

BID PROCEDURES FOR AUCTION SALE OF DEBTOR'S PROPERTIES

A. INTRODUCTION AND BACKGROUND.

Potobac, LLC (the “**Debtor**”) is a debtor-in-possession in a Chapter 11 case pending in the United States Bankruptcy Court for the District of Maryland (the “**Court**”), case number 16-15112-TJC. Debtor’s legal counsel is Steven L. Goldberg, James M. Greenan, Esquire and the law firm of McNamee Hosea Jernigan Kim Greenan & Lynch, P.A., telephone: 301-441-2420; facsimile: 301-982-9450 (“**Debtor’s Counsel**”).

The Debtor’s assets consist of improved and unimproved real property, consisting of the following:

| | <u>Physical Address</u> | <u>Acres</u> | <u>Parcel</u> |
|------|--------------------------------|---------------------|----------------------|
| i. | 8701 Purcell Road | 94.418 | 119 |
| ii. | AC WS Rt 301 | 29.913 | 92 |
| iii. | 9100 Cherry Lane | 210.748 | 142 |
| iv. | 8600 Mulberry Grove | 277.456 | 52 |
| v. | NR Spring HL | 19.6328 | 91 |

The Real Property referenced above is collectively referred to herein as the “**Properties**”.

Subject to Court approval, the Debtor has entered into an Agreement with Atlantic Auctions, Inc. (“**Atlantic**” or the “**Sales Agent**”) to assist the Debtor in the liquidation of the Properties. As is more fully described in the Motion for Entry of an Order Authorizing the Sale of Substantially all of the Debtor’s Assets Free and Clear of all Liens, Claims, Encumbrances and Interests; Approving the Form and Manner of the Notice of this Motion; and Granting Related Relief (the “**Motion**”), the Debtor intends to liquidate the Properties through an Auction.

The Court has authorized the Debtor to conduct an auction (the “**Auction**”) to sell the Properties in accordance with these procedures (the “**Bid Procedures**”), which have been

approved by the Court pursuant to that certain order entered on May 24, 2017 (the “**Sale Order**”).

PLEASE NOTE THAT THE FOLLOWING PROCEDURES ARE SUBJECT TO MODIFICATION WITHOUT FURTHER ORDER OF THE COURT. BIDDERS WILL BE NOTIFIED OF MODIFIED BID PROCEDURES, IF ANY, AS PROMPTLY AS POSSIBLE IN LIGHT OF THE CIRCUMSTANCES GIVING RISE TO THE MODIFICATION. MODIFIED BID PROCEDURES, IF ANY, SHALL GOVERN THE CONDUCT OF THE AUCTION.

B. KEY DATES.

The key dates for the Auction and sales process are expected to be as follows. In the event the dates change, creditors and parties-in-interest will be so notified in advance:

- Viewings and Inspections Available upon Request by Contacting Bill Hudson at 410-803-4161 (bhudson@bscamerica.com) or Harry Shasho at 301-632-6320 (hshasho@shasho.com).
- June 23, 2017 at 11:00 a.m. EST: Live Auction at 8600 Mulberry Grove Place, Port Tobacco, Maryland, MD 20677.

C. AUCTION.

Bidders will convene for the Auction of the Properties on **June 23, 2017 at 11:00 a.m.** Eastern Time at 8600 Mulberry Grove Place, Port Tobacco, Maryland, MD 20677. Should the date, time and/or location of the Auction change, creditors and parties in interest will be notified as promptly as possible in light of the circumstances giving rise to the change.

The Auction shall be governed by the following additional procedures, provided that the Debtor, in consultation with the Sales Agent, shall have the right to adopt such other rules for the Auction (including rules that may depart from those set forth herein) that will better promote the goals of the Auction and that are not inconsistent with any of the other provisions hereof or the

Bankruptcy Code or Bankruptcy Court Order(s).

- i. The Auction for the Real Property shall be subject to a reserve price in the discretion of the Debtor and the Auction Firm;
- ii. Each property (or parcel) will be offered individually;
- iii. Bidders shall be required to register by completing the attached registration form, and post an initial deposit in order to bid at the Auction. The initial deposit for the Properties shall be:

| <u>Properties</u> | <u>Initial Deposit</u> |
|---|------------------------|
| (a) 8701 Purcell Road (94.418 Acres) | \$40,000.00 |
| (b) AC WS Rt 301 (29.913 Acres) | \$10,000.00 |
| (c) 9100 Cherry Lane (210.748 Acres) | \$60,000.00 |
| (d) 8600 Mulberry Grove (277.456 Acres) | \$100,000.00 |
| (e) NR Spring HL (19.6328 Acres) | \$10,000.00 |

(the “Initial Deposit”).

The Initial Deposit shall be in the form of a certified check or cashier’s check, and shall be paid to the Sales Agent at or prior to the Auction. The Initial Deposit shall be refundable, except as to the Successful Bidder, in which case the Initial Deposit and the Subsequent Deposit (as defined below) shall become non-refundable, except in the event of a Seller default;

- iv. Bidding increments shall be determined at the sole discretion of the Debtor, the Bank, as applicable, and the Sales Agent at the time of the sale, provided, however, the Bidding increment shall not exceed \$25,000.00;
- v. Bids shall not contain any due diligence or financing contingencies of any kind;
- vi. Successful Bidders shall be required to increase the Initial Deposit to ten percent (10%) of the Successful Bid (the “Subsequent Deposit”) (the Initial Deposit and the Subsequent Deposit are referred to collectively as the “Deposit”). Settlement shall occur within 30 days after the Auction, or such other time reasonably acceptable to the Successful Bidder and the Seller;
- vii. In the event the Successful Bidder fails to consummate the sale as a result of Successful Bidder’s default or breach, the Debtor shall retain the Deposit as liquidated damages and be free to enter into a new agreement with a Back-up Bidder without the need for an additional hearing before, or order of, the Court;
- viii. The sale of the Properties to any bidder shall be “as is, where is”, and any bidder shall be responsible for all required licensor approval, if applicable; and

- ix. A secured party may credit bid against property in which such secured party holds an Allowed Secured Claim. A holder of an Allowed Secured Claim exercising such credit bid right shall not be required to post the Deposit.

D. GENERAL

1. These Bid Procedures are subject to modification from time to time by Debtor, if circumstances warrant. The Debtor, in consultation with the Sales Agent, may adopt additional rules for the Auction at or prior to the Auction that, in their reasonable discretion, will better promote the goals of the Auction and that are not inconsistent with any of the provisions of the Sale Order or the Bankruptcy Code. All such additional rules will be provided to each of the Bidders at the Auction.

2. No bidder has any rights against the Sales Agent, the Debtor or its estate by virtue of these Bid Procedures, by virtue of any modification to these Bid Procedures, or by virtue of not having its bid (a) deemed the Successful Bid, or (b) approved by the Court.

3. Photocopies of papers referred to in these Bid Procedures may be obtained by making a written request for the same to Debtor's Counsel.

Atlantic Auctions, Inc.

802A Belair Road

Bel Air, MD 21014

Phone: 410-803-4161 Fax: 410-803-2401

Email: bhudson@bscamerica.com

Website: www.atlanticauctions.com

Bidder Registration for Owner's Auction of:

8600 Mulberry Grove Place, Port Tobacco, MD 20677

8701 Purcell Road, Port Tobacco, MD 20677

9100 Cherry Lane, La Plata, MD 20646

19.6 +/- acres, La Plata, MD 20646 Tax ID 01-024396

29.9 +/- acres, La Plata, MD 20646 Tax ID 01-013262

Auction Date: June 23, 2017 @ 11:00 AM

Name: _____

Address: _____

City: _____ State: _____ Zip: _____

Email: _____ Home Phone: _____ Day Phone: _____

Specify Property: _____

Acknowledgment

I, the undersigned, agree to the following terms and conditions, should I be the high bidder.

1. If I am the successful bidder, I hereby agree to sign the form of Contract of Sale immediately upon the conclusion of bidding and at the same time pay to Escrow Holder a deposit of **\$100,000** for 8600 Mulberry Grove Pl; **\$60,000** for 9100 Cherry Ln; **\$40,000** for 8701 Purcell Rd; **\$10,000** for 19.6 +/- ac parcel; **\$10,000** for 29.9 +/- ac parcel, in the form a certified or cashier's check. NO EXCEPTIONS PLEASE!
2. I recognize that this is an Auction Sale and that the property is not subject to a feasibility or study period. I acknowledge that I have reviewed the contract of sale prepared by Seller prior to the auction and agree that if the successful bidder, I will abide by its terms.
3. I agree that I have reviewed the property information on the Atlantic Auctions, Inc. website (www.atlanticauctions.com) and the terms of sale prior to attending Auction.
4. I have read the terms of this sale and said terms are incorporated herein by reference, as are any public announcements made sale day.
5. If any check given in payment is not honored for any reason, I agree that such action shall constitute Default under the Contract of Sale and that, in addition to any remedies provided therein, I agree that whether said check be signed by me as maker or endorser, that if such check is placed in the hands of any attorney or collection agency for collection, to pay all reasonable attorney's fees and bank fees incurred incident to dishonor, together with all costs of suit in the event is instituted.

Signature: _____ Witnessed by: _____

Date: _____

Requirements for Auction Day

Deposit: Certified Check/Bank Cashier's Check # _____ Amount \$ _____

Bank Name: _____