

**ADDENDUM TO
PURCHASE AGREEMENT**

AND

ESCROW INSTRUCTIONS

PROPERTY: 68 ROYAL ST. GEORGES, RANCHO MIRAGE, CA

This is an addendum (the "*Addendum*") to the Purchase Agreement and Escrow Instructions (the "*Agreement*") dated September 13, 2008, between **70 Royal St. Georges, LLC**, as "*Seller*," and the undersigned, as "*Buyer*," concerning the property described above (the "*Property*"). This Addendum modifies the Agreement as set forth below. All terms used as defined terms below shall have the same meaning as when used in the Agreement unless expressly stated otherwise in this Addendum.

The following paragraphs are added to the Purchase Agreement:

34. Subject Property is being sold via auction. Buyer understands that the Property is sold "AS IS" with NO CONTINGENCIES, and Buyer has conducted all investigations prior to the auction.
35. C.A.R. form CR -"Removal of Contingencies" is part of this Purchase Agreement. Buyer has removed all contingencies.
36. Paragraph 5.A.(4); 14.C.(1);14.C.(2); and 16 are deleted in their entirety.
37. The last sentence in Paragraph14.C.(4) is deleted.
38. Notwithstanding anything else in this Purchase Agreement, the following applies:
 - A. If an all cash offer, Buyer shall submit to Seller **UPON ACCEPTANCE** written verification of sufficient funds to purchase the Property.
 - B. If a loan will be used to purchase the Property, then Buyer shall submit to Seller **UPON ACCEPTANCE** both of the following:
 - i.) a letter from a lender or mortgage loan broker stating that, based on a review of Buyers written application and credit report, Buyer is prequalified or preapproved for the NEW loan specified in 2C in the Purchase Agreement, and

Seller:_____ Seller:_____ Buyer:_____ Buyer:_____

- ii.) written verification of sufficient funds for the downpayment required by lender or mortgage loan broker to purchase the Property.

C) Failure of Buyer to submit either the items in 38A or 38B above within the times specified will be a breach by Buyer of this Purchase Agreement, and Seller, at its sole and absolute discretion, may cancel this Purchase Agreement, return deposit to Buyer, and have no further obligation to Buyer.

39. If Buyer is not purchasing the Property using a loan, then Paragraph 2L “All Cash Offer” is automatically considered checked and applicable.

40. The following sections are added regarding Liquidated Damages:

A. BUYER’S DEFAULT; LIQUIDATED DAMAGES. IF BUYER DEFAULTS UNDER ANY TERMS OR PROVISIONS UNDER THIS PURCHASE AGREEMENT, SELLER SHALL BE RELEASED FROM ITS OBLIGATION TO SELL THE PROPERTY TO BUYER, AND SELLER MAY FURTHER PURSUE ANY REMEDY IN LAW OR EQUITY THAT SELLER MAY HAVE AGAINST BUYER ON ACCOUNT OF SUCH DEFAULT; PROVIDED HOWEVER, THAT BY INITIALING BELOW, BUYER AND SELLER AGREE THAT:

B. Liquidated Damages. IN THE EVENT THE SALE OF THE PROPERTY IS NOT CONSUMMATED BECAUSE OF A DEFAULT UNDER THIS AGREEMENT ON THE PART OF BUYER, BUYER AND SELLER AGREE THAT SELLER WILL BE DAMAGED AND WILL BE ENTITLED TO COMPENSATION FOR THESE DAMAGES, BUT THAT IT WOULD BE EXTREMELY DIFFICULT AND IMPRACTICAL TO DETERMINE THE AMOUNT AND EXTENT OF DETRIMENT TO SELLER, AND BUYER DESIRES TO LIMIT THE AMOUNT OF DAMAGES FOR WHICH BUYER MIGHT BE LIABLE SHOULD BUYER BREACH THIS AGREEMENT. BUYER AND SELLER THEREFORE AGREE THAT IF BUYER DEFAULTS HEREUNDER, SELLER MAY INSTRUCT ESCROW HOLDER, AS SET FORTH BELOW, TO RETAIN OUT OF BUYER’S DEPOSITS (INCLUDING, WITHOUT LIMITATION, ALL DEPOSITS AND ACCRUED INTEREST THEREON) THE AMOUNT NOT EXCEEDING THREE PERCENT (3%) OF THE TOTAL PURCHASE PRICE PLUS ANY AMOUNT SELLER ESTABLISHES IT IS ENTITLED TO RETAIN FROM BUYER’S DEPOSITS IN EXCESS OF THREE PERCENT (3%) OF THE TOTAL PURCHASE PRICE UNDER CIVIL CODE SECTIONS 1675-1678. SUCH AMOUNT IS A REASONABLE ESTIMATE OF SELLER’S DAMAGES, AND THAT SELLER SHALL BE ENTITLED TO SAID SUMS AS LIQUIDATED

Seller:_____ Seller:_____ Buyer:_____ Buyer:_____

DAMAGES, WHICH SHALL BE SELLER'S SOLE AND EXCLUSIVE REMEDY, EITHER AT LAW OR IN EQUITY, AS A RESULT OF SUCH DEFAULT. IN SUCH EVENT, SELLER SHALL BE ENTITLED TO RETAIN BUYER'S DEPOSITS AND ACCRUED INTEREST THEREON. TO SIGNIFY THEIR AWARENESS AND AGREEMENT TO BE BOUND BY THE TERMS AND PROVISIONS OF THIS SECTION, BUYER AND SELLER HAVE SEPARATELY INITIALED THIS SECTION.

B. Written Notice of Default; Objection Notice. LIQUIDATED DAMAGES SHALL BE REMITTED TO SELLER IN ACCORDANCE WITH THE FOLLOWING PROCEDURES: (i) SELLER SHALL GIVE WRITTEN NOTICE TO ESCROW HOLDER AND TO BUYER, IN THE MANNER PRESCRIBED BY SECTION 116.340 OF THE CALIFORNIA CODE OF CIVIL PROCEDURE FOR SERVICE IN A SMALL CLAIMS ACTION, OF SELLER'S DETERMINATION THAT THE BUYER IS IN DEFAULT UNDER THE TERMS OF THIS AGREEMENT ("*SELLER'S NOTICE*"); (ii) AT THE EXPIRATION OF TWENTY (20) DAYS FROM THE DATE OF RECEIPT OF SELLER'S NOTICE, ESCROW HOLDER SHALL REMIT SAID LIQUIDATED DAMAGES TO SELLER, AND THE BALANCE OF THE FUNDS ON DEPOSIT IN ESCROW, IF ANY, TO BUYER, UNLESS WITHIN SAID TWENTY (20) DAY NOTICE PERIOD BUYER DELIVERS WRITTEN NOTICE TO ESCROW HOLDER NOT TO REMIT AND/OR RETAIN SUCH FUNDS, AS APPLICABLE ("*OBJECTION NOTICE*"). IF BUYER FAILS TO DELIVER THE OBJECTION NOTICE WITHIN SUCH TWENTY (20) DAY PERIOD, SELLER SHALL BE ENTITLED TO RETAIN THE LIQUIDATED DAMAGES AS PROVIDED HEREIN. UPON RECEIPT OF THE OBJECTION NOTICE, ESCROW HOLDER SHALL IMMEDIATELY NOTIFY SELLER AND THE CONTROVERSY SHALL BE RESOLVED IN ACCORDANCE WITH SECTION 17 (DISPUTE RESOLUTION) OF THE PURCHASE AGREEMENT.

Seller: _____ Seller: _____ Buyer: _____ Buyer: _____

41. The following only applies to the sale of 273 Loch Lomond:

“Buyer understands leases are in place for the Property. These leases are posted on the website www.ranchomirageauction.com and Buyer has viewed and understands the terms of these leases. These leases are attached and become a part of this Purchase Agreement. Buyer understands that the terms of sale of the Property require the Buyer to assume and abide by the terms of these leases as the new owner and Landlord of the Property, and

Seller: _____ Seller: _____ Buyer: _____ Buyer: _____

upon purchase of the Property, Seller has no further obligation or liability to the Tenant or Buyer regarding these leases. Buyer understands that these leases cannot be modified unless mutual written agreement is reached between Tenant(s), Leasing Agent (Sotheby's / Dyson and Dyson Real Estate), and Buyer (as the Owner/Landlord in the leases)."

The Agreement, as modified by this Addendum, is hereby ratified and shall continue in effect. Accepted and agreed to by:

“SELLER”

“BUYER”

70 Royal St. Georges, LLC

By: Newport Coast Capital Management, LLC,
its Manager

Signature

By: _____
Frank Eder, its Manager

Print Name

Date

Signature

Print name

Date

Seller: _____ Seller: _____ Buyer: _____ Buyer: _____