or regulations of any applicable governmental authority or body; (v) the habitability, merchantability, marketability, profitability or fitness for a particular purpose of the Property; (vi) the manner or quality of the construction or materials, if any, incorporated into the Property; (vii) the manner, quality, state of repair of the Property; (viii) the existence of any view from the Property or that any existing view will not be obstructed in the future; or (ix) any other matter with respect to the Property, and specifically, without limitation, that Seller (and all other Auction Parties) has not made, does not make, and specifically disclaims any representation regarding compliance with the Americans With Disabilities Act or with any environmental protection, pollution or land use laws, rules, regulations, orders or requirements.

Buyer further acknowledges and agrees that having been given the opportunity to inspect the Property, Buyer is relying solely on Buyer’s own investigation of the Property and not on any information provided or to be provided by any of the Auction Parties.

Buyer further acknowledges and agrees that any information provided by or on behalf of Seller with respect to the Property was obtained from a variety of sources and no Auction Party has made any independent investigations or verification of such information and make no representation as to the accuracy or completeness of such information.

No Auction Party or any of their employees, agents, contractors, officers and directors shall be liable or bound in any manner by an oral or written statements, representation or information pertaining to the Property, or the operation thereof, that is furnished by any real estate broker, agent, employee or other person. Buyer acknowledges that Seller, or an affiliated entity of Seller, may have acquired the subject Property by foreclosure or by deed in lieu of foreclosure and, accordingly, has little or no familiarity therewith. Buyer further acknowledges that Seller makes no representations or warranties with respect to the physical condition or any other aspect of the Property, including without limitation the structural integrity of any improvements on the Property, the conformity of the improvements to any plans or specifications for the Property that may be provided to Buyer, the conformity of the Property to applicable zoning or building code requirements, the existence of soil instability, past soil repairs, susceptibility to landslides, sufficiency of undershoring, sufficiency of drainage, or any other matter affecting the stability or integrity of the land or any buildings or improvements situated thereon.

Buyer and anyone claiming by, through or under Buyer hereby fully and irrevocably release each Auction Party and each of their respective employees, officers, directors, representatives and agents from any and all claims that Buyer may now have or hereafter acquire against any such party and their employees, officers, directors, representatives and agents for any cost, loss, liability, damage, expense, demand, action or cause of action arising from or related to any construction defects, errors, omissions or other conditions, including environmental matters, affecting the Property, or any portion thereof. This release includes claims of which Buyer is presently unaware or which Buyer does not presently suspect to exist in his favor, which, if known by Buyer, would materially affect Buyer's release of any such party. It is understood and agreed that the purchase price has been adjusted by prior negotiation to reflect that the Property is sold by Seller and purchased by Buyer subject to the foregoing and that this is a material term of the sale.

The Terms and Conditions of Sale and the conduct of the Auction shall be governed by, interpreted and enforced under the laws of Washington. By bidding at the Auction, whether present, in person or by agent, each Bidder shall be deemed to have irrevocably (a) submitted to the courts of competent jurisdiction in the respective County in the State Washington (including the federal courts) in connection with any suit, proceeding or other legal process relating to the Auction and/or the offering or sale of any Property, (b) agreed that any suit or action may be heard in any such court, (c) waived the defense of any inconvenient forum to the maintenance of any suit or action in any such court, and (d) agreed to be subject to suit, service and legal process of such court in connection with any suit or action. Upon execution of the APA, all rights and remedies with respect to the Property covered by such APA shall be governed by the APA.