

COVID-19 ADDENDUM FOR PROBATE SALES

INTRODUCTION: Due to Covid-19 certain policies and procedures for Kennedy Wilson's Probate Sales are modified. This page is an addendum to identify some of these changes and amend and supplement the existing Frequently Asked Questions that follow this page. The terms and conditions in the Brochure and Kennedy Wilson's websites and the Probate Code and Court orders supersede this addendum in event of any conflict.

Due to Covid-19, there will be no onsite auctions at the Property locations. Prospective buyers may participate by submitting written offers as outlined in the brochure and on the website. Due to Covid-19, there are no open houses. Properties are available for viewing by REGISTERED BIDDERS ONLY.

Registered Bidders are required to:

- (1) provide all information requested on the Probate Sale Registration Form and agree to
- (2)(a) Terms and Conditions,
And
- (2)(b) Coronavirus Property Entry Advisory and Declaration (CAR Form PEAD). Upon registration you will receive further instructions on how to view the Properties. Registration is available at www.KWProbateAuction.com

To become ELIGIBLE TO OFFER, each prospective buyer must register for the property that they intend to purchase.

All agents MUST BE REGISTERED by their clients at www.KWProbateAuction.com. Agents may not register their clients. (NO EXCEPTIONS).

All offers must be submitted on or before the offer deadline and must include a fully executed Offer to Purchase Contract with attachments along with proof of funds.

The high bidder will be notified after the offer deadline. High bidders will be required to execute and return the properly executed disclosures plus wire the 10% deposit to Kennedy Wilson within 48 hours. Failure to meet the 48 hour deadline may result in offer rejection.

All offers are subject to the Public Administrator's approval and Probate Court Confirmation (Court hearing approximately 3 to 6 months following the offer deadline date subject to the Court's reopening schedule).

HOW TO MAKE AN OFFER

STEP #1: REGISTER FOR THE PROPERTY

Go to www.KWProbateAuction.com. Registration is required to be eligible to view the Properties and to make an offer. To register you must complete the online registration form at www.KWProbateAuction.com no later than 2 business days prior to the offer deadline date. If you are represented by a broker, you must register your broker at this time.

STEP #2: CONDUCT YOUR DUE DILIGENCE

Conduct your due diligence including an inspection. Some properties are not available for inspection due to boarded-up, occupied or for other reasons. Prospective buyers assume all responsibility for inspecting or not inspecting a property.

STEP #3: SUBMIT YOUR OFFER

Submit your fully executed, non-contingent offer on the Seller Offer to Purchase Contract along with required documents and proof of funds to Kennedy Wilson before the offer deadline. If you are represented by a broker, they must sign the required forms at this time.

STEP #4: IF YOU ARE THE HIGH BIDDER

If, after the offer deadline date, you are notified by Kennedy Wilson that you are the high bidder, you will be provided with a disclosure package. Within 48 hours you must submit to Kennedy Wilson fully executed disclosures along with the 10% deposit via wire transfer.

Failure to submit the executed disclosures and the deposit in 48 hours will result in the offer becoming null and void in which case the Administrator/Guardian, at its sole and absolute discretion, reserves the right to reject your offer and accept an offer from any other party.

Frequently Asked Questions for Probate Sales

Please see the Covid-19 Addendum for any modifications to these terms.

1. Can I purchase the property prior to the bid deadline?

No, there will be no offers accepted prior to the bid deadline.

2. Do I need to register prior to making an offer?

Yes! All prospective buyers must sign the Covid-19 forms prior to making an offer. See Covid-19 Addendum.

3. How do I bid on a Probate Sale?

If you would like to bid on a probate property, you must do all of your own due diligence prior to making an offer. Due diligence shall include an inspection, reviewing all available information and any research you would like to conduct. Offers are not contingent upon post offer due diligence or inspection of any kind, even in those instances where a property is not available for personal inspection (occupied, boarded-up, etc.). Once you know you would like to make an offer, all you need to do is present to Kennedy Wilson (via Email or Fax) your offer on the Seller's Offer to Purchase Contract with proof of funds by the offer deadline. The Administrator/Guardian reserves the right to accept, counter or reject all offers.

4. If I am the high bidder, how do I provide Kennedy Wilson with my 10% deposit?

Once you have been notified by Kennedy Wilson that you are the high bidder you will have 48 hours to sign all disclosures and provide Kennedy Wilson with the required 10% deposit. Deposits will be collected via a wire transfer. For instance, if the high bid is \$700,000 Kennedy Wilson will collect \$70,000 via wire transfer.

5. Does the high bidder automatically get to purchase the property?

No. The Administrator/Guardian reserves the right to accept, counter or reject all offers. If you are notified you are the high bidder and you have signed all disclosures and provided your 10% deposit, your offer is still subject to the Court Confirmation. Higher bids/offers may be accepted by the court if they are made in court and they are in an amount equal to or higher than the first minimum overbid which is 5% + \$500.

6. Where can I find the open house/showing instructions?

Due to Covid-19 there are not scheduled open houses. See Covid-19 Addendum for viewing information.

7. Do you cooperate with outside real estate agents on Probate Sales?

Yes, A Real Estate Agent or Broker who (a) is registered by their client upon submitting its offer, and (b) provided the Broker signed the "Broker Cooperation Agreement" attached to the Offer to Purchase Contract submitted by the client, that Broker will receive 50% of the total commission awarded by the Court to the Seller's broker (the total is normally 4% of the purchase price). THERE WILL BE NO EXCEPTIONS TO ANY OF THE ABOVE PROCEDURES. In the event the Broker's client becomes the successful bidder and the sale is confirmed by the court; the commission will be paid at the close of escrow. A real estate licensee who buys as a principal will not be entitled to share in the commission if he or she is buying as a principal or intends to share the commission with the principal. See Covid-19 Addendum.

8. How many properties can I bid on?

You can bid on as many properties as you would like provided that you provide Kennedy Wilson with proof of funds for the total of all properties.

9. Will I receive a clear title to the property?

Yes, title insurance will be provided. The seller will be providing clear title. Title will be free of all prior monetary liens and encumbrances (unless otherwise specified). Any monetary liens will be paid off through escrow from

Frequently Asked Questions for Probate Sales

the sales proceeds.

10. Can the buyer obtain a loan?

The buyer may obtain a loan, however there are no financing contingencies. Make sure that your loan is secure before bidding. Bidder's deposit will be applied to the purchase price. Balance of the purchase price to be "ALL CASH."

11. How will the escrow fees be paid?

The escrow fees will be shared one half by seller, one half by buyer, each to pay own fees.

12. Do the properties have starting bids?

This varies by property. Usually, they do not have a starting bid unless Otherwise stated in the brochure.

13. Are the properties open for inspection?

Yes. Please refer to the brochure for the specific open house schedule. However, for reasons beyond the seller's and Kennedy Wilson's control, the properties may not be available for inspection even if an open house has been scheduled. See Covid-19 Addendum.

14. Do I need proof of funds to submit an offer?

Yes, you must submit proof of funds with your offer. Kennedy Wilson reserves the right to disregard any offer it receives without proof of funds. You must also provide your vesting (how you are going to hold title), your address and phone number. Be prepared to provide a copy of your driver's license, if requested.

15. Is the 10% deposit refundable if I decide to change my mind?

If you are the high bidder, your 10% deposit is not refundable based on the fact that these properties are sold AS-IS WHERE-IS with all faults known or unknown, disclosed or undisclosed, discoverable or undiscoverable, financeable or un-financeable, and with no financing contingencies. If escrow does not close within the 45 days, or within an extension of time granted by the seller, Probate Code of California Section 10350

requires the seller to ask the probate court to vacate the sale or charge the buyer a \$200 per day hold open fee. If the court orders the sale vacated, the law requires the deposit to be held by the seller until the property has been sold again and escrow has closed. If the total amount of the final sales price, plus the amount of expenses and fees allowed by the court for vacating the first sale, is less than sales price of the vacated sale, the difference is paid from the deposit. If the difference is greater than the deposit, a lawsuit to collect the amount is usually filed. The relevant portion of Probate Code Section 10350 says: "If after the confirmation, the purchaser neglects or refuses to comply with the terms of the sale, the court may vacate the order of confirmation and order a resale of the property. If the amount realized on such resale does not cover the bid and the expenses of the previous sale, the defaulting purchaser at such previous sale is liable to the estate for the deficiency." See Covid-19 Addendum for online auctions.

16. Does Kennedy Wilson charge a buyer's premium?

No, Kennedy Wilson does not charge a buyer's premium.

17. How can I obtain a brochure?

You may obtain an auction brochure by downloading the brochure from BIDKW.COM.

18. What is the "1st Minimum Overbid at the Court Confirmation hearing?"

A higher bid may be accepted by the court if they are made in court and they are in an amount equal to the accepted bid, plus five percent (5%) of that amount plus \$500. The court shall deem any further incremental successive overbidding amounts. For instance, if the high bid on auction day was \$700,000 the first minimum overbid will be \$735,500 (\$700,000 + 5% of the high bid amount + \$500).

19. If my offer is accepted, when can I close escrow?

After you sign the disclosures and submit your deposit, the offer must be presented to the court. A hearing to present your offer will be in approximately 3 to 6 months where it is subject to Court Confirmation and Overbid.

Frequently Asked Questions for Probate Sales

The court date is solely up to the court and is subject to the court's calendar. Neither you, Kennedy Wilson nor the administrator/guardian have any control over the court date. Once the court date you will be notified by the court. Upon confirmation of the sale a 45-day escrow will be opened.

20. If the property is occupied will the new owner need to evict the current tenants?

Sales will be subject to the rights of tenants- in-possession, if any. If the property is occupied, escrow will close with the tenants in the property and it will be the responsibility of the new owner to negotiate rental agreements with those tenants.

21. If I am the high bid, how will I be notified of the date of court confirmation hearing?

You will be notified by the Los Angeles County Superior court by mail and the court date will be listed on our website, BidKW.com

22. I am the high bidder and the property is sold to someone else due to overbidding in court, will my deposit be returned to me?

Yes, if the original bidder is outbid in court the original bidder's deposit will be returned at the court hearing.