

SÄCHSISCHE GRUNDSTÜCKSAUKTIONEN AG

Hohe Straße 12 01069 Dresden



We make the following declarations not in our own name but for the
Sächsische Grundstücksauktionen AG, based in Dresden, Hohe Straße 12
- hereinafter referred to as the "Auction House" -

The following

AUCTION SALE CONDITIONS

- hereinafter also referred to as "General Auction Conditions" -

apply to the sale of real estate lots, real estate parts and property-equivalent rights at auctions to be conducted with the cooperation of the Auction House as of 08/03/2009:

- 1) Every Vendor ("Vendor") who appoints the Auctioneer for the auction sale of a real estate lot, part of a real estate, or property-equivalent right - hereinafter referred to as the "Object" - shall be bound to hold the sales offer open until the end of the last auction date indicated in the catalogue. The auction sale will take place at the locations identified by the Auction House. The Auction House will determine the Auctioneer who will be actually in charge of selling the Object at auction. If the Object of the auction sale consists of a partial area which so far has not been surveyed, the following applies: The Vendor has a performance determination right, in particular with regard to the determination of concrete boundary points; this right has to be exercised by him according to contract by the implementation of the surveying plan attached to the Deed.
- 2) For the Objects which are put up for auction sale, a minimum price (limit) is agreed with the Vendor, at the announcement of which the auction sale for the Object begins unless the Auctioneer announces a higher minimum bid made in writing.
- 3) From case to case, the Auctioneer reserves the right to determine the amounts for each Object by which a new bid has to exceed previous bids (rates of increase) by the minimum. The rates of increase amount to € 5 00.00 provided the Auctioneer does not announce another amount. This rate of increase may also be changed during the auction.
- 4) Every bidder shall be bound to a given bid until it is overbid by another bidder. If several persons submit the same bid only that bid shall be valid of which the Auctioneer has first taken notice. With regard to possible doubts or unclearness on the validity of a bid, the Auctioneer decides at his discretion whether he accepts a bid and whose bid he accepts or whether he repeats the auction sale. He may also cancel the knockdown and ask previous bidders whether they hold open their bid, and he may repeat or continue the auction sale as from the highest bid held open. These regulations apply to subsequent sales as well.
- 5) The Auctioneer may also admit bids in writing and bids by telephone submitted during the Object's call provided the bidder has granted an authorization to a representative present at the auction in time before the call and this authorization is presented to the Auctioneer in time and in written form before the call. The conditions of the auction are fully acknowledged by such bids. The persons present at the auction shall be informed by the Auctioneer about the amount of bids submitted in writing at the beginning of the Object's auction sale following the announcement of the limit. By the submission of a written bid, the bidder authorizes the Auctioneer and his authorised representative to make bids and accept the hammer price.
The bidder undertakes to confirm this authorization promptly in a form certified by a notary. If a bidder himself has acted on the basis of a concealed authorisation, the knockdown may be cancelled unless the bidder has at the same time, assumed joint and several liability for the fulfilment of the duties arising from the knockdown, together with the person represented by him. In such a case, the Auction House expressly points to the incurrance of double the real estate transfer tax.
- 6) With the knockdown in favour of the highest bidder (hereinafter "the Purchaser"), the following regulations are contents of the contract between him and the Vendor:

- a) After bid acceptance, the Purchaser, together with the Vendor or the Vendor's representative, must have the purchase contract, together with all other declarations required for land register execution, immediately notarised by one of the notaries present. If, contrary to the auction sale conditions, the Purchaser leaves after bid acceptance without participating in the set-up of the agreement's wording, the purchase relationship shall, nonetheless, remain effective according to § 156 of the *BGB* (German Civil Code). Any additional cost associated therewith shall be borne by him, and he has to promptly participate in the notarisation.
- b) Upon knockdown, every Purchaser shall be bound to pay a bidding security amounting to ten per cent (10%) of the highest bid, but at least to € 2,000.00 unless he is exempted from this payment in whole or in part in writing.

This bidding security shall be paid to the Auction House either in cash or by check immediately following knockdown, and it has to be deposited in a trust account by the Auction House and to be transferred to the trust account of the Notary if such a trust account has been agreed upon. The Auction House may waive or reduce the bidding security in the individual case, especially if the cash bid amounts to less than € 2,000.00. The bidding security shall be credited against the purchase price. If the cash bid is not deposited in full and if the contract is not fulfilled for this reason, the bidding security serves the payment of the Auction House's commission claims first and only then it serves the satisfaction of possible claims for damages by the Owner. Upon the expiration of the agreed payment deadline or if the Purchaser violates his contractual duties, the bidding security may be used for these purposes. In such a case it shall be disbursed in accordance with the concordant instruction of the Vendor, the Purchaser and the Auction House; in the absence of such an instruction, the bidding security may be lodged with the depositing place of the Local Court at the place of the auction or it may be held in trust by the Auction House until a legally valid judgment is available by which the person authorised to disburse the money is determined.

- c) Upon acceptance of his bid, the Purchaser contractually guarantees the Vendor that
- (1) payment of the purchase price will be effected in due time and as agreed here,
 - (2) no trust conditions are imposed on the Notary within the context of payment to the escrow account which cannot be fulfilled in accordance with the contract conditions,
 - (3) the Purchaser promptly pays all costs at court and at the Notary to include those charged in the form of advance payments,
 - (4) the Purchaser pays the land acquisition tax in due time,
 - (5) the Purchaser submits to the Notary within one (1) month counted from today the original of all declarations, evidence, vouchers and documentation required for the transfer of title in the form required for land register execution.
- Should one of the above guaranteed promises not be fulfilled, the relevant party to the contract will be entitled to rights on the grounds of non-fulfilment of a main liability (damages instead of performance §§ 281, 282 BGB) or withdrawal (§ 323 of the BGB).
- d) Purchaser and Vendor herewith authorise the Auction House – by exempting it from the limitations of § 181 BGB – to accept a possible fixing of grace periods according to §§ 280, 281, 323 BGB of the other party to the contract. For fixing grace periods which are granted by using this authorisation, a grace period has to cover a period of at least three (3) weeks. The Auction House has to pass on the fixing of a grace period it receives to the last address submitted to it by the addressee.
- e) Purchaser and Vendor mutually undertake to immediately inform the Auction House, the Notary notarising the purchase contract and the other party to the contract about every change of address.
- f) If the total purchase price has not been deposited in cash upon bid acceptance, the Purchaser has to agree, in consideration of the purchase price, that measures of immediate execution be taken against his assets. The agreements contained in the auction sale text read out (Special Auction Sale Conditions) take precedence over these general auction sale conditions. In particular, only the auction sale text read out at auction will be decisive for the description of the subject matter of the contract.

- g) After bid acceptance, the Auction House or the Auctioneer can request the Purchaser to deposit an additional security up to 15 per cent of the purchase price with a lawyer admitted in the Federal Republic of Germany and to appoint him, if necessary, as person authorized to accept service. This security first serves for safeguarding the payment of the notary's fees, then for the payment of the real estate transfer tax, the land register fees and finally the payment of all other costs and fees for the fulfilment of the contract. Then the lawyer has to be instructed to pay these costs from the deposited amount. Upon completion of handling, account has to be rendered on this security deposit and any balance in favour of the Purchaser has to be refunded to him. Until that time the order is irrevocable. In addition, the lawyer has to be irrevocably authorized to apply for and accept – in case of request - the real estate transfer tax assessment notice and other cost accounts and fee notices.
 - h) Purchasers without a residence or a principal office in Germany additionally authorise the Notary who is notarising the Purchase Agreement to accept the tax on acquisition of real estate assessment notice and any and all information relating to the tax on the acquisition of real estate assessment procedure.
- 7) On behalf of the Vendor, the Auctioneer has the following determined in respect of the Object by the Auction House:
- a) Entries in Sections I, II, and III of the Land Register and the size of the area according to the entry in the Land Register Index;
 - b) Possible provisions imposed by the competent Office for Building and Dwelling Supervision and by the master chimney sweep of the district;
 - c) In case of Objects being rented out: The last determined rent receivable (rent exclusive of heating costs).

To the extent to which the above mentioned details under a) to c) will be communicated by the Auctioneer, neither he nor the Auction House assume any liability for their correctness. As far as the Auction House has not received the above details from the competent bodies by the auction sale date, they will be announced by the Auction House in the auction sales text. Between the auction sale date and the date of the economic transfer of benefits and burdens, details regarding rents and operating costs can change due to vacancy or re-letting during the period in between.

- 8) The Object sold at auction is not always acquired in a condition suitable for immediate use; it may be in a condition in need of rehabilitation and/or renovation, and the Object thus is, unless something to the contrary results from the auction sales text, acquired in its 'as-is' condition at the time of the knockdown, i.e. under exclusion of all claims and rights of the Purchaser due to a defect of quality of the real estate or the building. According to the circumstances, the Purchaser has to expect, in such cases, considerable additional expense to make the Object fit for use.

The following is excluded from the above exclusion of liability:

- a) Claims and rights for damages based on the intentional violation of duties by the Vendor.
- b) If the Purchaser is a consumer in the legal sense, claims on account of bodily injuries will not be subject to the exclusion of liability if the Vendor is answerable for the failure to comply with his duty; this applies likewise to any other damage based on intentional or grossly negligent violation of duties by the Vendor.
- c) A legal representative's or vicarious agent's breach of duty shall be equivalent to the violation of duties by the Vendor.
- d) If used movable objects are sold together with real estate at public auction according to §383 Para 3 *BGB* (=German Civil Code), comprehensive exclusion of claims and rights applies as is the case for the sale of immovable objects according to a) to c). As far as other movable objects are sold together with real estate, the legal regulation applies, however, claims for damages put forward by the Purchaser on account of a defect of quality are excluded (with the above exceptions provided for under a) to c)) and the period of limitation is reduced to one (1) year.

- 9) The Auction House and the Auctioneer shall be liable vis-à-vis the persons participating in the bidding procedure only for the preparation and conduct of auction sales in accordance with legal regulations. As far as the Auction House or the Auctioneer rely on representations and documentation of third parties, they shall be answerable only for the correct transmission of the mentioned documentation but not for its objective correctness. Facts with regard to which there is a duty to furnish particulars will be passed on by the Auction House merely as a messenger. Their disclosure in due time for inclusion in the auction sales text shall be exclusively incumbent on the Vendor. Claims and rights of the persons participating in the bidding procedure on the grounds of failures of the Auction House or the Auctioneer to comply with their duties - especially on the grounds of consulting with regard to assessment issues or on the grounds of defects as to the quality of the Object - shall be excluded. Excluded are claims of the Vendor and the Purchaser asserted on the grounds of physical injuries if the Auction House or the Auctioneer are answerable for this failure to comply with their duties, and the person concerned is a consumer in the legal sense. The exclusion of liability does not apply to damages with regard to which the Auctioneer or the Auction House are answerable vis-à-vis the Vendor or the Purchaser for intentional or grossly negligent violation of duties.
- 10) Regardless of anything to the contrary in the auction sales text, the transfer of the Object shall take place on the first of the month following the payment to and/or the contractual depositing of the full purchase price with the Notary and/or an Auctioneer as escrow holder. The Vendor shall be obliged to bear all current public dues and private expenses of the real estate until the fixed transfer day and all costs for developments such as roads, the sewer system, etc. existing on the day of transfer. The Vendor shall bear all dues, if any, which are either not settled or in arrears on the date of the transfer or development costs relating to development measures until the auction date. Development costs for measures which are carried through after the auction date shall be borne by the Purchaser. As far as the Vendor has already made payments for periods after the transfer date, the Purchaser shall be bound to reimburse same. The Purchaser has to reimburse the Vendor for heating oil or other fuel possibly available on the fixed transfer day and to present individual evidence for this.
- 11) Provided nothing to the contrary is included in the auction sale text, the Purchaser will, with regard to real estate in the accession territory, and by virtue of § 9 of the Land Register Amendment Act (= *Grundbuchbereinigungsgesetz*), take over - for further toleration - those limited personal servitudes which have to be established and which will be registered in favour of utilities without setoff against the purchase price. If the take-over of existing mortgage liens is envisaged in the auction sale text with set-off against the purchase price (highest bid), Vendor, Auction House und Auctioneer do not assume liability for the consent to the assumption of debt by the creditors. Should this consent be refused, the Purchaser shall be obligated to pay the relevant portion of the highest bid by means of other third party or own funds within one month following the receipt of the refusal of the assumption-of-debt consent. The mortgage money balance of such encumbrances which has to be determined by the Auction House as of the fixed transfer day will be taken as basis for the final settlement of the cash bid. Differential amounts possibly resulting thereafter between the deposited and the actual cash portion shall be settled by means of a direct payment between Purchaser and Vendor.
- 12) Irrespective of anything specified to the contrary in the action sales text, the purchase price to be deposited shall be paid into a trust account of the Notary to which primarily the special rules under item 21 apply. The bidding security collected and held in trust by the Auctioneer also has to be paid into this account. Agreements with the Vendor between knockdown and notarisation which deviate from this will be at the Purchaser's own risk. They should, if at all, only be made with legal subjects with a good credit standing.
- 13) Provided nothing has been provided for to the contrary in the auction sales text, depositing shall take place within one month following the auction date. Payment will be effected,
- a) when the correctly ranking registration of the priority notice for the subject of the contract in favour of the Purchaser and the possible registration of required financing liens has taken place and
 - b) official and other approvals, certificates, consents and evidence required for the registration of the transfer of title in the land register are available – with the exception of the tax clearance certificate – and
 - c) possible deeds on the cancellation of liens and mortgages which can be used for the land register are available for liens and mortgages which are not to be taken over, and

- d) the amount deposited is sufficient for the cancellation of encumbrances in the land register which are not to be taken over by the Purchaser.

If the Purchaser has to cancel encumbrances in the land register which are, according to provisions, not to be taken over, the amounts required for the cancellation, including court and notarial fees incurred, may be withdrawn from the amount deposited as soon as all the above conditions for disbursement have been fulfilled. Possible bank charges for depositing shall be borne by the Vendor.

- 14) The Auction House confirms that it has taken out insurance cover as is standard practice for safe custody accounts kept by an Auctioneer as escrow holder. If the parties to the contract agree on the depositing in the trust account of a Notary, the rules included in the Auction Sale Conditions on trust accounts apply *mutatis mutandis*, with the deviations under item 21.
- 15) If the Purchaser does not pay on the due date, the Vendor shall be entitled to all claims resulting therefrom especially the claim to default interest according to § 288 *BGB*. In addition, every Purchaser shall be obligated to immediately subject himself, to the records of the authenticating Notary, to immediate measures of debt enforcement on account of the highest bid *vis-à-vis* the Vendor and on account of the commission *vis-à-vis* the Auction House in each case plus five percentage points (eight percentage points in the case of non-consumers) above the basic discount rate on the same as of the date of the contract's notarisation and to irrevocably instruct the authenticating Notary to deliver an enforceable copy to the Vendor and/or the Auction House. Should the Purchaser no longer be present, he has to bring after this declaration immediately before a notary.

A declaration of rescission of the contract can also legally (§ 126 *BGB*) be made before the Notary notarising the purchase contract. By exempting him from the limitations of § 181 of the *BGB*, this Notary is herewith authorised by all participants to accept such declarations of rescission of the contract with regard to the purchase contract. For the receipt in due time and form, the person making the declarations, has to take care him-/herself.

- 16) If Objects are put up for auction sale with regard to which the Auctioneer himself participates as a co-owner or with regard to which he is a partner of the Owner, he has to announce this at the beginning of the auction sale.
- 17) The Purchaser shall bear the following costs:

- (1) The commission (surcharge) owed by him directly to the Auction House because of the knockdown. This commission amounts to
- (a) 17.85 per cent for a gavel price of up to € 9,999.00
 - (b) 11.9 cent for a gavel price from € 10,000.00 to € 29,999.00
 - (c) 9.52 per cent for a gavel price from € 30,000.00 to € 59,999.00
 - (d) 7.14 per cent for a gavel price as from € 60,000,

in each case value-added tax at the relevant applicable statutory rate being included.

- (2) Costs and expenses of the Notary for the purchase contract and its complete execution at authorities and the court, to include one copy each of the contract for the Auction House and the Vendor, especially the costs and expenses for conveyance and its execution as well as the costs of the purchase price depositing; in case of a separately notarised knockdown also the costs incurred thereby.
- (3) Costs of land register entries and the cancellation of the priority notice, of land register extracts, authorities' fees, realty transfer tax, and costs incurred by other approvals possibly required according to § 12 *WEG* (=Home Ownership Act).

Each party to the contract may, at its own account, apply for additional copies and executed copies, to include complete executed copies following the execution of the deed.

For the avoidance of having to take recourse to the Vendor, costs will be charged as advance payments directly after notarisation of the contract by the Notary, and they have to be paid by the Purchaser promptly. This is the main contractual liability. Only upon the Notary having received the costs charged, the latter shall be permitted to start with official execution.

The Vendor's commission bases on an individual agreement made with the latter. Additionally, the Vendor shall bear the costs of the cancellation of encumbrances in the land register which are not taken over as well as possible collection charges incurred only because of the cancellation of encumbrances and possible balance collection charges for disbursement in partial amounts.

Commissions are earned, due, and payable at knockdown or at the notarisation of the purchase contract and independent of the further handling. A claim for the repayment of the commission shall be excluded unless an official or court approval which is required for the effectiveness of the contract will definitely not be granted.

- 18) If a prospective purchaser requests expert opinions on Objects put up at auction, the Auctioneer/ Auction House is going to charge € 10.00 for every short expert opinion and € 15.00 for every standard expert opinion, plus value added tax at the relevant applicable statutory rate for both types of expert opinions.
- 19) It is pointed out that the conveyance of the real estate in the land register may be dependent on various official approvals and negative certifications as indicated by the Notary in the deed. Central notaries at the place of the auction sale whose names will be provided in the relevant purchase contracts will obtain the certificates and approvals required for this. The Notary is authorized to obtain land register extracts. He is also authorized to accept all types of approvals, to provide information of same to other parties to the contract and to accept such information for the other party to the contract in each case.
- 20) The conveyance of property has to be applied for by the Notary at the time the deposited purchase price has reached maturity of disbursement, however, not before all other documents to be provided by the Purchaser for the conveyance of the property are available.
- 21) Additionally, the following regulations apply to the custody of the purchase price in a notary's trust account: Validation with retrospective effect shall not be possible. The Notary is not entitled to accept cash. The Notary is instructed by all the parties to discharge creditors' claims entered in the land register out of the purchase price in accordance with the balances to be communicated by them plus possible prepayment penalties and costs. In this context, the Notary does not have to individually check the entitlement to the claim. The Notary shall be entitled to require, to his attention, the consents to the cancellation of mortgages, lien release declarations, assignments and letters for providing the commitment of the creditors to the termination declaration according to § 875 (2) *BGB* and to accept them on behalf of the participating parties. Purchase price portions which are required for the redemption of registered creditors will be assigned for this purpose to the Notary already now. The Notary may refuse performance of the fiduciary order if obligations - imposed on him by creditors - to be redeemed or the financial backers of the Purchaser which have to be secured by means of land register entry, interfere with the smooth handling of the trust order. This will, in particular, be the case if the trust order of a creditor on the Purchaser's side is limited in time. He may also turn down the trust order if it becomes subsequently apparent that the handling of the contract is, altogether, for example, defeated due to inconsistent trust conditions. The Vendor will be entitled to interest accruing for the custody.
Should the deposited amount be repaid to depositors because a transfer of title has not taken place, the Purchaser shall be entitled to any interest accrued. Payments from the trust account will be transferred from bank to bank within the period which is normal in the usual course of business. The purchase price claim will be fulfilled only at the time the amount has been disbursed by the Notary or when it is kept in the escrow account on request of the Vendor after disbursement maturity. A special fee which has to be borne by the Purchaser will have to be paid for the notarial custody of the purchase price. In consideration of the deposited amount, setoff or retention is excluded as a consequence of the trust commitment. Upon disbursement maturity, the Notary will be entitled to withdraw costs and expenses which have to be borne by the Vendor in this or another auction matter from the amount in the escrow account which is available for the Vendor.
- 22) Place of jurisdiction is the Local or Regional Court of the relevant place of the auction unless another place of jurisdiction is imperatively prescribed by law.