

SALE PROCEDURES

The following sale procedures (the "Sale Procedures"), which were approved by order (the "Sale Procedures Order") of the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court") dated September 11, 2012, shall govern the sale / auction process for the houses (collectively, the "Houses" or individually, a "House") known as:

- (i) 33 Beechmont Drive, New Rochelle, NY (Section 3, Block 1015 and Lot 14 of the Westchester County Tax Map);
- (ii) 71 Beechmont Drive, New Rochelle, NY (Section 3, Block 15 and Lot 32 of the Westchester County Tax Map);
- (iii) 21 Pryer Terrace, New Rochelle, NY (Section 3, Block 1024 and Part of Lot 21 of the Westchester County Tax Map);
- (iv) 33 Pryer Terrace, New Rochelle, NY (Section 3, Block 1024 and Part of Lot 21 of the Westchester County Tax Map);
- (v) 29 Montgomery Place, New Rochelle, NY (Section 3, Block 15 and Lot 58 of the Westchester County Tax Map); and
- (vi) 53 Montgomery Place, New Rochelle, NY (Section 3, Block 15 and Lot 71 of the Westchester County Tax Map).

The Seller will seek entry of an order from the Bankruptcy Court authorizing and approving the sale of the Houses free and clear of liens, claims, encumbrances, and interests, subject to the terms of any purchase agreement, to the Successful Bidder (as defined below) at the Auction (as defined below). The Debtor has entered into that certain Agreement of Purchase and Sale (the "Purchase Agreement") between The Christian Brothers' Institute (the "Seller") and Iona College dated as of April 16, 2012. The sale proposed in the Purchase Agreement is subject to higher and better offers. Interested parties may submit bids to purchase the Premises pursuant to the Sale Procedures described herein.

As part of the marketing efforts, the sale will be subject to a 45 day marketing period, which shall include listing the Houses on the MLS and on a for sale by owner website; advertising (up to \$5,000) in local papers for the first two weeks; conducting two open houses on weekends; and showing the Houses on reasonable notice after a request by an interested party.

1. Approvals. The proposed sale shall in all respects be subject to approval by the Bankruptcy Court and in compliance with (i) the applicable provisions of the Bankruptcy Code, (ii) the Bankruptcy Rules and (iii) other applicable rules and law.

2. Assets to be Sold. The assets to be sold shall consist of the Houses or any of the Houses, as the case may be, and such sale shall be free and clear of liens, claims, encumbrances and interests as provided in the Purchase Agreement.

3. Sale As Is, Where Is. The Houses shall be sold as is, where is, without any representation or warranty of any type whatsoever, other than as may be contained in the Purchase Agreement.

4. Qualification of Bidders. Any potential bidder who wishes to submit a bid with respect to a House or the Houses, as the case may be, must satisfy the following criteria to be a

“Qualified Bidder.” A Qualified Bidder is a potential bidder who delivers to the Seller a written and binding offer on or before the Bid Deadline (as defined below) that:

- (i) is for any or all of the Houses (including a bid for a single House), subject to the terms and conditions set forth below;
- (ii) any bid for all of the Houses must be for a cash price equal to or greater than \$5,100,000;
- (iii) any bid for the House and property located at 33 Beechmont Drive, New Rochelle, New York must be equal to or greater than \$1,083,500;
- (iv) any bid for the House and property located at 77 Beechmont Drive, New Rochelle, New York must be equal to or greater than \$876,700;
- (v) any bid for the House and property located at 21 Pryer Terrace, New Rochelle, New York must be equal to or greater than \$953,700;
- (vi) any bid for the House and property located at 33 Pryer Terrace, New Rochelle, New York must be equal to or greater than \$968,000;
- (vii) any bid for the House and property located at 29 Montgomery Place, New Rochelle, New York must be equal to or greater than \$762,300;
- (viii) any bid for the House and property located at 53 Montgomery Circle, New Rochelle, New York must be equal to or greater than \$855,800;
- (ix) states that the bidder is prepared to enter into a legally binding purchase and sale agreement for the acquisition of the House or Houses, as the case may be, on terms and conditions no less favorable to the Seller than the terms and conditions contained in the Purchase Agreement except to the extent the Purchase Agreement provides for the purchase of all of the Houses;
- (x) is accompanied by a clean and duly executed purchase agreement (the “Modified Purchase Agreement”) and a marked Modified Purchase Agreement reflecting the variations from the Purchase Agreement (a standard residential real estate sale agreement is also suitable);

- (xi) states that the bidder's offer is irrevocable until the closing of the purchase of the House or Houses, as the case may be, if such bidder is the Successful Bidder;
- (xii) does not request or entitle the bidder to any transaction or break-up fee, expense reimbursement or similar type of payment;
- (xiii) fully discloses the identity of each entity that will be bidding for the Premises or otherwise participating in connection with such bid;
- (xiv) is accompanied by a cash deposit or cashier's check in the amount of ten (10%) percent of any bid (the "Good Faith Deposit"), which Tarter Krinsky & Drogin LLP will hold in a segregated account containing only deposits received from Qualified Bidders;
- (xv) states that the bidder is financially capable of consummating the transaction contemplated by the Modified Purchase Agreement;
- (xvi) contains such financial and other information that will allow the Seller and the Official Committee of Unsecured Creditors (the "Creditors' Committee") (to the exclusion of all other parties) to make a reasonable determination as to the bidder's financial and other capabilities to consummate the transaction contemplated by the Modified Purchase Agreement;
- (xvii) does not contain any due diligence contingencies of any kind;
- (xviii) contains evidence that the bidder has received debt and/or equity funding commitments or has financial resources readily available sufficient in the aggregate to finance the purchase of the Houses, which evidence is satisfactory to the Seller and the Creditors' Committee in their reasonable discretion;
- (xix) includes evidence of authorization and approval from the bidder's board of directors (or comparable governing body) with respect to the submission, execution, delivery, and closing of the Modified Purchase Agreement, if applicable; and
- (xx) contains other information reasonably requested by CBI or the Creditors' Committee.

A competing bid meeting the above requirements shall constitute a "Qualified Bid". The Seller, in consultation with the Creditors' Committee, shall review any competing bids, in the aggregate, even if such competing bids seek to purchase fewer than all of the Houses and are, in the aggregate, less than the purchase price provided for in the Purchase Agreement, and shall make a determination regarding whether a bid is a Qualified Bid and shall notify bidders whether their

bids have been determined to be qualified by no later than **October 25, 2012, at 4:00 p.m. (EST)**.

Notwithstanding anything herein to the contrary, the Purchase Agreement is hereby deemed a Qualified Bid, and Iona College is deemed a Qualified Bidder.

5. Bid Deadline. **All Qualified Bids must be submitted by no later than October 18, 2012, at 12:00 p.m. (EST) (the “Bid Deadline”)**. Prior to the Bid Deadline, Qualified Bidders shall deliver written copies of their bids to: (a) counsel to the Seller, Tarter Krinsky & Drogin LLP, 1350 Broadway, 11th Floor, New York, New York 10018, Attn: Scott S. Markowitz, Esq.; and (b) counsel to the Creditors’ Committee, Pachulski Stang Ziehl & Jones, 10100 Santa Monica Boulevard, 13th Floor, Los Angeles, California 90067, Attn: James I. Stang, Esq. The Seller shall not provide copies of bids to any party other than the Creditors’ Committee.

6. Auction. In the event that the Seller receives by the Bid Deadline one or more bids that it (in consultation with the Creditors’ Committee) deems in its reasonable discretion to constitute Qualified Bids, even if such bids are for fewer than for all of the Houses, (other than by Iona College), the Seller shall conduct an auction with respect to the Houses (the “Auction”). The Auction shall take place on **October 29, 2012, at 10:00 a.m. (EST)** (the “Auction Time”) at the offices of Tarter Krinsky & Drogin LLP, 1350 Broadway, 11th Floor, New York, New York 10018, or such other place and time as the Seller shall notify all Qualified Bidders, the Creditors’ Committee, Iona College, and other invitees via email or facsimile (only to the extent the Seller does not have an email address for a party) not later than one (1) business day before the Auction Time (or re-scheduled Auction Time, as applicable). If, however, no such other Qualified Bid is received by the Bid Deadline, then the Auction will not be held, and Seller shall so notify Iona College no later than one (1) business day after the Bid Deadline. The Auction shall be governed by the following procedures:

- (i) Only representatives of the Seller, the Creditors’ Committee, and Qualified Bidders may participate at the Auction;
- (ii) Only Qualified Bidders shall be entitled to make any subsequent bids at the Auction;
- (iii) Iona College and each Qualified Bidder shall be required to confirm that it has not engaged in any collusion with respect to the bidding or the sale;
- (iv) Bidding shall commence at the amount of the highest and best Qualified Bid submitted by the Qualified Bidders by the Bid Deadline;
- (v) Iona College and other Qualified Bidders shall participate in person at the Auction (or through a method reasonably designated by Seller), through a duly authorized representative with authority to bind the entity;

- (vi) The Auction will be conducted so that the Creditors' Committee and each Qualified Bidder, including Iona College, will be informed of the previous bid (and each Qualified Bidder will be informed of the previous bid at the same time as other Qualified Bidders);
- (vii) Qualified Bidders may submit successive bids in increments of at least \$50,000, for all of the Houses, and an amount to be determined at the Auction if such bid is for less than all of the Houses which increments shall be no greater than \$5,000 per House, unless otherwise modified at the Auction with the consent of the Creditors' Committee;
- (viii) The Auction shall continue until there is only one offer or group of offers, as the case may be, that the Seller determines, in consultation with the Creditors' Committee and subject to Bankruptcy Court approval, is the highest and best offer or offers, as the case may be, submitted at the Auction from among the Qualified Bidders and Iona College (the "Successful Bid(s)"). The Qualified Bidder(s) submitting such Successful Bid(s) shall become the "Successful Bidder," and shall have such rights and responsibilities set forth in the Purchase Agreement or the Modified Purchase Agreement, as applicable; it is expressly understood that an offer or groups of offers may be the highest and best offer even if such offer(s) is for the purchase of fewer than all of the Houses for the purchase price in the amount provided for in the Purchase Agreement;
- (ix) At the end of the Auction, the Seller shall also announce the next highest and otherwise best offer after the Successful Bid(s) (the "Next Highest Bid," and the Qualified Bidder(s) that submitted such bid, the "Next Highest Bidder");
- (x) All Qualified Bidders at the Auction shall be deemed to have consented to the core jurisdiction of the Bankruptcy Court and waived any right to a jury trial in connection with any disputes relating to the Auction, these sale procedures, and the construction and enforcement of the Qualified Bidders' Modified Purchase Agreement(s), as applicable;
- (xi) The Seller, in the exercise of its fiduciary duties, after consultation with the Creditors' Committee, may modify the rules of the Auction in order to take into account both individual and bulk bids for the Houses; and
- (xii) The Seller will arrange for the actual bidding at the Auction to be transcribed by a court reporter.

7. Sale Hearing. The Successful Bid (or any other sale of the Premises if no competing bids are received by the Bid Deadline) will be subject to approval by the Bankruptcy Court. Please be advised that the hearing to approve the sale of the Premises to the Successful Bidder (the "Sale Hearing") will take place on **November 1, 2012, at 10:00 a.m. (EST)**, or at such time thereafter as counsel may be heard, in the Bankruptcy Court. The Sale Hearing may be adjourned by consent of the parties or an order of the Court from time to time on notice to creditors and other parties in interest, or without further notice other than by announcement of the adjournment in open court on the date scheduled for the Sale Hearing or notice of the adjournment filed on the Court's Docket prior to the date scheduled for the Sale Hearing.

8. Acceptance of the Successful Bid. The Seller shall have accepted a Qualified Bid only when (a) the Bankruptcy Court has approved the Successful Bid and an order approving such bid has been docketed and (b) definitive documentation has been executed in respect thereof.

9. Closing. The closing to the Successful Bidder shall take place at the offices of counsel to the Seller, Tarter Krinsky & Drogin LLP, 1350 Broadway, New York, New York 10018 by no later than **November 30, 2012** or such other time as agreed to in writing by the parties (including the Creditors' Committee). Except as otherwise provided in the Purchase Agreement, in the case that Purchaser is the Successful Bidder, in the event that, for any reason, the Successful Bidder fails to close the sale transaction contemplated by its Successful Bid, then, without notice to any other party or further court order, the Seller shall be authorized to close with the Next Highest Bidder.

10. Return of Good Faith Deposit. Good Faith Deposits submitted by Qualified Bidders (other than the Successful Bidder and the Next Highest Bidder) that have not been forfeited shall be returned within two (2) business days of the entry of the order approving the sale of the Premises or such other time agreed upon by the Qualified Bidder, the Debtor and the Creditors' Committee. The Good Faith Deposit of the Successful Bidder shall be held until the closing of the Sale and applied in accordance with the Purchase Agreement or the Modified Purchase Agreement, as applicable. Within two (2) business days of the entry of the order approving the sale of the Premises, the Good Faith Deposit of the Next Highest Bidder shall be returned to such Next Highest Bidder. In the event the Successful Bidder fails to close pursuant to the Purchase Agreement or the Modified Purchase Agreement, as applicable, the Next Highest Bidder shall be granted two (2) business days after receiving notice from the Seller that the Successful Bidder defaulted to deliver the Good Faith Deposit to Seller's counsel or such Next Highest Bidder shall lose its status as Next Highest Bidder and not be entitled to close the Sale.