

ADDENDUM "1"
REO "As Is" Sale Addendum

Escrow Number: _____

Contract Date: _____

Buyer:

Property Address:

Escrow Holder:

THIS ADDENDUM IS MADE PART OF AND SUPPLEMENTS THAT CERTAIN PURCHASE AND SALE AGREEMENT AND ESCROW INSTRUCTIONS ("Contract") BETWEEN TRI COUNTIES BANK AS SELLER, AND THE BUYER NAMED ABOVE WITH REFERENCE TO THE ABOVE-DESCRIBED PROPERTY, BUYER(S) AND SELLER AGREE AS FOLLOWS:

(A) CONFLICT BETWEEN THE CONTRACT AND THIS ADDENDUM:

In the event any provision of this Addendum "1" (this "Addendum") conflicts in whole or in part with any of the terms and conditions of the Contract, the terms of this Addendum shall control the rights and obligations of the parties.

(B) REPRESENTATIONS OR WARRANTIES; PROPERTY SOLD "AS IS":

Buyer acknowledges and understands that the Property is being purchased and sold as-is, where-is and with all faults. Buyer further acknowledges and understands that the Property was acquired by Seller through a foreclosure or other similar action and therefore, Seller is not an owner-occupant and Seller's information concerning the Property and its condition is extremely limited. Accordingly, Buyer acknowledges and understands that Seller makes no representations or warranties, express or implied, regarding any known or unknown, apparent or latent defects in the Property or any appurtenant systems, including, without limitation, plumbing, heating, air conditioning and electrical systems, fixtures, appliances, roof, sewers, septic, soil conditions, foundation, structural integrity, environmental conditions (including, without limitation, the presence hazardous or toxic substances), pool or related equipment. Seller makes no representations or warranties, express or implied, as to (i) the condition of the Property or any of the Property's systems or improvements, or (ii) the habitability, marketability, profitability, serviceability or fitness for a particular use of the Property or any component of the Property.

Buyer further acknowledges and agrees that the Sale Price and the terms and conditions of sale are the result of arm's length bargaining between parties familiar with transactions of this kind and the price,

terms and conditions reflect that Buyer is not relying upon statements, representations or warranties, express or implied, whatsoever relating to any aspect of the Property made by or enforceable directly against Seller, any affiliate of Seller or any broker or agent of Seller, including, without limitation, any statements, representations or warranties relating to the known or unknown condition, dimensions, square footage, descriptions, soil condition, suitability, availability of water and other utilities, compliance or lack of compliance with any state, federal, county or local law, ordinance, order, zoning, rule, permit or regulation or any other attribute or matter of or relating to the Property.

Buyer is relying solely upon its own inspection and investigation of the Property. If Seller obtains or has obtained the services, opinions or work product of surveyors, architects, engineers, title companies, governmental authorities or any other person or entity with respect to the Property, Buyer and Seller agree that Seller shall do so only for the convenience of both parties and the reliance by Buyer upon any such services, opinions or work product is at Buyer's risk shall not create or give rise to any liability of or against Seller.

The closing of this sale shall constitute acknowledgement by the Buyer that the condition of the Property and all components thereof is acceptable to the Buyer at that time. The Buyer agrees that Seller shall have no liability for any claims or losses the Buyer or the Buyer's successors or assigns may incur as a result of defects that may now or hereafter exist with respect to the Property or any component thereof.

The parties agree that Seller is exempt from filing a disclosure statement as the Property was acquired through foreclosure, deed-in-lieu of foreclosure, forfeiture, tax sale, eminent domain or similar process.

(C) INSPECTIONS:

BUYER IS ENCOURAGED TO OBTAIN THE SERVICES OF QUALIFIED AND EXPERIENCED PROFESSIONALS TO CONDUCT INSPECTIONS AND TESTS IN, ON AND UNDER THE PROPERTY PRIOR TO THE END OF THE INSPECTION PERIOD ALLOWED BY THE CONTRACT. Buyer hereby agrees and acknowledges that Buyer is solely responsible for any required remediation and/or resulting damages, including, without limitation, any effects on health, due to a condition in, on, under or around the Property.

In the event the Property is affected by an environmental hazard, as determined by the Seller, either party may terminate the Contract and the Deposit shall be returned to Buyer. In the event the Seller decides to sell the Property to the Buyer and the Buyer agrees to purchase the Property despite any environmental hazard, the Buyer agrees to execute a release and hold harmless Contract at closing, in a form acceptable to Seller. In the event the Buyer elects not to execute the release and hold harmless Contract, at the Seller's discretion, the Contract is automatically terminated upon notice given to Buyer and Seller shall return the Deposit.

(D) REPAIRS:

Any repairs to the Property identified by Buyer or which may be required by Buyer's Lender (collectively, "Repairs") are the sole responsibility of Buyer. Seller shall have no obligation to make any Repairs to the

Property whatsoever. Buyer agrees not to enter the Property prior to the Closing Date for the purpose of making any Repairs or any other alterations without Seller's express prior written consent.

(E) TRANSFER OF TITLE AND SUBSEQUENT NOTICE OF COSTS, LIENS, OR ASSESSMENTS:

Seller shall transfer title to the Property to Buyer by grant deed (the "Deed"). The acceptance of the Deed by Buyer will be deemed to constitute full compliance by Seller with all of the terms and conditions of the Contract. Except as prorated through close of escrow Seller shall NOT be responsible for any unpaid real estate taxes and/or assessments, levies, homeowner association fees and charges, utility charges or any other charges not readily obtainable from a title search prior to closing. IF AT ANY TIME AFTER THE CLOSING DATE, BUYER OR ITS ASSIGNS OBTAINS ACTUAL OR CONSTRUCTIVE NOTICE OF ANY COSTS, LIENS, ASSESSMENTS, OR JUDGMENTS ASSOCIATED WITH THE PROPERTY THAT WERE NOT OF RECORD OR NOT DISCLOSED AT THE TIME OF THE CLOSING INCLUDING, WITHOUT LIMITATION, CODE VIOLATIONS, TAXES, UTILITY LIENS, OR CONDOMINIUM ASSESSMENTS, BUYER SHALL BE RESPONSIBLE FOR PAYMENT OF SAME AND BUYER HEREBY RELEASES SELLER OF ANY AND ALL LIABILITY IN CONNECTION THERETO, REGARDLESS OF WHETHER (I) SELLER OWNED THE PROPERTY AT THE TIME SUCH COSTS WERE ASSESSED OR INCURRED OR (II) SELLER HAD ACTUAL OR CONSTRUCTIVE NOTICE OF THE EXISTENCE OF SUCH COSTS, LIENS, ASSESSMENTS, OR JUDGMENTS. Buyer is responsible for verifying any possible liens, judgments, or assessments that may not be of record and hereby releases Seller from any and all liability related to any such liens, judgments or assessments. Notwithstanding anything to the contrary in the Contract, this provision, as well as any other provision which contemplates performance or observance subsequent to any termination or expiration of the Contract, shall survive the closing, funding and the delivery of the Deed and/or termination of the Contract by any party and continue in full force and effect.

(F) RELEASE:

In consideration of the sale of the Property to Buyer and Seller's agreement to pay its' share of the title examination fee and the premium for the title insurance policy, receipt of which is hereby acknowledged, upon the effective date of the Contract, Buyer hereby releases and agrees to, hold harmless and forever discharge Seller, as owner of the Property, and its affiliates, officers, servicers, contractors, employees, agents, brokers, successors and assigns, from any and all claims, liabilities, or causes of action of any kind that Buyer may now have or may have at any time in the future arising out of the Contract. Neither the Seller nor its affiliates, officers, servicers, contractors, employees, agents, brokers, successors and assigns shall be liable to the Buyer for any damages of any kind (other than a return of the Deposit when expressly required by the Contract) as a result of the Seller's default under the Contract or Seller's failure to sell and convey the Property. Buyer further expressly waives, to the fullest extent permitted by law: (a) the remedy of specific performance on account of Seller's default under the Contract or Seller's failure to sell and convey the Property for any reason, (b) any right otherwise to record or file the Contract or, a memorandum thereof, a notice of pendency of action or similar notice against all or any portion of the Property, (c) any right to invoke any other equitable remedy that may be available that, if invoked, would prevent Seller from conveying the Property to a third party buyer; (d) any and all claims arising from any agreed to adjustments or prorations or errors in

calculating the adjustments or prorations that are or may be discovered after closing; (e) any trial by jury in any litigation arising from or connected with or related to the Contract or the Property; (f) any claims or losses Buyer may incur as a result of construction on, repair to, or treatment of the Property, or other defects, known or unknown, apparent or latent, which may now or hereafter exist with respect to the Property; (g) any right to avoid this sale or reduce the price or hold Seller and its affiliates, officers, servicers, contractors, employees, agents, brokers, successors and assigns responsible for damages on account of the marketability, habitability, serviceability, profitability, insurability or condition of the Property, lack of suitability or fitness of the property for a particular purpose, or defects, apparent or latent, in the Property; (h) any claim arising from encroachments, easements, shortages in area or any other matter which would be disclosed or revealed by a survey or inspection of the Property or search of public records; and (i) any right to recover special, consequential, or punitive damages whatsoever, whether in contract, tort (including negligence and strict liability), or any other legal or equitable principle, including, but not limited to, any cost or expense incurred by the Buyer in selling or surrendering a lease, moving, storage or relocation expenses, or any other such expense or cost arising from, or related to, the Contract or a breach of the Contract.

In the event Buyer breaches or disregards, or attempts to disavow, any of the waivers or releases described herein, in addition to all other damages or remedies to which Seller and its affiliates, officers, servicers, contractors, employees, agents, brokers successors and assigns may be lawfully entitled, Buyer shall pay all reasonable attorneys fees and costs incurred by the Seller in (i) seeking reaffirmation or enforcement of any such waiver or release, or (ii) defending any action initiated by the Buyer for the purpose of or relating to any such breach, disregard or disavowal.

(G) OCCUPANCY STATUS OF PROPERTY:

Notwithstanding anything to the contrary in the Contract, Buyer acknowledges that neither the Seller, nor its representatives, agents or assigns, has made any warranties or representations, express or implied, relating to the existence of any tenants or occupants at the Property. The Seller, its representatives, agents or assigns, shall not be responsible for evicting or relocating any tenants, occupants or personal property at the Property prior to or subsequent to closing.

The Buyer further acknowledges and agrees that (i) the Seller is not holding any security deposits from former or current tenants and has no information as to such security deposits as may have been paid by the former or current tenants to anyone, (ii) no sums representing such tenant security deposits shall be transferred by the Seller to the Buyer as part of this transaction, and (iii) the Buyer hereby assumes all responsibility and liability for the refund of such security deposits to the tenants pursuant to the provisions of applicable laws and regulations.

If the Property is located in a jurisdiction that requires a certificate of occupancy, smoke detector certification, septic certification or any similar certification or permit ("Certificate of Occupancy") or any form of improvement or repair to the Property to obtain such Certificate of Occupancy necessary for the Property to be occupied, the Buyer understands that such requirements must be met at Buyer's sole cost and expense. The Buyer shall not have the right to delay the closing due to the Buyer's failure or inability to obtain any required Certificate of Occupancy. Failure of the Buyer to obtain and furnish the

Certificate of Occupancy by the Closing Date shall be a material default of this Contract by Buyer entitling Seller to retain the Deposit as liquidated damages if so provided in the Contract. Further, Buyer will not occupy, or cause or permit others to occupy, the Property after closing unless and until any necessary Certificate of Occupancy has been obtained from the appropriate governmental entity.

(H) PERSONAL PROPERTY:

The Seller makes no representation or warranty as to the condition of any personal property, title thereto, or whether any personal property is encumbered by any liens. The Buyer assumes responsibility for any personal property remaining on the Property at the time of closing.

(I) INDEMNITY:

Buyer shall protect, defend, indemnify and hold the Seller Indemnities harmless from and against any and all losses, costs, expenses (including attorneys' fees and actually incurred court costs), claims and damages to the extent arising out of or related (directly or indirectly) to: (a) the imposition of any fine or penalty imposed by any governmental entity resulting from the Buyer's failure to timely obtain any Certificate of Occupancy or to comply with equivalent laws and regulations; (b) claims for amounts due and owed by the Seller for real property taxes, homeowner's association dues or assessments, or any other items for which Seller has paid its' share prorated at closing, if any, under the Contract, including any penalty or interest and other charges, arising from the proration of such amounts for which the Buyer received a credit at closing under the Contract; (c) the Buyer or the Buyer's tenants, agents or representatives use and/or occupancy of the Property prior to closing and/or issuance of required Certificates of Occupancy; or (d) the breach by Buyer of any of the terms and conditions of the Contract.

IN WITNESS WHEREOF, the Buyer and the Seller have entered into this Addendum as of the date set forth below. The undersigned represents and warrants that he/she is authorized to enter into the Contract and bind the party for whom he/she signs to perform all duties and obligations stated in the Contract.

Dated as of: _____

SELLER

BUYER

TRI COUNTIES BANK

<insert name>

BY: _____

By: _____