

**PURCHASE AND SALE AGREEMENT
FOR COMMERCIAL REAL ESTATE**

THIS PURCHASE AND SALE AGREEMENT FOR COMMERCIAL REAL ESTATE (this *Agreement*), made and entered into this 29 day of October, 2016 (*Effective Date*) by and between Washington-Alaska Properties LLC, an Alaska limited liability company, (hereinafter, *Seller*) and Good Investments, LLC, an Alaska limited liability company (hereinafter, *Purchaser*), WITNESSETH:

Recitals

A. Seller wishes to sell and Purchaser agrees to purchase all of Seller's right, title and interest in and to the *Land* and *Improvements* (as hereinafter defined), and assign to Purchaser all rights and leasehold interest Seller has in the *Tideland Property* (as hereinafter defined) all of which are referred to collectively hereinafter as the *Property* unless referred to individually:

1. **Land and City Tideland Property.** The following described parcel of land and tidelands is situated in the City of Petersburg, Alaska:

a. *Land.* Seller owns the fee interest in Lot 1B, Block A, ATS 9, Petersburg Recording District, First Judicial District, State of Alaska, herein referred to as the *Land*.

b. ~~*~~ *Tideland Property.* City of Petersburg leases Seller ~~*~~ the Tideland Lease Parcel A, as shown on ADFG Dock Tidelands Lease Plat, a plat of Tidelands Addition to the City of Petersburg and a subdivision of Alaska Tidelands Survey No. 9, according to the plat thereof filed October 17, 1984 as Plat No. 84-26, Petersburg Recording District, First Judicial District, State of Alaska, herein referred to as the *Tideland Property*; and,

2. **Improvements.** The following described improvements are situated on the Land and Tideland Property: 5,100 square feet of net usual office space, 3,200 square feet of heated warehouse space, 1,000 square feet of fenced outside storage space, 500 square feet of and all improvements thereto, including 160 lineal feet of dock space (herein, *ADFG Dock*) dredged to 6 foot depth to accommodate boats up to 32' in length, together with all other real property improvements located on the Land and Tideland Property, all of which are referred to collectively herein as the *Improvements*.

B. The closing of the sale/purchase transaction under this Agreement is referred to as *Closing*. The agreed date for Closing, as detailed below, is referred to hereinafter as the *Closing Date*.

C. The Parties have agreed that Alaska Escrow and Title Insurance Agency, Inc. of Ketchikan, Alaska, will serve as the agent authorized and empowered by the parties to administer Closing escrow, and incident thereto, it will provide the title insurance required under this Agreement. To those ends, Alaska Escrow and Title Insurance Agency, Inc. is referred to hereinafter as the *Closing Agent*.

D. Purchaser and Seller are referred to collectively hereinafter as the *Parties*, and one

PURCHASE AND SALE AGREEMENT

Page 1 of 17 pages

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PURCHASE AND SALE AGREEMENT
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a. **Land.** Seller owns the fee interest in Lot 1B, Block A, ATS 9, Petersburg Recording District, First Judicial District, State of Alaska, herein referred to as the *Land*.

b. **Tideland Property.** City of Petersburg leases Seller the Tideland Lease Parcel A, as shown on ADFG Dock Tidelands Lease Plat, a plat of Tidelands Addition to the City of Petersburg and a subdivision of Alaska Tidelands Survey No. 9, according to the plat thereof filed October 17, 1984 as Plat No. 84-26, Petersburg Recording District, First Judicial District, State of Alaska, herein referred to as the *Tideland Property*; and,

2. **Improvements.** The following described improvements are situated on the Land and Tideland Property: 5,100 square feet of net usual office space, 3,200 square feet of heated warehouse space, 1,000 square feet of fenced outside storage space, 500 square feet of and all improvements thereto, including 160 lineal feet of dock space (herein, *ADFG Dock*) dredged to 6 foot depth to accommodate boats up to 32' in length, together with all other real property improvements located on the Land and Tideland Property, all of which are referred to collectively herein as the *Improvements*.

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PURCHASE AND SALE AGREEMENT

Page 1 of 17 pages

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of the Parties may be referred to generically as a *Party*.

E. The Tideland Property is leased from the City of Petersburg, Alaska to the Seller under the terms and conditions of that Tidelands/Submerged Land Lease Agreement, dated September 6, 1984, and assigned to Seller on February 2, 2001, and June 26, 2001, respectively, and last amended on November 4, 2014, as recorded in the Petersburg Recording District as Document 2014-000669-0, which is herein referred to as the *City Tideland Lease*. The annual rent for the City Tideland Lease is currently \$3,654.00, which rental rate will continue to September 5, 2019.

F. Seller, as Lessor, made and entered into that certain Lease with the State of Alaska, dated September 2, 1983, together with all thirty (30) amendments thereto, is herein collectively referred to as *State Lease 1673*. Purchaser acknowledges receipt of a copy of State Lease 1673 and all amendments, including *Amendment No. 30*, copy of which is appended to this Agreement as **Appendix A**. Amendment No. 30 became effective April 1, 2015, and includes **Exhibit A** and **Exhibit A-1**, the receipt of which Purchaser acknowledges; and monthly rent paid to Seller effective April 1, 2015 in the amount of \$19,436.00, subject to adjustments. A Purchaser further acknowledges the obligations of Lessee under paragraphs 6, 7, and 8, of Amendment No. 30, to pay the cost to dredge and repair the ADFG Dock. As a material consideration of this Agreement, Purchaser shall assume the obligations and liabilities of the State Lease 1673, including, but not limited to the cost to dredge the Tideland Property and repair the ADFG Dock, which repairs and improvements are herein collectively referred to as the *Dock Project*. As provided herein, Seller has agrees to pay the sum of \$100,000.00 (herein, *Holdback Account*), to Purchaser which sum shall be paid from the Purchase Price at Closing, in consideration for Purchaser's agreement to assume Seller's obligations to complete the Dock Project.

G. Purchaser intends to finance the purchase of the Property through a First Bank commercial loan. Purchaser has applied for a loan from First Bank and has been given tentative approval for the loan. A condition of the First Bank loan (herein, *First Bank Loan*), requires Purchaser to complete the Dock Project. Purchaser's use of the Holdback Account to complete the Dock Project may be supervised or controlled by First Bank after the Closing of this Agreement. Seller shall have no obligation to control the use of the Holdback Account or to supervise the Dock Project after Closing. Purchaser assumes exclusive authority and management of the Holdback Account after Closing for the sole purpose of completing the Dock Project to the satisfaction of the State of Alaska; and, in consideration thereof, agrees herein to indemnify and hold the Seller harmless from all obligations and liabilities related thereto.

H. Under the terms and conditions of this Agreement, Seller is willing to sell the Property to Purchaser for the sum of _____ and assign the City Tideland Lease and State Lease 1673

Now Therefore, for valuable consideration, the receipt and sufficiency of which is acknowledged by the Parties, the Parties intend by their signing of this Agreement to be legally bound by the terms, conditions and covenants stated or otherwise incorporated herein, and in furtherance thereof, agree as follows:

1. **Sale.** In accordance with and subject to the terms and provisions of this Agreement, Seller agrees to sell, transfer and convey the Property to Purchaser, and Purchaser agrees to purchase the Property from Seller.



Seller Initials

Purchaser Initials

of the Parties may be referred to generically as a *Party*.

E. The Tideland Property is leased from the City of Petersburg, Alaska to the Seller under the terms and conditions of that Tidelands/Submerged Land Lease Agreement, dated September 6, 1984, and assigned to Seller on February 2, 2001, and June 26, 2001, respectively, and last amended on November 4, 2014, as recorded in the Petersburg Recording District as Document 2014-000669-0, which is herein referred to as the *City Tideland Lease*. The annual rent for the City Tideland Lease is currently \$3,654.00, which rental rate will continue to September 5, 2019.

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1. Sale. In accordance with and subject to the terms and provisions of this Agreement, Seller agrees to sell, transfer and convey the Property to Purchaser, and Purchaser agrees to purchase the Property from Seller.

PURCHASE AND SALE AGREEMENT

Page 2 of 17 pages

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2. **Purchase Price: Stated.** The purchase price for the Property to be paid by Purchaser to Seller, in cash or its equivalent as determined acceptable to Seller, (herein *Purchase Price*) shall be the sum of One Million Two Hundred Dollars ().

3. **Earnest Money; Purchase Price Payment; Closing.**

a. **Earnest Money.** Purchaser has paid to Seller the sum of \$5,000.00 as Earnest Money ("Earnest Money"), the receipt of which is acknowledged by Seller. The Earnest Money will be credited towards the payment of the Purchase Price at the time of Closing. Purchaser agrees that the Earnest Money is non-refundable, except as otherwise expressly provided in this Agreement. The Earnest Money shall be held by Seller's attorneys, Keene & Currall, in trust, pending the closing or events that would require disbursement of the Earnest Money to Seller or Purchaser, whichever case, as required by the terms of this Lease. Purchaser acknowledges the Earnest Money is paid to Seller in consideration for Seller's agreement to remove the Property from the marketplace for the duration of the No-Shop Period, as that term is defined below. During the No-Shop Period Purchaser will have the right to enter the Property and conduct Purchaser's due diligence inspection and testing of the Property to determine whether the Property, in Purchaser's sole and absolute discretion, is suitable for Purchaser's intended needs and uses. In the event Purchaser elects not to consummate the purchase of the Property, the Earnest Money shall be retained by Seller as its sole and exclusive remedy and in full and complete liquidation for all costs, expenses and damages incurred by Seller in connection with this Agreement including any loss or damage related to removing the Property from the marketplace during the No-Shop Period. Without limiting the foregoing, the Earnest Money shall be returned to Purchaser should (i) Seller materially breach this Agreement, (ii) Seller withdraws from this Agreement for no cause, or (iii) Purchaser is unable to secure bank financing for this transaction. In such event, Seller shall refund the Earnest Money to Plaintiff, and agrees, in addition thereto, to pay Purchaser the cost of an appraisal of the Property required by Purchaser's lender, if any, which payment shall be made within thirty (30) days from the date of the event. Reimbursement of the Earnest Money and payment of the appraisal, if any, shall be Purchaser's sole and exclusive remedy and shall constitute liquidated damages accepted by Purchaser in full payment of all costs, expenses, and damages otherwise incurred by Purchaser as a result of Seller's actions.

b. **Purchase Price Payment.** The remaining Purchase Price balance of \$1,195,000.00 (US) shall be paid in cash, wire transfer, or its equivalent at Closing, subject to the "Holdback Funds" that shall be retained by the Closing Agent at Closing for the purpose and in the manner provided in Section 3.c., below.

c. ~~X~~ **Holdback Account.** The Parties agree the Closing Agent shall "holdback" ~~X~~ the sum of \$100,000.00 from the Purchase Price to be paid to Seller at Closing, which sum is herein referred to as the "Holdback Account." The purpose of the Holdback Account is to provide readily available funds for the completion of the Dock Project. As provided in Recital F., above, the parties anticipate the Dock Project to cost \$100,000.00 to complete. Purchaser shall pay all costs incurred from the Dock Project that exceeds \$100,000.00; and, Purchaser agrees to hold Seller harmless from the cost of the Dock Project that exceeds \$100,000.00. In the event the total cost of the Dock Project is less than \$100,000.00, the balance then remaining in Holdback Account after completion of the Dock Project shall be paid to Purchaser without reimbursement or set-off of any portion thereof to Seller. Seller waives any and all rights and interest in the Holdback Account, which Seller agrees may be subject to the control of First under the terms of the First Bank Loan Agreement. Purchaser agrees to indemnify, defend and hold the Seller

PURCHASE AND SALE AGREEMENT

Page 3 of 17 pages

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2. Purchase Price; Stated. The purchase price for the Property to be paid by Purchaser to Seller, in cash or its equivalent as determined acceptable to Seller, (herein *Purchase Price*) shall be the sum of One Million Two Hundred Dollars

3. Earnest Money; Purchase Price Payment; Closing.

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harmless from any and all costs, obligations and liabilities related to the Dock Project and use of the Holdback Account.

d. No-Shop Period. The Earnest Money is paid to Seller in consideration of Seller's agreement to remove the Property from the active sales market, which Seller acknowledges restricts Seller's right to sell or transfer any interest in the Property, to list, discuss, negotiate, or otherwise offer the Property for sale to another person or to receive, discuss, solicit, negotiate or otherwise accept an offer from another person during the period commencing on the effective date of this Agreement and continuing to the Closing Date, which period is herein referred to as the *No-Shop Period*. During the No-Shop Period, Purchaser, including its employees, representatives, and contractors hired to assist Purchaser with the inspection, shall have unrestricted access to the Property for the purpose of conducting inspection and tests of the improvements, the surface and subsurface soils and any other part of the Property deemed necessary by Purchaser. In consideration for the right to enter the Property during the No-Shop Period, Purchaser assumes all risks associated therewith and agrees to indemnify and hold Seller harmless from any claims for personal injury, death or property damage that arise from the Purchaser's inspection and testing of the Property. During the No-Shop Period Seller agrees not to make any material changes to the Property including modifications, extensions, or changes to any easement, land use permit or right of way that affect the Property, without Purchaser's written consent. Purchaser acknowledges that prior to the effective date of this Agreement, Purchaser has on numerous occasions entered the Property and the purpose of inspecting the improvements, Property and ADFG Dock to assess and determine the condition of the improvements and tidelands, and to assess the cost and method of reconstruction that will be required to complete the Dock Project. Purchaser further acknowledges and agrees that Purchaser has not relied on any statement or representation of Seller, its members, agents, representatives, or affiliates in assessing and determining the condition of the Property, particularly the improvements, including the Improvements and Dock.

e. Closing Date and Documents. The Closing of this Agreement shall take place on or before January 15, 2017, once Purchaser, in its sole discretion, has determined the Property and its condition are suitable for Purchaser's intended needs and use, which date is herein referred to as the "Closing Date." Should Purchaser require additional time to complete Purchaser's due diligence inspection of the Property beyond the Closing Date, notice thereof shall be delivered to Seller pursuant to Section 16, receipt of which by Seller shall extend the Closing Date to March 1, 2017. If Purchaser completes its due diligence inspection and testing of the Property prior to the Closing Date and desires to close the transaction sooner, Purchaser shall give notice of that election to Seller, upon which Seller shall cooperate with Purchase to proceed to Closing at the soonest time. The Closing shall occur through the auspices of, and the Closing escrow will be administered by, the Closing Agent, but neither Purchaser nor Seller's representative will be required to be physically present at the office of the Closing Agent in Ketchikan, Alaska for Closing. The Parties will fulfill their deliveries and other obligations for Closing in sufficient time that all necessary executed documents, fund transfers and other deliveries are received by the Closing Agent and fully available in time for Closing to be completed on the Closing Date. Prior to Closing Date, all closing documents shall be delivered by the respective Party responsible for the preparation of a document, to the Closing Agent, Alaska Escrow and Title Insurance Agency, Inc., at its office located at 2030 Sea Level Drive, Suite 201, Ketchikan, Alaska. The closing documents to be delivered by the Parties to the Closing Agent are more particularly described as follows:

i. Statutory Warranty Deed. Seller shall prepare and deliver to the Closing Agent, a fully executed Statutory Warranty Deed, (herein, *Deed*), in the form attached

PURCHASE AND SALE AGREEMENT

Page 4 of 17 pages

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d. No-Shop Period. The Earnest Money is paid to Seller in consideration of Seller's agreement to remove the Property from the active sales market, which Seller acknowledges restricts Seller's right to sell or transfer any interest in the Property, to list, discuss, negotiate, or otherwise offer the Property for sale to another person or to receive, discuss, solicit, negotiate or otherwise accept an offer from another person during the period commencing on the effective date of this Agreement and continuing to the Closing Date, which period is herein referred to as the *No-Shop Period*. During the No-Shop Period, Purchaser, including its employees, representatives, and contractors hired to assist Purchaser with the inspection, shall have unrestricted access to the Property for the purpose of conducting inspection and tests of the improvements, the surface and subsurface soils and any other part of the Property deemed necessary by Purchaser. In consideration for the right to enter the Property during the No-Shop Period, Purchaser assumes all risks associated therewith and agrees to indemnify and hold Seller harmless from any claims for personal injury, death or property damage that arise from the Purchaser's inspection and testing of the Property. During the No-Shop Period Seller agrees not to make any material changes to the Property including modifications, extensions, or changes to any easement, land use permit or right of way that affect the Property, without Purchaser's written consent. Purchaser acknowledges that prior to the effective date of this Agreement, Purchaser has on numerous occasions entered the Property and the purpose of inspecting the improvements, Property and ADFG Dock to assess and determine the condition of the improvements and tidelands, and to assess the cost and method of reconstruction that will be required to complete the Dock Project. Purchaser further acknowledges and agrees that Purchaser has not relied on any statement or representation of Seller, its members, agents, representatives, or affiliates in assessing and determining the condition of the Property, particularly the improvements, including the Improvements and Dock.

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PURCHASE AND SALE AGREEMENT

Page 4 of 17 pages

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hereto as **Appendix 3.e.i.**;

ii. Assignment; Assumption; and Consent Re City Tideland Lease.

Seller shall deliver to Closing Agent a fully executed assignment of Seller's rights and interest in the City Tideland Lease, together with the consent of the City of Petersburg and Purchaser's assumption of the obligations and liabilities of the City Tideland Lease, in the form attached hereto as **Appendix 3.e.ii.**

iii. Assignment; Assumption; and Consent Re State Lease 1673.

Seller shall deliver to Closing Agent a fully executed assignment of State Lease 1673 in the form attached hereto as **Appendix 3.e.iii.**, which shall include the consent of the State of Alaska, Department of Administration, Division of General Services, Leasing Section to the assignment, and the assumption of Purchaser to the terms, conditions, obligations and liabilities of State Lease 1673;

iv. FIRPTA Affidavit. Seller shall prepare, and fully execute a FIRPTA Affidavit (Foreign Investment in Real Estate Tax Act) in the form attached hereto as **Appendix 3.e.iv.**;

v. Seller Resolution. Seller shall prepare and deliver to the Closing Agent, in a form mutually agreed by the Parties, a fully executed Resolution evidencing approval and authorization by Seller's governing members for Seller to execute this Agreement and consummate this transaction;


vi. Purchaser Resolution. Purchaser shall prepare and deliver to the Closing Agent, in a form mutually agreed by the Parties, a fully executed resolution evidencing approval and authorization by Purchaser's governing member(s) for Purchaser to enter into this Agreement and authorization for an individual to sign all closing documents for and on behalf of Purchaser;

vii. Settlement Statement. A HUD-1 settlement statement for the Closing under this Agreement which reflects the Purchase Price and settlement and proration provided for in this Agreement including, without limitation, under Section 10, below; and,

viii. Additional Documents. Such additional documents as may be reasonably required by either Party to complete the Closing of this transaction shall be prepared and provided to the Closing Agent on or before the Closing Date.

4. Brokerage/Commission. Both Parties represent and warrant that they have not dealt with any broker, finder, financial advisor, or any other person who might claim a commission or fee in connection with the transaction contemplated by this Agreement. The parties hereto shall indemnify, defend, and hold each other harmless from and against any and all damages, liabilities, costs, expenses, and losses (including, without limitation, reasonable attorney's fees and costs) which either may sustain or incur by reason of a claim by any person or entity for brokerage fees or commissions if such claim is based upon any agreement alleged to have been made by either party hereto, except for agreements with those Brokers set forth below.

5. Purchaser Price: Allocation. The Purchase Price shall be allocated among the elements of the Property as follows:



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Purchaser Initials

hereto as Appendix 3.e.i.;

ii. Assignment; Assumption; and Consent Re City Tideland Lease. Seller shall deliver to Closing Agent a fully executed assignment of Seller's rights and interest in the City Tideland Lease, together with the consent of the City of Petersburg and Purchaser's assumption of the obligations and liabilities of the City Tideland Lease, in the form attached hereto as Appendix 3.e.ii;

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vi. Purchaser Resolution. Purchaser shall prepare and deliver to the Closing Agent, in a form mutually agreed by the Parties, a fully executed resolution evidencing approval and authorization by Purchaser's governing member(s) for Purchaser to enter into this Agreement and authorization for an individual to sign all closing documents for and on behalf of Purchaser;

vii. Settlement Statement. A HUD-1 settlement statement for the Closing under this Agreement which reflects the Purchase Price and settlement and proration provided for in this Agreement including, without limitation, under Section 10, below; and,

viii. Additional Documents. Such additional documents as may be reasonably required by either Party to complete the Closing of this transaction shall be prepared and provided to the Closing Agent on or before the Closing Date.

4. Brokerage/Commission. Both Parties represent and warrant that they have not dealt with any broker, finder, financial advisor, or any other person who might claim a commission or fee in connection with the transaction contemplated by this Agreement. The parties hereto shall indemnify, defend, and hold each other harmless from and against any and all damages, liabilities, costs, expenses, and losses (including, without limitation, reasonable attorney's fees and costs) which either may sustain or incur by reason of a claim by any person or entity for brokerage fees or commissions if such claim is based upon any agreement alleged to have been made by either party hereto, except for agreements with those Brokers set forth below.

5. Purchaser Price: Allocation. The Purchase Price shall be allocated among the elements of the Property as follows:

Land
Improvements
Total Purchase Price

The allocation of the Purchase Price is intended to comply with Section 1060 of the IRS Code and the regulations thereunder (and any similar provisions of state or local law, as appropriate). The Purchaser and Seller shall prepare and file tax returns (including, without limitation, Internal Revenue Service Form 8594) in all respects and for all purposes consistent with such agreed to an allocation of the Purchase Price. If any tax authority challenges such allocation, the party receiving notice of such challenge shall give the other party prompt written notice thereof, and the parties shall cooperate in order to preserve the effectiveness of such allocation.

6. **Conditions Precedent to Obligations of Purchaser.** The obligation of Purchaser to consummate the purchase and sale of the Property is subject to the fulfillment prior to the Closing Date of the following conditions, which may be waived, in whole or in part, by Purchaser:

a. **Performance.** Seller shall have performed and complied in all respects with all agreements, obligations, and covenants required to be performed or complied with by Seller under this Agreement on or before the Closing Date.

b. **Deliveries.** Seller shall have delivered to Purchaser within twenty (20) days from the effective date of this Agreement, the following documents and records if they exist and are in Seller's Possession, as hereinafter defined, that relate or pertain to the Property, including, but not limited to: (i) building and design plans of the Improvements and ADFG Dock, including all improvements situated within the Property; (ii) permits, licenses, leases, issued by a government agency that relate to the ownership, occupancy, or use of the Property; (iii) all documents from government agencies, including written notice, that pertains to the condition, defects, violations, deficiencies, of the Property and Improvements; (iv) all documents from government agencies, including written notice, that pertain to the environmental condition of the Property or violation of a federal or state environmental law, statute or regulation; and (v) any and all manufacturer's maintenance, operational, instructional, and service manuals, maintenance logs, permits, certificates, licenses, that pertain to the fixtures and improvements of the Improvements, ADFG Dock and Property.

c. **First Bank Loan.** First Bank shall have formally committed to loan Purchaser sufficient funds to enable Purchaser to purchase the Property under the terms of this Agreement.

7. **Conditions Precedent to Obligations of Seller.** The obligation of Seller to consummate the purchase and sale of the Property is subject to the fulfillment prior to the Closing Date or, as specified below, at the time of Closing of the following conditions with respect to Purchaser, which may be waived in whole or in part by Seller:

a. **Performance.** Purchaser shall have performed and complied in all material respects with all agreements, obligations, and covenants required to be performed or complied with by it on or prior to the Closing Date.

b. **Assignment.** The City of Petersburg shall have consented to Seller assigning the City Tideland Lease to Purchase at Closing as more particularly provided in this Agreement; and, the State of Alaska shall have consented to Seller assigning the State Lease 1673 to Purchaser at

PURCHASE AND SALE AGREEMENT

Page 6 of 17 pages

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Seller Initials

Purchaser Initials

Land
Improvements
Total Purchase Price

The allocation of the Purchase Price is intended to comply with Section 1060 of the IRS Code and the regulations thereunder (and any similar provisions of state or local law, as appropriate). The Purchaser and Seller shall prepare and file tax returns (including, without limitation, Internal Revenue Service Form 8594) in all respects and for all purposes consistent with such agreed to an allocation of the Purchase Price. If any tax authority challenges such allocation, the party receiving notice of such challenge shall give the other party prompt written notice thereof, and the parties shall cooperate in order to preserve the effectiveness of such allocation.

6. Conditions Precedent to Obligations of Purchaser. The obligation of Purchaser to consummate the purchase and sale of the Property is subject to the fulfillment prior to the Closing Date of the following conditions, which may be waived, in whole or in part, by Purchaser:

a. Performance. Seller shall have performed and complied in all respects with all agreements, obligations, and covenants required to be performed or complied with by Seller under this Agreement on or before the Closing Date.

b. Deliveries. Seller shall have delivered to Purchaser within twenty (20) days from the effective date of this Agreement, the following documents and records if they exist and are in Seller's Possession, as hereinafter defined, that relate or pertain to the Property, including, but not limited to: (i) building and design plans of the Improvements and ADFG Dock, including all improvements situated within the Property; (ii) permits, licenses, leases, issued by a government agency that relate to the ownership, occupancy, or use of the Property; (iii) all documents from government agencies, including written notice, that pertains to the condition, defects, violations, deficiencies, of the Property and Improvements; (iv) all documents from government agencies, including written notice, that pertain to the environmental condition of the Property or violation of a federal or state environmental law, statute or regulation; and (v) any and all manufacturer's maintenance, operational, instructional, and service manuals, maintenance logs, permits, certificates, licenses, that pertain to the fixtures and improvements of the Improvements, ADFG Dock and Property.

c. First Bank Loan. First Bank shall have formally committed to loan Purchaser sufficient funds to enable Purchaser to purchase the Property under the terms of this Agreement.

7. Conditions Precedent to Obligations of Seller. The obligation of Seller to consummate the purchase and sale of the Property is subject to the fulfillment prior to the Closing Date or, as specified below, at the time of Closing of the following conditions with respect to Purchaser, which may be waived in whole or in part by Seller:

a. Performance. Purchaser shall have performed and complied in all material respects with all agreements, obligations, and covenants required to be performed or complied with by it on or prior to the Closing Date.

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PURCHASE AND SALE AGREEMENT

Page 6 of 17 pages

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Seller Initials Purchaser Initials

Closing as more particularly provided in this Agreement.

8. Title.

a. Title Insurance. Seller has obtained a Title Insurance Commitment from the Closing Agent, that is, Alaska Escrow and Title Insurance Agency, Inc., Order Number 53286, with an Effective Date of September 23, 2016, at 8:00 a.m., to insure title to the Property in the name of Purchaser in the amount of the Purchase Price (the *Title Commitment*). Under the Title Commitment, Schedule B, Part II, paragraphs numbers 8 through 31 are referred to hereinafter as the *Special Exceptions*. Seller acknowledges and agrees that the Special Exceptions stated in paragraphs 17, 18, 19, 20, 21, 22, 23, 24, 25, of the Title Commitment, **Appendix 8.a.**, hereto, shall be removed or satisfied prior to or contemporaneous with Closing, together with any other liens, encumbrances and conditions to which Purchaser has objected to an encumbrance that If Seller is unable, despite reasonable efforts, to remove an exception, lien, encumbrance or condition from the Property to which Purchaser has objected, this Agreement shall terminate, and the Earnest Money shall be refunded to Purchaser and Seller shall pay any cost for an appraisal of the Property incurred by Purchaser, and upon such payments neither party shall have any further rights or obligations hereunder. Both Seller and Purchaser have reviewed and approved the Title Commitment, and those special exceptions approved by Purchaser which are herein referred to as the "Permitted Exceptions." The Permitted Exceptions are more particularly described in **Appendix 8.a.-Permitted Exceptions**, which is attached hereto and by this reference made a part of this Agreement.


b. Assignment of Existing Leases. Incident to the Closing, the Parties, in conjunction with the agency parties to the City Tideland Lease and State Lease 1673, will execute and deliver to the Closing Agent the (i) Assignment, Assumption and Consent of the City Tideland Lease a form to be provided by the City of Petersburg, that will be attached hereto as **Appendix 3.e.ii**, prior to closing, and (ii) Assignment, Assumption and Consent of the State Lease 1673 in a form provided by the State of Alaska to be attached hereto as **Appendix 3.e.iii**, prior to closing, (collectively referred to herein as the *Lease Assignments*), by which the City Tideland Lease and State Lease will be assigned by Seller to Purchaser. Per agreement of the Parties, such Lease Assignments will provide, among other terms, that there will be a proration or other adjustment at Closing for prepaid rent, insurance, and other costs paid or received by Seller; and payment to Purchaser of any security deposits, if any, held by Seller.

c. Conveyance by Statutory Warranty Deed; Permitted Exceptions. At closing, in accordance with and subject to the terms and conditions of this Agreement, Seller shall transfer and convey its right, title and interest in the Property to Purchaser by a Statutory Warranty Deed, the form of which is attached hereto as Appendix 3.e.i., which shall be subject to the Permitted Exceptions.

9. Settlement and Prorations.

a. Property Taxes. The Closing Agent will prorate the City of Petersburg real property taxes and any calendar year 2017 real property assessments with regard to the Property as of the agreed Closing Date and, more specifically, as of 12:00 midnight January 15, 2017, or should the parties agree otherwise, for the subsequent date on which the Closing occurs.

b. Utility and Service Accounts; Prorating Utility and Service Account Charges. At Closing, any and all utility and service accounts for the Property provided by Petersburg Municipal



Seller Initials

Purchaser Initials

Closing as more particularly provided in this Agreement.

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b. Assignment of Existing Leases. Incident to the Closing, the Parties, in conjunction with the agency parties to the City Tideland Lease and State Lease 1673, will execute and deliver to the Closing Agent the (i) Assignment, Assumption and Consent of the City Tideland Lease a form to be provided by the City of Petersburg, that will be attached hereto as Appendix 3.e.ii, prior to closing, and (ii) Assignment, Assumption and Consent of the State Lease 1673 in a form provided by the State of Alaska to be attached hereto as Appendix 3.e.iii, prior to closing, (collectively referred to herein as the *Lease Assignments*), by which the City Tideland Lease and State Lease will be assigned by Seller to Purchaser. Per agreement of the Parties, such Lease Assignments will provide, among other terms, that there will be a proration or other adjustment at Closing for prepaid rent, insurance, and other costs paid or received by Seller; and payment to Purchaser of any security deposits, if any, held by Seller.

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PURCHASE AND SALE AGREEMENT

Page 7 of 17 pages

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Power and Lights (PMP&L) that are already in the name of Seller, Seller will be entitled to close and terminate such accounts as of the Closing Date, or at such earlier time as may be agreed to by the Parties; and Purchaser shall execute prior to Closing all statements of account to place those accounts in the name of Purchaser or to establish new accounts sufficient to assure no disruption of utility services to the Property. To facilitate this transition, Purchaser is required, as part of his Closing obligations, to have its own accounts for those utilities presently provided to the Property to be set-up, open and functioning, including payment of any necessary security deposits, so that charges can be shifted to Purchaser's account immediately when Seller's parallel account is closed. More specifically, the parties will implement the agreed transition with regard to the above-listed accounts by each of them executing such agreements as may be required by PMP&L, including the completion by Purchaser of the Application for Utility Services form, a copy of which is attached hereto as **Appendix 9.b.**, to this Lease. Purchaser acknowledges its understanding that the State Lease 1673 requires the owner of the Property to pay the cost of electricity, heat, sewer, water and janitorial services for the Improvements as a material part of State Lease 1673. Therefore, Purchaser agrees to facilitate the establishment of new PMP&L accounts to assure there is no disruption in providing all services, including utilities and janitorial services as required under the State Lease 1673. Any disruption of service to the State of Alaska under State Lease 1673 that occurs after Closing shall be the sole responsibility and liability of Purchaser, and for which Purchaser agrees herein to indemnify and hold the Seller harmless therefrom. The parties further agree that all security deposits for utilities or service accounts that can be closed by Seller with Purchaser to open parallel new accounts shall be refunded to and retained by Seller as its exclusive property. As to any utilities or service accounts that cannot be closed by Seller with Purchaser opening parallel new accounts, the Purchaser shall either compensate Seller for such deposit outside the Closing or, at Seller's election, Seller shall be entitled to inform the Closing Agent in writing, with copy to Purchaser, of such deposit that cannot be refunded in which case the Closing Agent will compensate Seller in the Closing settlement statement for any such security deposits.

c. Fuel Oil. Oil for heat and hot water in the Building will be paid to Seller outside of Closing. Seller will cause the oil tank for the Building to be filled no more than two (2) days before the Closing Date. Seller will be entitled to present to the Purchaser a copy of its invoice for that fill-up and Purchaser will compensate Seller for the payment of a full tank of fuel oil based on the price per gallon shown in that invoice. The fuel oil tank on the Property is a 500-gallon tank, and the intent of this provision is that Purchaser will compensate Seller within ten (10) days from the Closing Date, for reimbursement for the cost of 500 gallons of fuel oil that Seller paid for immediately prior to the Closing Date.

d. City of Petersburg Tideland Lease. The annual rent or any rent prepaid by Seller for the City Tideland Lease shall be prorated by the Closing Agent as of the Closing Date.

e. State Lease 1673. Closing Agent shall prorate the rent paid by the State of Alaska under the terms of the State Lease 1673 as of the Closing Date.

f. Allocation of Closing Costs.

i. Seller shall pay the following Closing costs, which the Closing Agent will reflect in the HUD-1 settlement statement that will be prepared by the Closing Agent:

a. One-half of the cost of a standard owner's policy of title insurance for Purchaser in the amount of the purchase price, together with one-half of the cost of simultaneous issue of a Standard Mortgagee's Policy of title insurance


Seller Initials

Purchaser Initials

Power and Lights (PMP&L) that are already in the name of Seller, Seller will be entitled to close and terminate such accounts as of the Closing Date, or at such earlier time as may be agreed to by the Parties; and Purchaser shall execute prior to Closing all statements of account to place those accounts in the name of Purchaser or to establish new accounts sufficient to assure no disruption of utility services to the Property. To facilitate this transition, Purchaser is required, as part of his Closing obligations, to have its own accounts for those utilities presently provided to the Property to be set-up, open and functioning, including payment of any necessary security deposits, so that charges can be shifted to Purchaser's account immediately when Seller's parallel account is closed. More specifically, the parties will implement the agreed transition with regard to the above-listed accounts by each of them executing such agreements as may be required by PMP&L, including the completion by Purchaser of the Application for Utility Services form, a copy of which is attached hereto as Appendix 9.b., to this Lease. Purchaser acknowledges its understanding that the State Lease 1673 requires the owner of the Property to pay the cost of electricity, heat, sewer, water and janitorial services for the Improvements as a material part of State Lease 1673. Therefore, Purchaser agrees to facilitate the establishment of new PMP&L accounts to assure there is no disruption in providing all services, including utilities and janitorial services as required under the State Lease 1673. Any disruption of service to the State of Alaska under State Lease 1673 that occurs after Closing shall be the sole responsibility and liability of Purchaser, and for which Purchaser agrees herein to indemnify and hold the Seller harmless therefrom. The parties further agree that all security deposits for utilities or service accounts that can be closed by Seller with Purchaser to open parallel new accounts shall be refunded to and retained by Seller as its exclusive property. As to any utilities or service accounts that cannot be closed by Seller with Purchaser opening parallel new accounts, the Purchaser shall either compensate Seller for such deposit outside the Closing or, at Seller's election, Seller shall be entitled to inform the Closing Agent in writing, with copy to Purchaser, of such deposit that cannot be refunded in which case the Closing Agent will compensate Seller in the Closing settlement statement for any such security deposits.

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PURCHASE AND SALE AGREEMENT

Page 8 of 17 pages

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for Seller as regards to the Deed of Trust, also in the amount of the Purchase Price;

b. One-half of the escrow fees for the Closing Agent closing the transaction;

c. One-half of the recording fees and filing fees for those Implementing Documents to be recorded or filed and any other incidental fees charges by the Closing Agent in connection with Closing;

d. The reconveyance fee and any other fees or costs associated with paying off Seller's existing deeds of trust, related security agreements, in favor of the Wells Fargo Bank and First Bank of Ketchikan which are more particularly described in the Title Commitment under Special Exceptions of Schedule B, Part II, paragraphs 17-25 referred to hereinafter as the *Existing Deeds of Trust*, and cancelling and releasing the other security documents related thereto.

ii. Outside the Closing escrow, Seller shall pay Seller's prorated share of utilities and service charges as detailed in Section 9.b., Seller's attorneys' fees and costs for its attorney drafting this Agreement and the related documents, and any other consulting fees and third-party costs incurred by Seller for or in connection with Closing that are not otherwise allocated in this Agreement.

iii. Purchaser will pay the following Closing costs, which Purchaser shall pay to the Closing Agent in addition to the Purchase Price, as such amounts will be detailed in the HUD-1 settlement statement to be prepared by the Closing Agent; Purchaser will pay such costs and the Purchase Price to the Closing Agent so that those funds will have cleared with the Closing Agent no as to be available for disbursement no later than the earliest Closing Date, that is, January 15, 2017:

a. One-half of the cost of a standard owner's policy of title insurance for Purchaser in the amount of the purchase price, together with one-half of the cost of simultaneous issue of policy of a Standard Mortgagee's Policy of title insurance for Seller as regards to the Deed of Trust, also in the amount of the Purchase Price;

b. One-half of the escrow fees for the Closing Agent closing the transaction;

c. One-half of the recording fees and filing fees for those Implementing Documents to be recorded or filed and any other incidental fees charges by the Closing Agent in connection with Closing; and,


d. Compensation to Seller for any security deposits for utilities and service accounts that cannot be allocated by Seller closing and Purchaser opening his own parallel account, with any pending security deposit refunded to Seller, of which Seller shall be entitled to notify the Closing Agent.

iv. Outside the Closing escrow, Purchaser shall pay Purchaser's prorated share of utilities and service charges as detailed in Subsection 9.b., any attorneys' fees and costs that Purchaser may incur to have an attorney of his choosing review and provide input to Purchaser regarding this Agreement and the related documents and any other consulting fees and

PURCHASE AND SALE AGREEMENT

Page 9 of 17 pages

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Purchaser Initials

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d. The reconveyance fee and any other fees or costs associated with paying off Seller's existing deeds of trust, related security agreements, in favor of the Wells Fargo Bank and First Bank of Ketchikan which are more particularly described in the Title Commitment under Special Exceptions of Schedule B, Part II, paragraphs 17-25 referred to hereinafter as the *Existing Deeds of Trust*, and cancelling and releasing the other security documents related thereto.

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iii. Purchaser will pay the following Closing costs, which Purchaser shall pay to the Closing Agent in addition to the Purchase Price, as such amounts will be detailed in the HUD-1 settlement statement to be prepared by the Closing Agent; Purchaser will pay such costs and the Purchase Price to the Closing Agent so that those funds will have cleared with the Closing Agent so as to be available for disbursement no later than the earliest Closing Date, that is, January 15, 2017:

a. One-half of the cost of a standard owner's policy of title insurance for Purchaser in the amount of the purchase price, together with one-half of the cost of simultaneous issue of policy of a Standard Mortgagee's Policy of title insurance for Seller as regards to the Deed of Trust, also in the amount of the Purchase Price;

b. One-half of the escrow fees for the Closing Agent closing the transaction;

c. One-half of the recording fees and filing fees for those Implementing Documents to be recorded or filed and any other incidental fees charges by the Closing Agent in connection with Closing; and,

d. Compensation to Seller for any security deposits for utilities and service accounts that cannot be allocated by Seller closing and Purchaser opening his own parallel account, with any pending security deposit refunded to Seller, of which Seller shall be entitled to notify the Closing Agent.

iv. Outside the Closing escrow, Purchaser shall pay Purchaser's prorated share of utilities and service charges as detailed in Subsection 9.b., any attorneys' fees and costs that Purchaser may incur to have an attorney of his choosing review and provide input to Purchaser regarding this Agreement and the related documents and any other consulting fees and

PURCHASE AND SALE AGREEMENT

Page 9 of 17 pages

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third-party costs incurred by Purchaser for or in connection with his due diligence investigation or Closing that are not otherwise allocated in this Agreement, and reimbursement to Seller of the fuel costs referenced in Section 9.c., above.

10. **Duties of Closing Agent.**

a. In preparation for Closing, the Closing Agent will contact the beneficiary under Seller's Existing Deeds of Trust and request the payoff balance as of the Closing Date along with the per diem interest that will continue to accrue thereunder. The Closing Agent will also request that said beneficiary conditionally transmit to the Closing Agent the following with regard to that Existing Deeds of Trust: (i) executed Request for Full Reconveyance; (ii) Executed original Promissory Notes; (iii) Executed original Deeds of Trust; and such .

b. As and when the Closing Agent has received from Purchaser all funds which are necessary to complete Closing, all of the necessary documents properly executed, payoff information and documents necessary to reconvey Seller's Existing Deeds of Trust and is ready and able to issue a title insurance policy as required under this Agreement and to complete the payoff of Seller's Existing Deeds of Trust and disburse the net proceeds to Seller, then the Closing Agent shall complete the steps necessary for Closing, which shall include the following:

i. Disburse to the beneficiary under Seller's Existing Deeds of Trust sufficient funds to fully pay and satisfy the balance owed under the Promissory Notes secured thereby;

ii. Record in the Petersburg Recording District the following documents in the following order: (a) Deeds of Reconveyance for Seller's Existing Deeds of Trust and releases or reconveyances of any and all related security documents; (b) Deed; (c) Lease Assignments, if provided in recordable format by the respective government agencies;

iii. Charge the respective parties with the closing costs allocated to each of them as set forth above, which allocation shall be reflected in the HUD-1 settlement statement that the Closing Agent will prepare; and,

vii. Disburse to Seller any remaining portion of the Purchase Price.

11. **Completion of Closing Defined; Risk of Loss.** In this Agreement, the term *Completion of Closing* shall mean and refer to the point in time when the Statutory Warranty Deed, Appendix 3.e.i., is recorded. The parties agree and acknowledge their understanding that the risk of loss or damage to the Property shall remain with Seller until Completion of Closing. In the event that, before Completion of Closing, a loss occurs that materially alters the value of the Property, Purchaser may, in his sole discretion, elect to terminate this transaction, in which event the Earnest Money shall be fully refunded to Purchaser and Seller shall be entitled to all insurance proceeds on account of such loss. Purchaser acknowledges its understanding that upon Completion of Closing Purchaser shall have an insurable interest in the Property, and will prior to Closing have in place such insurance coverage as necessary to protect Purchaser's insurable interest and satisfy the First Bank Loan requirements.

12. **Possession.** Possession of the Property shall be delivered to Purchaser upon Completion of Closing.

13. **Condition of Property.** With the execution of this Agreement, Purchaser shall have

third-party costs incurred by Purchaser for or in connection with his due diligence investigation or Closing that are not otherwise allocated in this Agreement, and reimbursement to Seller of the fuel costs referenced in Section 9.c., above.

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b. As and when the Closing Agent has received from Purchaser all funds which are necessary to complete Closing, all of the necessary documents properly executed, payoff information and documents necessary to reconvey Seller's Existing Deeds of Trust and is ready and able to issue a title insurance policy as required under this Agreement and to complete the payoff of Seller's Existing Deeds of Trust and disburse the net proceeds to Seller, then the Closing Agent shall complete the steps necessary for Closing, which shall include the following:

i. Disburse to the beneficiary under Seller's Existing Deeds of Trust sufficient funds to fully pay and satisfy the balance owed under the Promissory Notes secured thereby;

ii. Record in the Petersburg Recording District the following documents in the following order: (a) Deeds of Reconveyance for Seller's Existing Deeds of Trust and releases or reconveyances of any and all related security documents; (b) Deed; (c) Lease Assignments, if provided in recordable format by the respective government agencies;

iii. Charge the respective parties with the closing costs allocated to each of them as set forth above, which allocation shall be reflected in the HUD-1 settlement statement that the Closing Agent will prepare; and,

vii. Disburse to Seller any remaining portion of the Purchase Price.

11. Completion of Closing Defined; Risk of Loss. In this Agreement, the term *Completion of Closing* shall mean and refer to the point in time when the Statutory Warranty Deed, Appendix 3.e.i., is recorded. The parties agree and acknowledge their understanding that the risk of loss or damage to the Property shall remain with Seller until Completion of Closing. In the event that, before Completion of Closing, a loss occurs that materially alters the value of the Property, Purchaser may, in his sole discretion, elect to terminate this transaction, in which event the Earnest Money shall be fully refunded to Purchaser and Seller shall be entitled to all insurance proceeds on account of such loss. Purchaser acknowledges its understanding that upon Completion of Closing Purchaser shall have an insurable interest in the Property, and will prior to Closing have in place such insurance coverage as necessary to protect Purchaser's insurable interest and satisfy the First Bank Loan requirements.

12. Possession. Possession of the Property shall be delivered to Purchaser upon Completion of Closing.

13. Condition of Property. With the execution of this Agreement, Purchaser shall have


Seller Initials


Purchaser Initials

full access to the Property to conduct Purchaser's inspection and due diligence investigation of the Property. Such investigation included but was not limited to the particulars set forth in Sections 13.a.-13.c, below as follows:

a. Inspection of Property. Prior to the execution of this Agreement, Purchaser had the opportunity, as a contractor hired by Seller to maintain the Improvements, to physically inspect and evaluate the Property, including the Land and all aspects of the Improvements and the Tidelands. Purchaser acknowledges that either on its own or with other persons of appropriate expertise, Purchaser was able to take such steps as it deemed appropriate to inspect and determine the condition of all aspects of the Property, including inspection and evaluation of the Improvements, its components, and systems, by a contractor or other person of similar expertise. Purchaser acknowledges the opportunity for such inspection and evaluation and that, as set forth in more detail below, Purchaser will proceed with the purchase of the Property with full knowledge of the information derived, or that could be derived, from such inspection and evaluation.

b. Environmental Assessment. Purchaser was and still is entitled to commission either a formal Phase 1 environmental assessment or an informal environmental evaluation of the Property, the cost of which shall be at Purchaser's sole expense. In such event, Purchaser shall, promptly upon receipt, provide to Seller prior to the Closing Date a copy of the report that Purchaser receives of such assessment or informal evaluation, should Purchaser elect to have an assessment completed prior to the Closing Date.

c. As-Built Survey. In the event Purchaser elects to have an as-built survey of the Property done prior to Closing, the cost shall be paid by Purchaser. In such event Purchaser shall, promptly upon receipt, provide to Seller a copy of any survey that Purchaser obtains.


14. Seller's Representations. For purposes of the representations and warranties set forth in Sections 14.a. through 14.d., the term *Actual Knowledge*, with regard to Seller, shall mean and refer to the actual knowledge of either Donald Thornlow or Pamela Thornlow and when stated as "Seller has no Actual Knowledge" which shall mean that neither Donald Thornlow or Pamela Thornlow have actual knowledge to the contrary of the fact or matters so referenced:

a. With respect to contamination by Hazardous Substances, Seller has no Actual Knowledge of any pending or threatened enforcement action, notice of violation, remediation order or similar governmental proceeding with regard to the Property, except as may be expressly stated in **Appendix 14.a.**, attached hereto.

b. Seller has no Actual Knowledge, as of the execution of this Agreement, of the release of a Hazardous Substance upon the Property in a quantity for which reporting to a government agency was required, except as may be expressly stated in **Appendix 14.a.**, attached hereto.

c. Seller has no Actual Knowledge of a material structural defect of the Property or Improvements, including but not limited to the ThyssenKrupp elevator and all mechanical systems related thereto, HVAC (heating, ventilating, air exchange,) or other improvements, except as may be expressly stated in **Appendix 14.a.**, attached hereto.

d. Seller has no Actual Knowledge of any notice from a municipal, state or



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d. Seller has no Actual Knowledge of any notice from a municipal, state or


federal agency relating to the condition of the Land or Improvements, that relates to the structural integrity of the Improvements, or environmental condition of the Property, except as may be expressly stated in Appendix 14.a., attached hereto.

15. **Disclaimer of Warranties.** Seller has provided Purchaser with an opportunity to physically inspect and evaluate the Property, including the Land and the Improvements, their component parts and mechanical and other systems and Seller will continue to allow such opportunity until the Closing Date. Purchaser acknowledges that either on his own or with other persons of appropriate expertise, Purchaser has taken such steps as he deems appropriate to inspect and determine the condition of same, including inspection and evaluation of the Improvements by Purchaser's contractor or other persons of similar expertise. Purchaser acknowledges having received the benefit of these inspections and that Purchaser is proceeding with the purchase of the Property with full knowledge of the information derived from these efforts. THEREFORE, EXCEPTING ONLY AS EXPRESSLY SET FORTH IN THIS AGREEMENT AND ITS EXHIBITS, SELLER MAKES NO WARRANTIES OR REPRESENTATIONS CONCERNING THE CONDITION OF THE PROPERTY (INCLUDING BOTH THE LAND AND THE IMPROVEMENTS). ON THE CONTRARY, EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT OR ITS EXHIBITS, SELLER EXPRESSLY DISCLAIMS ALL REPRESENTATIONS AND WARRANTIES REGARDING OR CONCERNING THE CONDITION OF THE PROPERTY. SELLER'S DISCLAIMER OF WARRANTIES SHALL INCLUDE, WITHOUT LIMITATION, DISCLAIMER OF ALL REPRESENTATIONS AND WARRANTIES WITH REGARD TO: (a) THE CONSTRUCTION, WORKMANSHIP AND MATERIALS OF THE IMPROVEMENTS; (b) THE SUITABILITY OF THE PROPERTY FOR PURCHASER'S INTENDED USE; (c) THE PROFITABILITY OF ANY BUSINESS OPERATIONS PURCHASER MAY CONDUCT ON OR WITH THE PROPERTY; (d) THE ENVIRONMENTAL CONDITION OF THE PROPERTY; AND, (e) ANY TAX CONSEQUENCES, FAVORABLE OR OTHERWISE, RESULTING FROM PURCHASER'S ACQUISITION OF THE PROPERTY. PURCHASER ACCEPTS SELLER'S DISCLAIMER OF WARRANTIES CONCERNING THE PROPERTY BY ACCEPTING TITLE AND POSSESSION OF THE PROPERTY ON THE BASIS OF "AS-IS AND WHERE-IS," WITH ALL FAULTS AND DEFECTS. IN DECIDING TO PURCHASE THE PROPERTY, PURCHASER RELIES SOLELY UPON PURCHASER'S OWN INSPECTION, KNOWLEDGE AND FAMILIARITY OF THE PROPERTY AND UPON PURCHASER'S OWN SOURCES OF INFORMATION WHICH PURCHASER ACKNOWLEDGES ARE INDEPENDENT OF SELLER, ITS AGENTS, REPRESENTATIVES, AND AFFILIATES. PURCHASER FURTHER ACKNOWLEDGES THAT THE IMPROVEMENTS ON THE LAND IS NOT NEW, BUT RATHER IS A PRE-EXISTING STRUCTURE THAT HAS BEEN IN PLACE AND OCCUPIED AND OPERATED OVER A NUMBER OF YEARS, AND PURCHASER ACCEPTS THE RISK THAT THERE MAY BE OR HAVE ARISEN FAULTS OR DEFECTS WITH THE IMPROVEMENTS THAT RESULT FROM THAT HISTORY. THEREFORE, FROM AND AFTER THE CLOSING UNDER THIS AGREEMENT, PURCHASER SHALL AND DOES ASSUME ALL RISK OF LOSS, DAMAGE AND INJURY TO PERSONS OR PROPERTY ARISING FROM OR RELATING TO THE PROPERTY INCLUDING, BUT NOT LIMITED TO, THE DEPRECIATION OF THE MARKET VALUE OF THE PROPERTY WHICH MAY RESULT OR ARISE FROM FAULTS OR DEFECTS IN THE IMPROVEMENTS, WHETHER LATENT OR OTHERWISE AND WHETHER KNOWN OR UNKNOWN TO SELLER, PURCHASER OR BOTH.

16. **Environmental and Regulatory Disclaimer.** WITHOUT LIMITING ANY ASPECT OF SECTION 15, ABOVE, THE PARTIES' AGREEMENT TO SELL AND PURCHASE THE PROPERTY AS-IS, WITH ALL FAULTS AND WITH THE EXPRESS DISCLAIMER OF ALL WARRANTIES AND REPRESENTATIONS EXCEPT THOSE EXPRESSLY SET FORTH IN THIS AGREEMENT AND ITS EXHIBITS, EXTENDS TO THE ENVIRONMENTAL CONDITION AND

PURCHASE AND SALE AGREEMENT

Page 12 of 17 pages



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PURCHASE AND SALE AGREEMENT

Page 12 of 17 pages

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REGULATORY STATUS OF THE PROPERTY. PURCHASER ACKNOWLEDGES THIS DISCLAIMER OF WARRANTIES AND ASSUMES ALL OBLIGATIONS AND BURDENS ASSOCIATED WITH MAKING HIS OWN DETERMINATION AS TO ALL REGULATORY AND ENVIRONMENTAL MATTERS AND ISSUES ASSOCIATED WITH THE PURCHASE AND OWNERSHIP OF THE PROPERTY. THIS DISCLAIMER INCLUDES THE STATUS OF THE IMPROVEMENTS RELATIVE TO REGULATORY STANDARDS SUCH AS, BUT NOT LIMITED TO, BUILDING CODES, FIRE CODES, AND OSHA STANDARDS. EXCEPTING ONLY AS EXPRESSLY SET FORTH IN THIS AGREEMENT, THIS DISCLAIMER ALSO INCLUDES THE POSSIBLE PRESENCE OF HAZARDOUS SUBSTANCES IN OR AROUND THE LAND, INCLUDING IN SUCH MEASURE AS MIGHT GIVE RISE TO REGULATORY OR OTHER ENVIRONMENTAL LIABILITY, AN OBLIGATION TO REMEDIATE, CLAIMS FOR PROPERTY DAMAGE, PERSONAL INJURY, OR ANY COMBINATION OF THE FOREGOING. PURCHASER ACKNOWLEDGES THIS DISCLAIMER AND, EXCEPTING ONLY AS EXPRESSLY SET FORTH IN SECTION 14, ABOVE, ASSUMES ALL OBLIGATIONS AND BURDENS ASSOCIATED WITH MAKING HIS OWN DETERMINATION AS TO THE ENVIRONMENTAL AND REGULATORY ISSUES AND RISKS HE MAY BE ASSUMING BY THE PURCHASE AND OWNERSHIP OF THE PROPERTY. FROM AND AFTER COMPLETION OF CLOSING, PURCHASER'S RESPONSIBILITY FOR THE OWNERSHIP AND OPERATION OF THE PROPERTY WILL INCLUDE, WITHOUT LIMITATION, ALL MATTERS ARISING FROM OR RELATING TO ANY ENVIRONMENTAL OR REGULATORY ISSUES INCLUDING ANY HAZARDOUS SUBSTANCES ON OR AROUND THE PROPERTY, IMPROVEMENTS OR BOTH. TO THOSE ENDS, EXCEPTING ONLY MATTERS THAT ARE AFFIRMATIVELY DEMONSTRATED TO BE CONTRARY TO SELLER'S EXPRESS WARRANTIES IN SECTION 15, ABOVE, PURCHASER WILL INDEMNIFY, DEFEND AND HOLD HARMLESS SELLER FROM AND AGAINST ANY AND ALL CLAIMS, AS DEFINED BELOW, ARISING FROM OR RELATED TO ANY CONTAMINATION, RELEASE OR THREATENED RELEASE OF HAZARDOUS SUBSTANCES ON OR AROUND THE PROPERTY, THE IMPROVEMENTS OR BOTH, AND ALSO ANY OTHER ENVIRONMENTAL OR REGULATORY ISSUES, INCLUDING AS OTHERWISE REFERENCED IN THIS SECTION. FOR PURPOSES OF THIS AGREEMENT, HAZARDOUS SUBSTANCES INCLUDE ANY SUBSTANCE WITHIN THE DEFINITION OF "HAZARDOUS SUBSTANCE" OR "HAZARDOUS WASTE" IN ANY STATE OR FEDERAL ENVIRONMENTAL LAW INCLUDING, WITHOUT LIMITATION, PETROLEUM, AND ITS DERIVATIVE BY-PRODUCTS.

17. **Non-Waiver Regarding Seller Disclosures.** To the extent that Seller or Seller's agents or other representatives may have provided any limited disclosure or other information to Purchaser, whether as set forth in this Agreement or otherwise, Purchaser further agrees that any such disclosures do not supersede or waive any term or provision of this Agreement including, but not limited to, Seller's disclaimer of warranties and representations and the "As-Is" condition of the Property. Further, any and all information and disclosures that Seller may provide to Purchaser are provided on the same terms and provisions as set forth in Section 15, above. Without limiting the operation thereof, all such information and disclosures are provided by Seller and accepted by Purchaser "As-Is and Where-Is," with all faults and with all representations expressly disclaimed.

18. **Seller Indemnity.** Seller shall assume liability for, and indemnify, defend and hold harmless Purchaser from and against (*Seller Indemnity*) any and all claims, demands, suits, liabilities, obligations, losses, damages, penalties, costs and expenses (including, without limitation, reasonable attorneys' fees) of whatsoever kind and nature, whether or not arising in tort (all of which are referred to collectively as *Claims*), which may be asserted against the Purchaser by reason of any injury to or death of any person or persons, or by reason of loss of or damage to the

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PURCHASE AND SALE AGREEMENT

Page 13 of 17 pages

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Improvements or the personal property of any person or entity which occurs prior to the Completion of Closing and which arises out of or is connected with the ownership, management, possession, control, maintenance, repair, modification, use, or operation of the Improvements; provided, however, that the foregoing Seller Indemnity shall not apply to injury, death, loss or damage that occurs after the Completion of Closing; provided further, however, that the foregoing Seller Indemnity also shall not apply to any injury, death, loss or damage for which Purchaser, as lessee, has any obligation, liability or responsibility under the City Tideland Lease or State Lease 1673, or which has otherwise been proximately caused by any action or failure to act by Purchaser.

19. Purchaser Indemnity. Purchaser shall assume liability for, and indemnify, defend and hold harmless Seller, its members, managers and employees, from and against (*Purchaser Indemnity*) any and all Claims which may be asserted against Seller by reason of any injury to or death of any person or persons, or by reason of loss of or damage to the Improvements or the personal property of any person or entity which occurs after the Completion of Closing and which arises out of or is in any way connected with the ownership, management, possession, control, maintenance, repair, modification, use, or operation of the Improvements; provided, however, that the foregoing Purchaser Indemnity shall not apply to injury, death, loss or damage that occurs prior to the Completion of Closing.

20. Brokerage/Commission. Each of the Parties represents and warrants to the other that such Party has not retained or undertaken liability to any other broker, finder, financial advisor, or any other person who might claim a commission or fee in connection with the transaction contemplated by this Agreement. Each of the Parties will indemnify and defend the other from any claims or demands that are contrary to the foregoing representation and warranty.

21. Rights and Obligations For And Related to Earnest Money.

a. Payment of Earnest Money to Seller as Seller's Sole Remedy in Case of Default by Purchaser. In the event of a material default by Purchaser under this Agreement before Completion of Closing, the Closing Agent shall, as Seller's sole and exclusive remedy, pay the Earnest Money to Seller as liquidated damages. In such event, other than such payment of the Earnest Money as liquidated damages, this Agreement will terminate; and thereafter, neither Party shall have any further rights, obligations, or liabilities under or relating to this Agreement. The Parties acknowledge and agree that the actual damages in such event are uncertain in amount and difficult to ascertain, and that said amount of liquidated damages was reasonably determined.

b. Refund of Earnest Money to Purchaser and Additional Liquidated Damage Payment to be Purchaser's Sole Remedy in Case of Default By Seller. In the event of a material default by Seller under this Agreement before completion of Closing, the Purchaser shall first be entitled to waive any default or portion thereof, and demand that Seller proceed to Closing and Purchaser shall accept the delivery of title with no reduction in the Purchase Price. Should Seller fail, refuse or be unable to proceed to Closing, for whatever reason, the Closing Agent shall refund the Earnest Money to Purchaser as liquidated damages and, in addition, Seller will make a liquidated damage payment to Purchaser in an amount equal to the cost of an appraisal required by the First Bank Loan, which would otherwise be paid by Purchaser. In such event, other than such refund of the Earnest Money and payment of the cost of an appraisal as liquidated damages, this Agreement will terminate; and thereafter, neither Party shall have any further rights, obligations, or liabilities under or relating to this Agreement. The Parties acknowledge and agree that the actual damages in such event are uncertain in amount and difficult to ascertain, and that said amount of liquidated

PURCHASE AND SALE AGREEMENT

Page 14 of 17 pages

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PURCHASE AND SALE AGREEMENT

Page 14 of 17 pages

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damages was reasonably determined.

22. Assignment. Prior to Completion of Closing, Purchaser will not assign this Agreement or any of Purchaser's rights under this Agreement without Seller's prior written consent, which consent shall not be compelled by operation of law or otherwise.

23. Benefit. This Agreement shall be binding upon and, subject to the foregoing limitation upon assignment, will inure to and be for the benefit of the parties, their heirs, successors and permitted assigns.

24. Notice. Any notice required or permitted to be given under this Agreement may be given by counsel to the Party and shall be deemed properly given or made if sent overnight by nationally recognized carrier such as FedEx or DHL, addressed as follows:

Seller: Washington – Alaska Properties, LLC
18946 Dunbar Road
Mt. Vernon, Washington 98273
Attn: Donald Thornlow

with copy to: H. Clay Keene
Keene & Currall PC
540 Water Street, Suite 302
Ketchikan, Alaska 99901

Purchaser: Good Investments, LLC
Post Office Box 818
Petersburg, Alaska 99833
Attn: Charles Davis

or at such other address as may be designated in writing by either of the Parties. Notice sent by such overnight carrier shall be deemed effective 1 business day after delivery to the carrier.

25. Construction. Under this Agreement, "shall" and "will" are mandatory and "may" is discretionary. In this Agreement, the terms "include," "including" and similar terms shall be construed as if followed by the phrase "without being limited to." Should any provision of this Agreement require or merit judicial interpretation, it is agreed that the Court interpreting and construing the same shall not apply a presumption that this Agreement shall be more strictly construed against one party by reason of the rule of construction that a document is to be construed more strictly against the person who, by himself or through his agent, prepared the same.

26. Governing Law; Dispute Resolution. This Agreement shall be deemed to be made under, and shall be construed in accordance with and shall be governed by, the laws of the State of Alaska. Any and all disputes and claims arising under or relating to this Agreement, or to rights, obligations or other relationships of the parties under or relating to any of its Implementing Documents, including any claims created by statutory law, shall be adjudicated in the Trial Courts of the State of Alaska, First Judicial District, at Petersburg, which the parties each irrevocably consent to as being the exclusive venue and jurisdiction for any and all such adjudication. Each party waives and agrees not to assert, by way of motion, as a defense, or otherwise, in any such suit, action or proceeding any claim that it is not personally subject to the jurisdiction of the above-named courts;

PURCHASE AND SALE AGREEMENT

Page 15 of 17 pages

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PURCHASE AND SALE AGREEMENT

Page 15 of 17 pages

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Purchaser Initials

that the suit, action, or proceeding is brought in an inconvenient forum; that the venue of the suit, action, or proceeding is improper; or that this Agreement or the subject matter hereof may not be enforced in or by such court. Each party agrees that service of process for any and all such proceedings may be made upon them wherever they can be located or by certified mail directed to its address for notices under this Agreement.

27. **Time is of the Essence.** Time is of the essence for each and every obligation of performance under this Agreement.

28. **Survival Provision.** All of the terms, covenants, conditions, disclaimers and other provisions of this Agreement that are not discharged by performance at Closing shall survive Closing.


29. **Miscellaneous.** This Agreement shall not be modified except in writing signed by or on behalf of each of the Parties. Failure of either of the Parties to require strict performance by the other party of any of the provisions, warranties, terms or conditions of this Agreement will not be deemed a waiver or diminishment of any right of such party to demand strict performance of this Agreement thereafter. In no event, will either of the Parties record, cause to be recorded or suffer or allow this Agreement to be recorded with the real property records maintained by the State of Alaska, Department of Natural Resources. Each party agrees to execute and deliver such additional documents and to perform any additional acts necessary or proper to complete the transaction contemplated by this Agreement. The recitals hereinabove set forth are incorporated herein by reference for all purposes, and this Agreement shall be construed accordingly. Jurisdiction and venue for any action relating to this Agreement shall be in the Trial Courts for the State of Alaska, First Judicial District, at Petersburg.

30. **Entire Agreement.** This Agreement, together with its exhibits, is a final and complete expression of all the terms and conditions of the agreement between the parties hereto and shall supersede all previous communications, representations or agreements, either verbal or written. Except as expressly set forth in this Agreement, no representations, warranties, promises, guarantees or agreements, oral or written, expressed or implied, made by either party hereto, or either of their agents, shall survive the execution of this Agreement.


31. **Attorney Representation.** This Agreement and related documents were drafted by H. Clay Keene of Keene & Currall PC of Ketchikan, Alaska, pursuant to the representation by that attorney and firm of only Seller. The Purchaser is executing this Agreement and proceeding with the purchase of the Property under the terms of this Agreement having been encouraged prior to signing this Agreement to retain an attorney to represent Purchaser's interest herein.

32. **Execution of This Agreement.** This Agreement (as well as any other instruments relating to or for implementing this Agreement, including any documents that are requested by the Closing Agent) may be executed in any number of counterparts, each of which shall be deemed an original, and all said counterparts shall together constitute one and the same Agreement or other instrument, binding all the parties hereto, notwithstanding that all of the parties are not signatory to the original or the same counterpart. A faxed or other duplicated copy of this Agreement (and any other related instruments and other related documents, other than the Statutory Warranty Deed, for which executed originals must be recorded) shall be accepted as an original, and a faxed or other duplicated copy of the executed document shall be relied upon as if it were an executed original.

33. **Effective Date.** This Agreement shall be effective and binding as of the time that this Agreement has been fully executed and the parties have exchanged images of counterparts



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28. Survival Provision. All of the terms, covenants, conditions, disclaimers and other provisions of this Agreement that are not discharged by performance at Closing shall survive Closing.

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33. Effective Date. This Agreement shall be effective and binding as of the time that this Agreement has been fully executed and the parties have exchanged images of counterparts

PURCHASE AND SALE AGREEMENT

Page 16 of 17 pages

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reflecting that this Agreement has been duly executed by or on behalf of all the Parties.

34. Appendices to Agreement. The appendices referenced herein and made part of this Agreement are more particularly identified as follows:

Appendix A – Copy of State Lease 1673
Appendix 3.e.i. – Statutory Warranty Deed
Appendix 3.e.ii - Assignment Assumption Re City Tideland Lease
Appendix 3.e.iii – Assignment Assumption State Lease 1673
Appendix 3.e.iv - FIRPTA Affidavit
Appendix 8.a – Permitted Exceptions
Appendix 9.a - Application for Utility Services
Appendix 14.a – Seller's Representations Re Actual Knowledge

35. Counterpart Signature Pages and Facsimile Signatures. This Agreement may be executed using counterpart signature pages which, when taken together shall constitute one Agreement. This Agreement may be executed using facsimile signatures, provided that the documents shall be subsequently conformed with original signature pages as soon as such original pages are available.

IN WITNESS, WHEREOF, the parties hereto have signed and sealed this agreement the day and year written below.

Washington-Alaska Properties LLC

Seller

By Donald Thornlow
Donald Thornlow, Manager/Member

By _____
Pamela Thornlow, Member

Good Investments, LLC

Purchaser

By Charles Davis
Charles Davis

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Washington-Alaska Properties LLC
Seller

By _____
Donald Thornlow, Manager/Member

By Pamela Thornlow
Pamela Thornlow, Member

Good Investments, LLC
Purchaser

By Charles Davis
Charles Davis