

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

	-	X	
	:		Chapter 15
In re:	:		
	:		Case No. 12-10221 (PJW)
CATALYST PAPER CORP., <u>et al.</u> ,	:		
	:		Jointly Administered
Debtors. ¹	:		
	:		Hearing Date: May 14, 2012 (9:30 am EST)
	:		Obj. Deadline: May 7, 2012 (4:00 pm EST)
	-	X	

**NOTICE OF HEARING ON MOTION OF DEBTORS FOR ORDER (I)
AUTHORIZING AND APPROVING THE PRIVATE SALE OF THE POUND
PROPERTY FREE AND CLEAR OF ALL LIENS, CLAIMS, ENCUMBRANCES,
AND OTHER INTERESTS; (II) APPROVING THE PURCHASE AGREEMENT;
(III) AUTHORIZING PAYMENT OF BROKERAGE FEE IN CONNECTION
WITH SALE; AND (IV) GRANTING OTHER RELATED RELIEF**

PLEASE TAKE NOTICE that the above-captioned debtors and debtors-in-possession (collectively, the "Debtors") filed today the attached **Motion Of Debtors For Order (I) Authorizing And Approving The Private Sale Of The Pound Property Free And Clear Of All Liens, Claims, Encumbrances, And Other Interests; (II) Approving The Purchase Agreement; (III) Authorizing Payment Of Brokerage Fee In Connection With Sale; And (IV) Granting Other Related Relief** (the "Motion").

PLEASE TAKE FURTHER NOTICE that certain material provisions related to the sale transaction of which the Debtors are seeking approval are as follows:

¹ These jointly administered cases are those of the following Debtors: 0606890 B.C. Ltd., Catalyst Paper Corporation, Catalyst Paper Energy Holdings Inc., Catalyst Paper General Partnership, Catalyst Pulp and Paper Sales Inc., Catalyst Pulp Operations Ltd., Catalyst Pulp Sales Inc., Elk Falls Pulp and Paper Ltd., and Pacifica Poplars Ltd. (collectively, the "Canadian Debtors") in addition to Catalyst Paper Holdings Inc., Pacifica Papers U.S. Inc., Pacifica Poplars Inc., Pacifica Papers Sales Inc., Catalyst Paper (USA) Inc., Catalyst Paper (Recycling) Inc., Catalyst Paper (Snowflake) Inc., and The Apache Railway Company (collectively, the "U.S. Debtors").



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- A. Property to be Conveyed: Seller² will sell and Buyers will purchase the Pound Property, which consists of approximately Thirty-Eight and Sixty-Six One-Hundredths (38.66) acres of land and which is more particularly described in Exhibit A to Addendum A to the Purchase Agreement, together with any and all personal property, fixtures or other items remaining on the Pound Property when possession is transferred to the Buyers.
- B. Purchase Price: The total purchase price for the Pound Property will be One Hundred Fifty Thousand Dollars and No/100ths (\$150,000.00) (the “Purchase Price”).
- C. Earnest Money Deposit: The Buyers have deposited earnest money in the amount of Two Thousand Dollars and No/100ths (\$2,000.00) (the “Earnest Money Deposit”) to be held by Windermere Real Estate Co. as selling firm. The Earnest Money Deposit will be non-refundable, unless otherwise provided in the Purchase Agreement. In the event the Seller is unable to obtain the approvals of the Monitor, the Canadian Court and this Court, the Purchase Agreement will be deemed null and void and the Earnest Money Deposit will be returned to the Buyers. In the event the Buyers discover that materially inaccurate information has been given by Seller relating to the Pound Property, and Buyers further give notice of such materially inaccurate information within 10 days of mutual acceptance, the Purchase Agreement will terminate and the Earnest Money Deposit will be returned to the Buyers. Finally, in the event Buyers review their preliminary commitment for title insurance and disapproves of exceptions contained in such preliminary commitment, and Seller does not give timely notice of its intent to clear all disapproved exceptions, Buyers may terminate the Purchase Agreement and the Earnest Money Deposit will be returned to the Buyers, less any unpaid costs described in the Purchase Agreement. At Closing, the Earnest Money Deposit will be applied to the Purchase Price.
- D. Brokerage Commissions: The Seller is represented by Snohomish Properties as selling firm, and the Buyers are represented by Windermere Real Estate Co. as selling firm. At the close of escrow, a Commission equal to Five percent (5%) of the Purchase Price will be paid out of escrow by the closing agent directly to Snohomish Properties and Windermere Real Estate Co., with each party receiving a portion of the Commission equal to Two and a Half percent (2.5%) of the Purchase Price.
- E. “As Is, Where Is” Transaction: The Buyers agree that the Seller has not provided the Buyers with any warranties or representations as to, among other things, any conditions that may exist on the Pound Property, the condition of any improvements located within the Pound Property, the availability of any water

² Unless otherwise defined herein, capitalized terms used herein shall have the meanings ascribed to them in the Motion.

rights, the suitability of the Pound Property for the intended use of the Buyers, the exact amount of property included in the Purchase Agreement, or the precise location of any corners or boundaries of the Pound Property. The Buyers acknowledge that they have been advised to, among other things, investigate the Pound Property and obtain a survey of the same. Buyers acknowledge that they will verify certain of the above-noted items for which the Seller has not provided any warranties or representations, to Buyers' own satisfaction.

- F. Closing and Other Deadlines: The Sale is conditional on closing by May 18, 2012 assuming CPC can obtain approval by the and Monitor, the Canadian Court and this Court by such date. The Buyers will take possession on the closing date. This deadline is reasonable in light of the amount of time the Buyers require to obtain the appropriate title insurance and the requisite approvals and consents.
- G. Approvals: The closing of the transaction contemplated by the Purchase Agreement will be conditioned on the Seller obtaining approval from the Monitor, the Canadian Court, and this Court .
- H. Private Sale: The Purchase Agreement assumes no auction or additional solicitation of competitive bidding.

PLEASE TAKE FURTHER NOTICE that objections, if any, to the Motion or the relief requested therein must be made in writing, filed with the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court"), 824 Market Street, Wilmington, Delaware 19801, and served so as to be received by the following parties no later than **May 7, 2012 at 4:00 p.m. (Eastern)**: (A) counsel for CPC as foreign representative: Skadden, Arps, Slate, Meagher & Flom LLP, 300 South Grand Avenue, Suite 3400, Los Angeles, CA 90071, Attn: Van C. Durrer, II, Esq.; (B) counsel for the Debtors: Blake, Cassels & Graydon LLP, 595 Burrard Street, P.O. Box 49314, Suite 2600, Three Bentall Centre, Vancouver, BC V7X 1L3, Canada, Attn: William C. Kaplan, Esq.; (C) counsel for certain 2016 Noteholders: Akin Gump Strauss Hauer & Feld LLP, One Bryant Park, New York, NY 10036-6745, Attn: Stephen Kuhn, Esq., Meredith Lahaie, Esq., and Michael Stamer, Esq.; (D) counsel for certain 2014 Noteholders: Goodmans LLP, Bay Adelaide Centre, 333 Bay Street, Suite 3400, Toronto, ON M5H 2S7,

Canada, Attn: Robert Chadwick, Esq., and Melaney Wagner, Esq.; (E) JPMorgan Chase, as DIP Facility agent: (i) McMillan LLP, Brookfield Place, Suite 4400, 181 Bay Street, Toronto, ON M5J 2T3, Canada, Attn: R.D. Jeffrey Rogers, Esq., and Wael Rostom, Esq., (ii) Bryan Cave LLP, One Metropolitan Square, 211 North Broadway, Suite 3600, St. Louis, MO 63102, Attn: Gregory Willard, Esq., and Heather Boelens Rucker, Esq.; (F) counsel for PwC: Fasken Martineau DuMoulin LLP, 2900 – 550 Burrard Street, Vancouver, BC V6C 0A3, Canada, Attn: John Grieve, Esq., and Kibben Jackson, Esq.; (G) PricewaterhouseCoopers, 250 Howe Street, Suite 700, Vancouver, British Columbia V6C 3S7; and (H) the Office of the United States Trustee, 844 North King Street, Suite 2207, Lockbox 35, Wilmington, DE 19801, Attn: David Buchbinder, Esq.

PLEASE TAKE FURTHER NOTICE that a hearing on the Motion will be held on **May 14, 2012 at 9:30 a.m. (Eastern)** before the Honorable Peter J. Walsh, United States Bankruptcy Judge for the District of Delaware, in the United States Bankruptcy Court for the District of Delaware, 6th Floor, Courtroom 2, 824 North Market Street, Wilmington, Delaware 19801 ("Hearing"). Only objections made in writing and timely filed and received will be considered by the Court at the Hearing.

**PLEASE TAKE FURTHER NOTICE THAT IF NO OBJECTIONS TO
THE MOTION ARE TIMELY FILED AND RECEIVED IN ACCORDANCE WITH THE
ABOVE PROCEDURES, THE RELIEF REQUESTED IN THE MOTION MAY BE
GRANTED WITHOUT FURTHER NOTICE OR A HEARING.**

Dated: Los Angeles, California
April 23, 2012

/s/ Van C. Durrer, II
Van C. Durrer, II (I.D. No. 3827)
SKADDEN, ARPS, SLATE, MEAGHER
& FLOM LLP
300 South Grand Avenue
Los Angeles, California 90071
(213) 687-5000

Counsel for Catalyst Paper Corporation

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FOR THE DISTRICT OF DELAWARE**

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MOTION OF DEBTORS FOR ORDER (I) AUTHORIZING AND APPROVING THE PRIVATE SALE OF THE POUND PROPERTY FREE AND CLEAR OF ALL LIENS, CLAIMS, ENCUMBRANCES, AND OTHER INTERESTS; (II) APPROVING THE PURCHASE AGREEMENT; (III) AUTHORIZING PAYMENT OF BROKERAGE FEE IN CONNECTION WITH SALE; AND (IV) GRANTING OTHER RELATED RELIEF

Catalyst Paper Corporation (“CPC”), as the authorized foreign representative for itself and its above-captioned affiliates (collectively, the “Debtors” and, together with their non-debtor affiliates, the “Company”) in a proceeding (the “CCAA Proceeding”) under Canada’s Companies’ Creditors Arrangement Act, R.S.C. 1985, c. C-44, and Business Corporations Act, S.B.C. 2002, c. 57, before the Supreme Court of British Columbia (the “Canadian Court”), hereby moves (this “Motion”) this Court, pursuant to sections 105(a), 363, 1520, and 1521 of title 11 of the United States Code (the “Bankruptcy Code”), Rules 2002, 6004, and 9014 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and Rule 6004-1 of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the

¹ These jointly administered cases are those of the following Debtors: 0606890 B.C. Ltd., Catalyst Paper Corporation, Catalyst Paper Energy Holdings Inc., Catalyst Paper General Partnership, Catalyst Pulp and Paper Sales Inc., Catalyst Pulp Operations Ltd., Catalyst Pulp Sales Inc., Elk Falls Pulp and Paper Ltd., and Pacifica Poplars Ltd. (collectively, the “Canadian Debtors”) in addition to Catalyst Paper Holdings Inc., Pacifica Papers U.S. Inc., Pacifica Poplars Inc., Pacifica Papers Sales Inc., Catalyst Paper (USA) Inc., Catalyst Paper (Recycling) Inc., Catalyst Paper (Snowflake) Inc., and The Apache Railway Company (collectively, the “U.S. Debtors”).

District of Delaware (the “Local Rules”) for entry of an order substantially in the form attached hereto as Exhibit A (the “Proposed Order”): (a) authorizing the private sale (the “Sale”) of that certain real property located at 13 xx 55th Ave. SE, Everett, WA 98208² (the “Pound Property”) on an “as-is, where-is” basis, free and clear of any and all liens, encumbrances, and other interests to Kuo-Chao Wang and Shu-Hui Lo (collectively, the “Buyers”), pursuant to the terms and conditions of that certain Vacant Land Purchase and Sale Agreement, dated as of March 15, 2012 (the “Purchase Agreement”), by and between Pacifica Poplars Inc. (“Pacifica Poplars” or the “Seller”) and the Buyers, a true and correct copy of which is attached as Exhibit B hereto; (b) authorizing and approving the terms of the Purchase Agreement; (c) authorizing the Company to pay the brokerage fee incurred in connection with the Sale; and (d) granting such other and further relief as the Court deems just and proper. In further support of the Motion, CPC relies on the *Eighth Declaration of Brian Baarda* filed concurrently herewith (the “Eighth Baarda Declaration”) and respectfully represents as follows:

JURISDICTION AND VENUE

1. This Court has jurisdiction over these matters pursuant to 28 U.S.C. §§ 157 and 1334. These matters are core proceedings within the meaning of 28 U.S.C. § 157(b)(2).
2. Venue is proper pursuant to 28 U.S.C. §§ 1408, 1409 and 1410.
3. The statutory bases for the relief requested herein are sections 105(a), 363, 1520, and 1521 of the Bankruptcy Code, Rules 2002, 6004, and 9014 of the Bankruptcy Rules, and Rule 6004-1 of the Local Rules.

² The Snohomish County Tax Parcel Number for this address is: 29052200300100.

BACKGROUND

A. General Background

4. On January 17, 2012 (the “Chapter 15 Petition Date”), CPC filed and served notice of its motion for protection (the “CBCA Proceeding”) under Canada’s Canada Business Corporations Act, R.S.C. 1985, c. C-44 before the Canadian Court. On the Chapter 15 Petition Date, CPC also commenced the Debtors’ chapter 15 cases by filing petitions pursuant to sections 1504 and 1515 of the Bankruptcy Code (collectively, the “Chapter 15 Cases”).

5. CPC commenced the CBCA Proceeding in the Canadian Court, having reached a preliminary consensual agreement with certain representatives of holders of senior secured notes due December 15, 2016 (the “2016 Notes”) and unsecured senior notes due March 1, 2014 (the “2014 Notes”). CPC abandoned the CBCA Proceeding when the parties were unable to obtain the required support from other relevant stakeholders.

6. On January 31, 2012, CPC commenced the CCAA Proceeding, and the Canadian Court entered an initial order dated January 31, 2012, annexed to each of the amended chapter 15 petitions (the “Initial CCAA Order”), appointing the independent fiduciary PricewaterhouseCoopers Inc. as monitor (the “Monitor”) in the CCAA Proceeding and authorizing CPC to serve as foreign representative of the Debtors. See Initial CCAA Order, ¶¶ 29, 78. Following entry of the Initial CCAA order by the Canadian Court, CPC amended its previously filed motion for recognition in order to convert its request for recognition of the CBCA Proceeding into a request for recognition of the CCAA Proceeding.

7. On March 5, 2012, this Court entered its *Order Granting Final Relief for Recognition of a Foreign Main Proceeding Pursuant to 11 U.S.C. §§ 105(a), 1517, 1519, 1520, and 1521* [Docket No. 89] (the “Recognition Order”) recognizing the CCAA Proceeding as a foreign main proceeding.

8. Additional general background regarding the Debtors' operations and the events leading up to the restructuring are detailed in the *Second Declaration of Brian Baarda* [Docket No. 39].

B. The Pound Property

9. Pacifica Poplars, a wholly-owned subsidiary of CPC and one of the U.S. Debtors in these Chapter 15 Cases, owns approximately 1,800 acres of poplar farm plantation lands in Washington state (the "Poplar Lands"), which include the Pound Property that is the subject of the instant Motion. See Eighth Baarda Declaration at ¶ 4. Following its acquisition of Pacifica Poplars in 2001, CPC harvested a portion of the Poplar Lands for various uses, but the cost of poplar fiber was not economically viable for use at CPC's various mills in British Columbia, Canada, and the fiber had low market value in Washington state. See id. at ¶ 5. As a result, CPC decided not to replant the Poplar Lands, but rather to divest them in an orderly way. See id.

10. In 2008, CPC retained the services of Snohomish Properties (the "Broker") to act as a broker and listing agent in connection with the projected divestiture. See id. at ¶ 6. The parties negotiated a Broker's commission fee of 5% of the total sale price (the "Commission") to be evenly divided between the selling agent and the listing agent, a significantly lower amount than the standard commission fee for sales of vacant rural land of 8% to 10%. See id. The Poplar Lands were listed on the Northwest Multiple Listing Service (the "MLS"), and have remained listed for well over three years. Id. at ¶ 7. Several small properties have been sold over the years, and a number of offers have been made for the Pound Property; however, no sale for the Pound Property was ever consummated. Id. at ¶ 7; 11.

11. The Pound Property is a single parcel of 38.66 acres, located near Everett in Snohomish County, Washington. See id. at ¶ 9. It was listed in 2008 for a total asking price of

\$247,000.00, which was later reduced to \$213,000.00 in October 2010. Id. at ¶ 8. The asking price was later further reduced to \$160,000.00, as the Company decided not to excavate and clean up various tree stumps that continue to make the Pound Property unsuitable for farming. See id. A large amount of cleanup remains to be done on the Pound Property, which is currently unusable for farming and other purposes. Id. at ¶ 9. The Pound Property is subject to certain federal and state use restrictions and requirements, further limiting its marketability. Id. at ¶ 10.

12. Since 2010, a total of three offers have been received for the Pound Property, but none has resulted in a consummated transaction. See id. at ¶ 11. The restrictions on land use described above, the generally low interest level in the Pound Property, the condition of the Pound Property as described above, and the difficulty of securing adequate financing in the current economy, have contributed to the difficulty that Pacifica Poplars and CPC have faced in their attempts to sell. See id. Therefore, CPC believes that the terms of this Sale, as set forth in the Purchase Agreement and described below, represent the highest and best value for the Debtors' estates and creditors under the circumstances.

C. The Sale Transaction

13. In mid-March 2012, the Buyers submitted an offer on the Pound Property in the amount of \$135,000.00. See id. at ¶ 12. The Company made a counteroffer in the amount of \$150,000.00, and the Buyers agreed to the counteroffer. See id. The Company determined that, based on the circumstances described above, the Buyers' bid represented the highest and best offer for the Pound Property. Id. at ¶ 13. Consequently, the Company engaged in good-faith negotiations with the Buyers on the terms of the sale, which negotiations resulted in the Purchase Agreement attached hereto as Exhibit B. Id. at ¶ 12. Under the terms of Initial CCAA Order, the Debtors are permitted to sell non-material assets not exceeding \$500,000 in any single

transaction without further need of approval by the Canadian Court; therefore, at this time the Debtors do not intend to seek an order approving the proposed Sale from the Canadian Court. See Initial CCAA Order, ¶ 15(a); see also Eighth Baarda Declaration at ¶ 22. CPC is in the process of seeking the Monitor's consent to the proposed Sale. See Eighth Baarda Declaration at ¶ 22.

RELIEF REQUESTED

14. By this Motion, CPC seeks entry of an order (a) authorizing the Sale of the Pound Property on an "as-is, where-is" basis, free and clear of any and all liens, encumbrances and other interests to the Buyers, pursuant to the terms and conditions of that certain Purchase Agreement; (b) authorizing and approving the terms of that certain Purchase Agreement, by and between the Seller and the Buyers; (c) authorizing the Company to pay the brokerage fee incurred in connection with the Sale; and (d) granting such other and further relief as the Court deems just and proper.

Summary of Proposed Terms of the Sale³

15. The Purchase Agreement is dated as of March 15, 2012, and is executed by both the Buyers (as of March 15, 2012) and the Seller (as of March 29, 2012). Pursuant to the terms and conditions of the Purchase Agreement, and subject to certain approvals, including this Court's approval, CPC proposes to sell to the Buyers the Pound Property on an "as-is, where-is"

³ To the extent this summary differs in any way from the terms and conditions of the Purchase Agreement, the actual terms of the Purchase Agreement shall control. Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Purchase Agreement.

basis, free and clear of all liens, claims, encumbrances and other interests. The following is a summary of the material terms and conditions of the Purchase Agreement:⁴

- A. Property to be Conveyed: Seller will sell and Buyers will purchase the Pound Property, which consists of approximately Thirty-Eight and Sixty-Six One-Hundredths (38.66) acres of land and which is more particularly described in Exhibit A to Addendum A to the Purchase Agreement, together with any and all personal property, fixtures or other items remaining on the Pound Property when possession is transferred to the Buyers. Purchase Agreement, Optional Clauses Addendum ¶ 4; Purchase Agreement, Addendum A, Exhibit A.
- B. Purchase Price: The total purchase price for the Pound Property will be One Hundred Fifty Thousand Dollars and No/100ths (\$150,000.00) (the “Purchase Price”). Purchase Agreement at 1, ¶ 5.
- C. Earnest Money Deposit: The Buyers have deposited earnest money in the amount of Two Thousand Dollars and No/100ths (\$2,000.00) (the “Earnest Money Deposit”) to be held by Windermere Real Estate Co. as selling firm. Purchase Agreement at 1, ¶ 6; Purchase Agreement at 2, ¶ b. The Earnest Money Deposit will be non-refundable, unless otherwise provided in the Purchase Agreement. Purchase Agreement at 2, ¶ b. In the event the Seller is unable to obtain the approvals of the Monitor and this Court, the Purchase Agreement will be deemed null and void and the Earnest Money Deposit will be returned to the Buyers. Purchase Agreement, Optional Clauses Addendum ¶ 11. In the event the Buyers discover that materially inaccurate information has been given by Seller relating to the Pound Property, and Buyers further give notice of such materially inaccurate information within 10 days of mutual acceptance, the Purchase Agreement will terminate and the Earnest Money Deposit will be returned to the Buyers. Purchase Agreement at 5, ¶ x. Finally, in the event Buyers review their preliminary commitment for title insurance and disapproves of exceptions contained in such preliminary commitment, and Seller does not give timely notice of its intent to clear all disapproved exceptions, Buyers may terminate the Purchase Agreement and the Earnest Money Deposit will be returned to the Buyers, less any unpaid costs described in the Purchase Agreement. Purchase Agreement, Title Contingency Addendum ¶ 1. At Closing, the Earnest Money Deposit will be applied to the Purchase Price. Purchase Agreement at 2, ¶ b.
- D. Brokerage Commissions: The Seller is represented by Snohomish Properties as selling firm, and the Buyers are represented by Windermere Real Estate Co. as selling firm. Purchase Agreement at 1. At the close of escrow, a Commission equal to Five percent (5%) of the Purchase Price will be paid out of escrow by the

⁴

Pursuant to Local Rule 6004-1(b)(iv), a Sale Motion (as defined in the Local Rules) must highlight certain provisions. Accordingly, the relevant provisions implicating Local Rule 6004-1(b)(iv) are included in this summary.

closing agent directly to Snohomish Properties and Windermere Real Estate Co., with each party receiving a portion of the Commission equal to Two and a Half percent (2.5%) of the Purchase Price. Purchase Agreement at 4, ¶ u.

- E. “As Is, Where Is” Transaction: The Buyers agree that the Seller has not provided the Buyers with any warranties or representations as to, among other things, any conditions that may exist on the Pound Property, the condition of any improvements located within the Pound Property, the availability of any water rights, the suitability of the Pound Property for the intended use of the Buyers, the exact amount of property included in the Purchase Agreement, or the precise location of any corners or boundaries of the Pound Property. Purchase Agreement, Addendum ¶ 3 – 4. The Buyers acknowledge that they have been advised to, among other things, investigate the Pound Property and obtain a survey of the same. Id. Buyers acknowledge that they will verify certain of the above-noted items for which the Seller has not provided any warranties or representations, to Buyers’ own satisfaction. Purchase Agreement, Optional Clauses Addendum ¶ 1; Purchase Agreement, Addendum ¶ 3.
- F. Closing and Other Deadlines: The Sale is conditional on closing by May 18, 2012 assuming CPC can obtain approval by the and Monitor and this Court by such date. See Purchase Agreement at 1, ¶ 10; see also Purchase Agreement, Optional Clauses Addendum, ¶ 11. The Buyers will take possession on the closing date. Purchase Agreement at ¶ 11. This deadline is reasonable in light of the amount of time the Parties require to obtain the appropriate title insurance and the requisite approvals and consents.
- G. Approvals: The closing of the transaction contemplated by the Purchase Agreement will be conditioned on the Seller obtaining approval from the Monitor and this Court. Purchase Agreement, Optional Clauses Addendum ¶ 11.
- H. Private Sale: The Purchase Agreement assumes no auction or additional solicitation of competitive bidding. Proposed Order, ¶ H, K. See infra, ¶ 27 – 29.

BASIS FOR RELIEF

16. CPC commenced these Chapter 15 Cases to obtain recognition of the CCAA Proceeding as a foreign proceeding. CPC’s and the Debtors’ ultimate goal is to ensure an orderly administration of the Debtors’ financial affairs and the restructuring of the Debtors’ capital structure, while also maximizing value for all of the Debtors’ stakeholders by divesting certain of its assets as appropriate and with the support of the Monitor.

A. Section 363 of the Bankruptcy Code Applies to the Proposed Sale

17. The relief requested herein is authorized by sections 105(a), 363, 1520 and 1521 of the Bankruptcy Code.

18. Section 1520 of the Bankruptcy Code provides, in pertinent part, that “[u]pon recognition of a foreign proceeding that is a foreign main proceeding, [section 363 of the Bankruptcy Code applies] to a transfer of an interest of the debtor in property that is within the territorial jurisdiction of the United States.” 11 U.S.C. § 1520(a)(2). Section 363(b)(1) of the Bankruptcy Code, in turn, provides, in relevant part, that a debtor “after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate.” *Id.* at § 363(b)(1).

19. This Court has already recognized the CCAA Proceeding as a foreign main proceeding, pursuant to the Recognition Order. *See* Recognition Order at ¶ 2. Therefore, section 363 of the Bankruptcy Code applies to these Chapter 15 Cases.

B. The Proposed Sale Is a Product of the Debtors’ Reasonable Business Judgment

20. As noted above, section 363(b)(1) of the Bankruptcy Code provides, in relevant part, that a debtor “after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate.” 11 U.S.C. § 363(b)(1). In addition, section 105(a) of the Bankruptcy Code provides, in relevant part, that “[t]he court may issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title.” 11 U.S.C. § 105(a).

21. A proposed sale of assets of a debtor under section 363 of the Bankruptcy Code outside the ordinary course of business is appropriate if a court finds that the transaction represents a reasonable business judgment on the part of the debtor. *See In re Abbotts Dairies of*

Pa., Inc., 788 F.2d 143 (3d Cir. 1986) (implicitly adopting a “sound business purpose” test and a good faith test); In re Delaware & Hudson Ry. Co., 124 B.R. 169 (D. Del. 1991) (concluding that the Third Circuit had adopted a “sound business purpose” test).

22. Generally, courts have applied four factors in connection with the “sound business purpose” test: (1) whether a sound business reason exists for the proposed transaction; (2) whether fair and reasonable notice has been provided to interested persons; (3) whether the debtor has obtained a fair and reasonable price; and (4) whether the transaction has been proposed and negotiated in good faith. Titusville Country Club v. Pennbank (In re Titusville Country Club), 128 B.R. 396, 399 (Bankr. W.D. Pa. 1991); Delaware & Hudson Ry., 124 B.R. at 176. The proposed Sale satisfies all four conditions, and therefore should be approved by this Court.

23. First, sound business purposes justify the Sale. CPC believes that the proposed Sale presents the best opportunity to realize the maximum value of the Pound Property. See Eighth Baarda Declaration at ¶ 13. The Pound Property has been on the market for years and during that time little interest has been shown by prospective buyers. See id. at 11. Furthermore, the condition of the Pound Property has complicated sale efforts. In reality, there is a shortage of capable buyers willing and able to purchase the Pound Property in its current condition without further improvement. See id. at ¶¶ 9 – 11. Here, however, the Buyers are willing to take the Pound Property “as-is,” and can provide an “all cash offer” eliminating potential financing complications.

24. Second, fair and reasonable notice has been provided to potentially interested parties. Indeed, as the Pound Property has been marketed consistently for over three years and multiple parties have, in fact, submitted offers during that time, it is clear that all potential buyers

have previously had notice of the opportunity to purchase the Pound Property. Further, proper notice of this Motion is being provided consistent with Bankruptcy Rule 2002(a)(2).

25. Third, CPC believes that the Purchase Price represents a fair and reasonable price for the Pound Property, particularly in light of its condition, the amount of work that would have to be completed in order to use the Pound Property, and the length of time the Pound Property has been on the market. The Company has analyzed other available options in connection with the disposition of the Pound Property, in the form of multiple alternative offers proffered over the last two years. In light of the weak market and the fact that the Buyers do not require financing to close this sale transaction, the Company believes that the Purchase Price is fair and reasonable under the circumstances.

26. Finally, the marketing and negotiation process satisfies the good faith requirement of Section 363(m) of the Bankruptcy Code. The Purchase Agreement is the product of good faith solicitation efforts and arm's-length negotiations among Seller and Buyers with respect to the Purchase Price, the "as is, where is" provisions and other terms of the Purchase Agreement.

C. The Sale of the Pound Property Without a Formal Auction is Justified

27. Under Bankruptcy Rule 6004, a debtor may sell assets outside of the ordinary course of business by private sale or public auction. Fed. R. Bankr. P. 6004.

28. CPC believes that the sale of the Pound Property to the Buyers without an auction is the best way to maximize value for their estates. As described above, the Pound Property has remained on the market for over three years; in that time, a number of proposed bids have fallen through due to financing problems or concerns over the condition of the Pound Property. CPC believes that the Buyers have demonstrated the ability to close the Sale transaction and offered the highest and best price for the Pound Property, under the circumstances. Accordingly, CPC

has concluded that it is unlikely the Debtors would realize a higher purchase price for the Pound Property that would warrant the costs and delays associated with a further formal auction process, particularly in light of the de minimis value of the Pound Property.

29. Furthermore, it should be noted that relief similar to that requested herein has been granted under section 363 of the Bankruptcy Code in cases in this district. In re Nortel Network Inc., et al., Case No. 09-10138 (Bankr D. Del. Apr. 26, 2011) (authorizing the private sale of certain internet number assets free and clear of interests); In re Building Materials Holding Corp., et al., Case No. 09-12074 (Bankr. D. Del. Dec. 30, 2009) (authorizing the private sale of certain real property free and clear of interests on shortened notice); In re Birch Telecom, Inc., et al., Case No. 05-12237 (Bankr. D. Del. Mar. 22, 2006) (authorizing the private sale of certain real property free and clear of interests, and authorizing the payment of auctioneer's fee in connection with sale). The relief requested herein is therefore also justified by existing precedent.

D. The Proposed Sale Satisfies the Requirements of Section 363(f) for a Sale Free and Clear of Claims

30. Under Bankruptcy Code section 363(f), a debtor may sell property free and clear of any interest in such property of an entity other than the estate only if, among other things:

- (1) applicable nonbankruptcy law permits sale of such property free and clear of such interest;
- (2) such entity consents;
- (3) such interest is a lien and the price at which such property is to be sold is greater than the aggregate value of all liens on such property;
- (4) such interest is in bona fide dispute; or
- (5) such entity could be compelled, in a legal or equitable proceeding, to accept a money satisfaction of such interest.

11 U.S.C. § 363(f). Since section 363(f) of the Bankruptcy Code is drafted in the disjunctive, satisfaction of any one of its five requirements will suffice to permit the sale of the Pound Property “free and clear” of liens and interests. See Mich. Employment Sec. Comm’n v. Wolverine Radio Co. (In re Wolverine Radio Co.), 930 F.2d 1132 (6th Cir. 1991); In re Elliot, 94 B.R. 343 (E.D. Pa. 1988).

31. CPC seeks authority to transfer the Debtors’ right, interest and title in the Pound Property free and clear of all interests, except as set forth in the Purchase Agreement. With respect to any and all creditors that may assert an interest in the Pound Property, the Debtors submit that, at minimum, subsections (1), (2) and (5) of section 363(f) apply.

32. Notably, the Pound Property is not subject to the liens of holders of 2016 Notes; therefore, their consent is unnecessary. See Eighth Baarda Declaration at ¶ 23. Furthermore, the proposed Sale falls within a de minimis exception to the general asset sale restrictions contained in the indenture agreement for the 2014 Notes. Id. The Company is in the process of seeking to obtain the consent of the debtor-in-possession financing lender, which has an interest in the Pound Property. Id. at ¶ 24. Therefore, with respect to all of the Debtors’ borrowed money constituencies, applicable nonbankruptcy law authorizes the sale of the Pound Property free of those constituencies’ interests.

33. Moreover, any other alleged lien holders could be compelled under section 363(f)(5) to accept a money satisfaction of their interests in an appropriate proceeding. In addition, any other lien and interest holders, to the extent known by the Debtors, which might claim an interest in the Pound Property will be adequately protected, because their liens and/or interests will attach to the net proceeds of the Sale, subject to any claims and defenses the Debtors may possess with respect thereto. Finally, a sale free and clear of liens and other

interests is necessary to maximize the value of the Pound Property. Therefore, CPC submits that the proposed Sale should be approved free and clear of all liens and other interests pursuant to section 363(f) of the Bankruptcy Code.

E. The Buyers are Entitled to the Protections of Section 363(m)

34. CPC additionally requests that the Court apply the protections provided by section 363(m) of the Bankruptcy Code in connection with the Sale. Section 363(m) of the Bankruptcy Code provides, in relevant part, as follows:

The reversal or modification on appeal of an authorization under subsection (b) or (c) of this section of a sale or lease of property does not affect the validity of a sale or lease under such authorization to an entity that purchased or leased such property in good faith, whether or not such entity knew of the pendency of the appeal, unless such authorization and such sale or lease were stayed pending appeal.

11 U.S.C. 363(m).

35. While the Bankruptcy Code does not define “good faith purchaser,” the Second Circuit has stated that “the phrase encompasses one who purchases in ‘good faith’ and for ‘value’.” In re Abbotts Diaries, 788 F.2d at 147. Courts have held that in order to demonstrate a lack of good faith, a party would have to show “fraud or collusion between the purchaser and [seller] or an attempt to take grossly unfairly advantage [of other potential purchasers].” Id. (citing In re Rock Indus. Mach. Corp., 572 F.2d 1195, 1198 (7th Cir. 1978)); In re Colony Hill Assocs., 111 F.3d 269, 276 (2d Cir. 1997).

36. CPC and the Buyers have acted in good faith in negotiating the sale of the Pound Property. There is no evidence of fraud or collusion in the relevant facts or in the terms of the Purchase Agreement. The Debtors and the Buyers have not acted in a collusive manner with any person and the purchase price was not controlled by any agreement among bidders. The Buyers

are not insiders of the Debtors as the term is defined in section 101(31) of the Bankruptcy Code, and all negotiations have been conducted on an arm's length, good faith basis. Accordingly, CPC requests that the Court make a finding that the Buyers will be purchasing the Pound Property in good faith within the meaning of Bankruptcy Code section 363(m) and, thus, are entitled to the protections of Bankruptcy Code section 363(m).

F. Payment of the Brokerage Fee is Warranted

37. It is normal and customary in transactions of this nature for the selling party to pay a brokerage fee or commission. The ability of a party to offer such a fee allows CPC to sell its property for the benefit of the Debtors' estates and their creditors.

38. Here, Snohomish Properties has assisted CPC in its lengthy marketing efforts with respect to the Pound Property by listing the Pound Property and negotiating with interested parties for over three years. In addition, Windermere Real Estate Co. has also provided assistance in the proposed Sale transaction by representing the interests of the Buyers. CPC believes that payment of the Commission in the amount of \$3,750.00, or 2.5% of the total Purchase Price, to Snohomish Properties, and \$3,750.00, or 2.5% of the total Purchase Price, to Windermere Real Estate Co., is reasonable and warranted under the circumstances. Accordingly, CPC respectfully requests that the Court authorize the Seller to pay the Commission at closing from the proceeds of the Sale, pursuant to the terms of the Purchase Agreement.

G. Relief from the Fourteen-Day Waiting Period Under Bankruptcy Rule 6004(h) is Appropriate

39. Bankruptcy Rule 6004(h) provides, in relevant part, that an order "authorizing the sale, use or lease of property ... is stayed until the expiration of 14 days after entry of the order, unless the court orders otherwise." Bankr. R. Fed. P. 6004(h). Pursuant to the terms of the

Purchase Agreement, the parties plan to close the Sale on April 15, 2012. Consummating the Sale transaction in a timely manner is important to CPC's efforts to maximize value for the Debtors' estates. Accordingly, CPC requests that any order approving the Sale be effective immediately by providing that the 14-day stay under Bankruptcy Rule 6004(h) and any other stay that might apply be waived in this instance.

NOTICE

40. CPC proposes to notify all Notice Parties of (a) the filing of this Motion, (b) the deadline to object to the Motion, and (c) the hearing date for this Motion in accordance with the proposed *Order Limiting Notice and Approving Form and Manner Thereof and Granting Related Relief* (as entered, the "Order Limiting Notice") filed concurrently herewith, and this Court's *Order (I) Specifying Form and Manner of Service of Notice of Filing of Petitions and Other Pleadings Pursuant to Chapter 15 of the Bankruptcy Code and (II) Scheduling a Hearing on Chapter 15 Petitions for Recognition* [Docket No. 23] (the "Notice Order"). In light of the nature of the relief requested herein, CPC submits that no other or further notice of this Motion is necessary or required.

CONCLUSION

WHEREFORE, CPC respectfully requests that this Court (i) grant this Motion and the relief requested herein; (ii) enter the Proposed Order substantially in the form attached hereto as Exhibit A; and (iii) grant such other and further relief as it deems just and proper.

Dated: Los Angeles, California
April 23, 2012

/s/ Van C. Durrer, II
Van C. Durrer, II (I.D. No. 3827)
SKADDEN, ARPS, SLATE, MEAGHER
& FLOM LLP
300 South Grand Avenue
Los Angeles, California 90071
(213) 687-5000

Counsel for Catalyst Paper Corporation

EXHIBIT A

Proposed Order

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

	X	
	:	
In re:	:	Chapter 15
	:	
CATALYST PAPER CORP., <u>et al.</u> ,	:	Case No. 12-10221 (PJW)
	:	
Debtors. ¹	:	Jointly Administered
	:	
	:	Related Docket Nos. :
	:	
	X	

**ORDER (I) AUTHORIZING AND APPROVING THE PRIVATE SALE OF THE
POUND PROPERTY FREE AND CLEAR OF ALL LIENS, CLAIMS,
ENCUMBRANCES, AND OTHER INTERESTS; (II) APPROVING THE PURCHASE
AGREEMENT; (III) AUTHORIZING PAYMENT OF BROKERAGE FEE IN
CONNECTION WITH SALE; AND (IV) GRANTING OTHER RELATED RELIEF**

Upon the motion (the “Motion”)² of Catalyst Paper Corporation (“CPC”), as the authorized foreign representative for itself and its above-captioned affiliates (collectively, the “Debtors” and, together with their non-debtor affiliates, the “Company”) in a proceeding (the “CCAA Proceeding”) under under Canada’s Companies’ Creditors Arrangement Act, R.S.C. 1985, c. C-44, and Business Corporations Act, S.B.C. 2002, c. 57, pending before the Supreme Court of British Columbia (the “Canadian Court”) under sections 105(a), 363, 1520, and 1521 of title 11 of the United States Code (the “Bankruptcy Code”) and Rules 2002, 6004, and 9014 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and Rule 6004-1 of the

¹ These jointly administered cases are those of the following Debtors: 0606890 B.C. Ltd., Catalyst Paper Corporation, Catalyst Paper Energy Holdings Inc., Catalyst Paper General Partnership, Catalyst Pulp and Paper Sales Inc., Catalyst Pulp Operations Ltd., Catalyst Pulp Sales Inc., Elk Falls Pulp and Paper Ltd., and Pacifica Poplars Ltd. (collectively, the “Canadian Debtors”) in addition to Catalyst Paper Holdings Inc., Pacifica Papers U.S. Inc., Pacifica Poplars Inc., Pacifica Papers Sales Inc., Catalyst Paper (USA) Inc., Catalyst Paper (Recycling) Inc., Catalyst Paper (Snowflake) Inc. and The Apache Railway Company (collectively, the “U.S. Debtors”).

² Unless otherwise defined herein, capitalized terms used herein shall have the meanings ascribed to them in the Motion.

Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the “Local Rules”) for an order (I) authorizing the Debtors to sell the Pound Property free and clear of all liens, claims, and encumbrances to Kuo-Chao Wang and Shu-Hui Lo (collectively, the “Buyers”), (II) authorizing and approving the terms of that certain Vacant Land Purchase and Sale Agreement, dated as of March 15, 2012 (the “Purchase Agreement”), by and between Pacifica Poplars Inc. (“Pacifica Poplars” or the “Seller”) and the Buyers, a true and correct copy of which is attached as Exhibit B to the Motion, (III) authorizing the Company to pay the brokerage fee incurred in connection with the Sale, and (IV) granting related relief; and the Court having reviewed the Motion and the *Eighth Declaration of Brian Baarda* [Docket No. ___] submitted in support thereof; and the Court having determined that the relief requested in this Motion is in the best interests of the Debtors, their estates, their creditors and other parties-in-interest; and it appearing that notice of the Motion was good and sufficient under the particular circumstances and that no other or further notice need be given; and upon consideration of the record and the hearing on the Motion held before this Court; and after due deliberation thereon; and good and sufficient cause appearing therefore;

It is hereby **FOUND AND DETERMINED THAT**.³

A. **Jurisdiction and Venue.** This Court has jurisdiction to consider this Motion under 28 U.S.C. §§ 157 and 1334. This is a core proceeding under 28 U.S.C. § 157(b). Venue of these cases and this Motion in this district is proper under 28 U.S.C. §§ 1408, 1409, and 1410.

³ Findings of fact shall be construed as conclusions of law and conclusions of law shall be construed as findings of fact when appropriate. See Bankruptcy Rule 7052.

B. **Statutory Predicates.** The statutory predicates for the relief requested herein are Bankruptcy Code sections 105(a), 363, 1520, and 1521, Bankruptcy Rules 2002, 6004, and 9014, and Local Rule 6004-1.

C. **Notice.** Good and sufficient notice of the Motion and the relief granted by this Order has been given and no other or further notice is required.

D. **Best Interest of Debtors and Appropriate Exercise of Power.** Consummation of the Sale of the Pound Property, and the related relief granted in this Order, is in the best interests of the Debtors, their estates, their creditors, and other parties-in-interest and is an appropriate exercise of the Court's power under or in connection with the Bankruptcy Code, including, but not limited to section 105(a), 363, 1520, and 1521 thereof.

E. **Commission.** The proposed Commission is the product of arms-length negotiations between the Debtors and Snohomish Properties. Accordingly, payment of the Commission is reasonable and appropriate, in light of the size and nature of the proposed Sale and comparable transactions, the commitments that have been made, and the efforts that have been expended by Snohomish Properties as listing agent and by Windermere Real Estate Co. as selling agent.

F. **Corporate Authority.** The Seller (i) has full corporate power and authority to execute the Purchase Agreement and all other documents contemplated thereby, and the Sale of the Pound Property by the Seller has been duly and validly authorized by all necessary corporate action, (ii) has all of the corporate power and authority necessary to consummate the transactions contemplated by the Purchase Agreement, (iii) has taken all corporate action necessary to authorize and approve the Purchase Agreement and the consummation of the transactions contemplated thereby, and (iv) no consents or approvals, other

than those expressly provided for in the Purchase Agreement, are required for the Seller to consummate such transactions.

G. **Opportunity to Object.** A reasonable opportunity to object and to be heard with respect to the Motion and the relief requested therein has been given, in light of the circumstances, to all interested persons and entities, including the following: (a) the Office of the United States Trustee for the District of Delaware; (b) the Securities and Exchange Commission; (c) the Internal Revenue Service; (d) the United States Attorney Office for District of Delaware; (e) counsel for certain 2016 Noteholders; (f) counsel for certain 2014 Noteholders; (g) counsel to the Administrative Agent of the debtor-in-possession financing facility; (h) all other known parties with liens of record on the Pound Property; and (i) those persons filing notices of appearance or requests for notice under Bankruptcy Rule 2002 in these cases (collectively, the “Notice Parties”) in accordance with the Notice Order and the Order Limiting Notice.

H. **Business Justification.** The Debtors have demonstrated both (i) good, sufficient, and sound business purpose and justification and (ii) compelling circumstances for the Sale pursuant to Bankruptcy Code section 363(b) prior to, and outside of, a plan of reorganization in that, among other things, absent the Sale transaction, the value of the Pound Property will be harmed. The Debtors are not required to seek or solicit any additional competitive bids.

I. **Arm’s-Length Sale.** The Purchase Agreement and related documents were negotiated, proposed, and entered into by the Debtors and the Buyers without collusion, in good faith, and from arm’s-length bargaining positions. The Buyers are not “insiders” of any of the Debtors, as that term is defined in Bankruptcy Code section 101. None of the Debtors, nor the Buyers, have engaged in any conduct that would cause or permit the Purchase Agreement

and related documents to be avoided under Bankruptcy Code section 363(n), to the extent applicable. Specifically, the Debtors and the Buyers have not acted in a collusive manner with any person and the purchase price was not controlled by any agreement among bidders.

J. **Good Faith Purchaser.** The Buyers are good faith purchasers under Bankruptcy Code section 363(m) and, as such, are entitled to all of the protections afforded thereby. The Buyers will be acting in good faith within the meaning of Bankruptcy Code section 363(m) in closing the transaction contemplated by the Purchase Agreement and related documents.

K. **Consideration.** The consideration provided by the Buyers for the Pound Property pursuant to the private Sale contemplated by the Purchase Agreement (i) is fair and reasonable, (ii) is the highest and best offer for the Pound Property, (iii) will provide a greater recovery for the Debtors' creditors than would be provided by any other practical available alternative, and (iv) constitutes reasonably equivalent value and fair consideration under the Bankruptcy Code and under the laws of the United States, any state, territory, possession, or the District of Columbia.

L. **Free and Clear.** The Debtors are the sole and lawful owners of the Pound Property. The transfer of the Pound Property to the Buyers under the Purchase Agreement and related documents will be a legal, valid, and effective transfer of the Pound Property, and will vest the Buyers with all right, title, and interest of the Debtors to the Pound Property free and clear of all liens, claims (as defined in Section 101(5) of the Bankruptcy Code), encumbrances or interests of any kind or nature whatsoever, including, but not limited to, those (i) that purport to give to any party a right or option to effect any forfeiture, modification or termination of the Debtors' interests in the Pound Property, or any similar rights and (ii) relating to taxes arising

under or out of, in connection with, or in any way relating to the operation of the Debtors' business prior to the date of the closing (the "Closing Date") of the Sale (collectively, the "Interests"). With respect to each person or entity asserting an Interest in the Pound Property, one or more of the standards set forth in section 363(f) have been satisfied. All holders of Interests in the Pound Property who did not object to the Motion and the relief requested therein, or who withdrew any objections to the Motion and the relief requested therein, are deemed to have consented to the Sale pursuant to section 363(f)(2) of the Bankruptcy Code. Those holders of Interests who did object fall within one or more of the other subsections of section 363(f), and are adequately protected by having their Interests, if any, attach to the proceeds of the Sale with the same priority, validity, force and effect as they attached to such property immediately before the closing of the Sale relating to the Pound Property.

M. **No Intentional Fraudulent Transfer.** The Purchase Agreement was not entered into for the purpose of hindering, delaying or defrauding creditors under the Bankruptcy Code and under the laws of the United States, any state, territory, possession, or the District of Columbia.

N. **Buyers Not Insiders.** Immediately prior to the Closing Date, the Buyers were not "insiders" or "affiliates" of the Debtors, as those terms are defined in the Bankruptcy Code, and no common identity of incorporators, directors or stockholders existed between the Buyers and the Debtors. The Buyers are not purchasing all of the Debtors' assets, and the Buyers are not holding themselves out to the public as a continuation of the Debtors. The Sale does not amount to a consolidation, merger or de facto merger of the Buyers and the Debtors and/or the Debtors' estate, there is not substantial continuity between the Buyers and the Debtors, there is no continuity of enterprise between the Debtors and the Buyers, the Buyers are not a mere

continuation of the Debtors or the Debtors' estates, and the Buyers do not constitute a successor to the Debtor or the Debtors' estates to the extent allowed under state law.

O. **Legal, Valid Transfer.** The transfer of the Pound Property to Buyers will be a legal, valid, and effective transfer of the Pound Property, and will vest Buyer with all right, title, and interest of the Debtors to the Pound Property free and clear of all liens, claims and encumbrances, except as set forth in the Purchase Agreement.

NOW, THEREFORE, IT IS ORDERED THAT:

1. **Motion is Granted.** The Motion is GRANTED as provided herein as of the date hereof with respect to all parties.

2. **Objections Overruled.** Any objections or reservations of rights with respect to the entry of this Order or the relief granted herein and requested in the Motion that have not been withdrawn, waived, or settled, or not otherwise resolved pursuant to the terms hereof, if any, hereby are denied and overruled on the merits with prejudice.

3. **Approval.** The Purchase Agreement and related documents, and all of the terms and conditions thereof are hereby approved as of the date hereof with respect to all parties.

4. **Commission.** Payment of the Commission is approved on the terms set forth in the Purchase Agreement and any other applicable agreements between Snohomish Properties and the Debtors.

5. **Immediately Effective.** Notwithstanding any provision in the Bankruptcy Rules to the contrary, including without limitation, Bankruptcy Rule 6004(h): (i) this Order shall be effective immediately and enforceable upon its entry; (ii) the Debtors are not subject to any stay in the implementation, enforcement or realization of the relief granted in this Order, and (iii) the Debtors are authorized and empowered, and may in their discretion and without further delay,

take any action and perform any act necessary to implement and effectuate the terms of this Order.

6. **Free and Clear.** Except as expressly permitted or otherwise specifically provided for in the Purchase Agreement and related documents, or this Order, pursuant to Bankruptcy Code section 363(f), the Debtors' interests in the Pound Property shall be transferred to the Buyers pursuant to the Purchase Agreement and, as of the Closing Date, shall be free and clear of all Interests of any kind or nature whatsoever with all such Interests to attach to the net proceeds ultimately attributable to the property against or in which such Interests are asserted, subject to the terms of such Interests, with the same validity, force and effect, and in the same order of priority, which such Interests now have against the Pound Property or its proceeds, subject to any rights, claims and defenses of Debtors or their estates, as applicable, may possess with respect thereto.

7. **Good Faith.** The transactions contemplated by the Purchase Agreement and related documents are undertaken by the Buyers in good faith, as that term is used in Bankruptcy Code section 363(m) and, accordingly, the Buyer is entitled to all of the protections thereunder and the reversal or modification on appeal of the authorization provided herein to consummate the Sale shall not affect the validity of the Sale with respect to the Buyers, unless such authorization is duly stayed pending such appeal.

8. **No Collusion.** None of the Debtors, nor the Buyers, have engaged in any conduct that would cause or permit the Purchase Agreement and related documents to be avoided under Bankruptcy Code 363(n), to the extent applicable. Specifically, the Debtors and the Buyer have not acted in a collusive manner with any person and the purchase price was not controlled by any agreement among bidders.

9. **Additional Authorization.** The Debtors are authorized and empowered to take such actions as may be necessary to implement and effect the terms and requirements established under this Order.

10. **Binding Order.** This Order shall be binding on and inure to the benefit of the Buyers, their affiliates, successors and assigns, and the Debtors, including any fiduciary appointed for the estates of the Debtors.

11. **Findings of Fact and Conclusions of Law.** This Order shall constitute the findings of fact and conclusions of law and shall take immediate effect upon execution hereof.

12. **Retention of Jurisdiction.** This Court shall retain jurisdiction to enforce and implement the terms of the Purchase Agreement and related documents, all amendments thereto, and any waivers and consents thereunder, and each of the agreements executed in connection therewith in all respects, including, but not limited to, retaining jurisdiction to (a) compel delivery of the Pound Property to the Buyers; (b) compel delivery of the Purchase Price or performance of other obligations owed to the Debtors; (c) resolve any disputes arising under or related to the Purchase Agreement and related documents, except as otherwise provided therein; (d) interpret, implement, and enforce the provisions of this Order and the Purchase Agreement and related documents; and (e) protect the Buyers against any Interests in the Debtors or the Pound Property of any kind or nature whatsoever, attaching to the proceeds of the Sale.

13. **Reasonably Equivalent Value.** The consideration provided by the Buyers for the Pound Property under the Purchase Agreement shall be deemed to constitute reasonably equivalent value and fair consideration under the Bankruptcy Code and under the laws of the United States, any state, territory, possession, or the District of Columbia.

14. **No Avoidance.** The consideration provided by the Buyers for the Pound Property under the Purchase Agreement is fair and reasonable and may not be avoided under section 363(n) of the Bankruptcy Code.

15. **Government Action.** Each and every federal, state, and local governmental agency or department is hereby directed to accept any and all documents and instruments necessary and appropriate to consummate the transactions contemplated by the Purchase Agreements.

Dated: Wilmington, Delaware
May _____, 2012

HONORABLE PETER J. WALSH

EXHIBIT B

Purchase Agreement

VACANT LAND PURCHASE AND SALE AGREEMENT
SPECIFIC TERMS

1. Date: March 15, 2012 MLS No.: 28196933
2. Buyer: Kuo-Chao Wang & Shu-Hui Lo, a married couple
3. Seller: Pacifica Poplars Inc
4. Property: Tax Parcel No(s): 29052200300100 (Snohomish County)
Street Address: 13 xx 55th Ave SE, Everett Washington 98208
Legal Description: Attached as Exhibit A.
5. Purchase Price: \$150,000
Earnest Money: (To be held by ☒ Selling Firm; ☐ Closing Agent)
Personal Check: \$ 2,000.00; Note: \$ _____ Other (_____): \$ _____
7. Default: (check only one) ☒ Forfeiture of Earnest Money; ☐ Seller's Election of Remedies
8. Title Insurance Company: Chicago Title #5305224
9. Closing Agent: ☐ a qualified closing agent of Buyer's choice; ☒ Chicago Escrow (Everett)
10. Closing Date: 04/16/12 On or Before May 18, 2012
11. Possession Date: ☒ on Closing; ☐ Other _____
12. Offer Expiration Date: _____
13. Services of Closing Agent for Payment of Utilities: ☐ Requested (attach NWMLS Form 22K); ☒ Waived
14. Charges and Assessments Due After Closing: ☒ assumed by Buyer; ☐ prepaid in full by Seller at Closing
15. Subdivision: The Property: ☐ must be subdivided before _____; ☒ is not required to be subdivided
16. Feasibility Contingency Expiration Date: 147 days after mutual acceptance; ☐ Other _____
17. Agency Disclosure: Selling Broker represents: ☒ Buyer; ☐ Seller; ☐ both parties; ☐ neither party
Listing Broker represents: ☒ Seller; ☐ both parties
18. Addenda: 22D(Opt. Clauses) 22G(Sno Farm Dcl) 22T(Title Cont.) 34(Addendum) Pages 6-7
35R(Feasibility) Addendum A.

Wang Kuo-chao Mar 15, 2012
Buyer's Signature Date
Lo Shu-Hui Mar 15 2012
Buyer's Signature Date
3369 NE 178th St
Buyer's Address
Lake Forest Park, WA 98155
City, State, Zip

Phone No. _____ Fax No. _____

Buyer's E-mail Address _____

Windermere Real Estate Co. 7281
Selling Firm MLS Office No.

Selling Firm's Assumed Name (if applicable) _____

Chris Byler 94469
Selling Broker (Print) MLS LAG No.

206-364-8100 206-364-2614
Phone No. Firm Fax No.

ChrisByler@windermere.com
Selling Broker's E-mail Address

VP Pacifica Poplars Mar 29/12
Seller's Signature Date
Richmond B.C. Canada,
City, State, Zip

250-724-7081
Seller's Address
City, State, Zip
Phone No. _____ Fax No. _____

Phone No. _____ Fax No. _____

Seller's E-mail Address _____

Snohomish Properties 7570
Listing Firm MLS Office No.

Listing Firm's Assumed Name (if applicable) _____

Arnie Hansen 5077
Listing Broker (Print) MLS LAG No.

360-568-0808 360-568-2866
Phone No. Firm Fax No.

snohomishproperties@frontier.com
Listing Broker's E-mail Address

FEASIBILITY CONTINGENCY ADDENDUM

The following is part of the Purchase and Sale Agreement dated March 15, 2012 1
between Kuo-Chao Wang & Shu-Hui Lo ("Buyer") 2
and Pacifica Poplars Inc ("Seller") 3
concerning 13 xx 55th Ave SE , Everett, WA 98208 (the "Property"). 4

Mar 29 2012 JZ
Mar 28, 2012
KCW
Feasibility Contingency. Buyer shall verify within 14 7 days (10 days if not filled in) after mutual acceptance 5
(the "Feasibility Contingency Expiration Date") the suitability of the Property for Buyer's intended purpose including, 6
but not limited to, whether the Property can be platted, developed and/or built on (now or in the future) and what it will 7
cost to do this. This Feasibility Contingency SHALL CONCLUSIVELY BE DEEMED WAIVED unless Buyer gives 8
notice of disapproval on or before the Feasibility Contingency Expiration Date. If Buyer gives a timely notice of 9
disapproval, then this Agreement shall terminate and the Earnest Money shall be refunded to Buyer. Buyer should not 10
rely on any oral statements concerning feasibility made by the Seller, Listing Broker or Selling Broker. Buyer should 11
inquire at the city or county, and water, sewer or other special districts in which the Property is located. Buyer's inquiry 12
shall include, but not be limited to: building or development moratoria applicable to or being considered for the 13
Property; any special building requirements, including setbacks, height limits or restrictions on where buildings may be 14
constructed on the Property; whether the Property is affected by a flood zone, wetlands, shorelands or other 15
environmentally sensitive area; road, school, fire and any other growth mitigation or impact fees that must be paid; the 16
procedure and length of time necessary to obtain plat approval and/or a building permit; sufficient water, sewer and 17
utility and any services connection charges; and all other charges that must be paid. 18

Buyer and Buyer's agents, representatives, consultants, architects and engineers shall have the right, from time to 19
time during the feasibility contingency, to enter onto the Property and to conduct any tests or studies that Buyer may 20
need to ascertain the condition and suitability of the Property for Buyer's intended purpose. Buyer shall restore the 21
Property and all improvements on the Property to the same condition they were in prior to the inspection. Buyer shall 22
be responsible for all damages resulting from any inspection of the Property performed on Buyer's behalf. 23

☒ **AGREEMENT TERMINATED IF NOTICE OF SATISFACTION NOT TIMELY PROVIDED.** If checked, this 24
Agreement shall terminate and Buyer shall receive a refund of the Earnest Money unless Buyer gives notice to Seller 25
on or before the Feasibility Contingency Expiration Date that the Property is suitable for Buyer's intended purpose. 26

Initials: BUYER: KCW Date: Mar 15, 2012 SELLER: JZ Date: Mar 29/12
BUYER: SHL Date: Mar 15, 2012 SELLER: _____ Date: _____

**VACANT LAND PURCHASE AND SALE AGREEMENT
GENERAL TERMS**

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Continued

- a. **Purchase Price.** Buyer shall pay to Seller the Purchase Price, including the Earnest Money, in cash at Closing, unless otherwise specified in this Agreement. Buyer represents that Buyer has sufficient funds to close this sale in accordance with this Agreement and is not relying on any contingent source of funds, including funds from loans, the sale of other property, gifts, retirement, or future earnings, except to the extent otherwise specified in this Agreement.
- b. **Earnest Money.** Buyer shall deliver the Earnest Money within 2 days after mutual acceptance of this Agreement to Selling Broker who will deposit any check to be held by Selling Firm, or deliver any Earnest Money to be held by Closing Agent, within 3 days of receipt or mutual acceptance, whichever occurs later. If the Earnest Money is held by Selling Firm and is over \$10,000.00 it shall be deposited into an interest bearing trust account in Selling Firm's name provided that Buyer completes an IRS Form W-9. Interest, if any, after deduction of bank charges and fees, will be paid to Buyer. Buyer shall reimburse Selling Firm for bank charges and fees in excess of the interest earned, if any. If the Earnest Money held by Selling Firm is over \$10,000.00 Buyer has the option to require Selling Firm to deposit the Earnest Money into the Housing Trust Fund Account, with the interest paid to the State Treasurer, if both Seller and Buyer so agree in writing. If the Buyer does not complete an IRS Form W-9 before Selling Firm must deposit the Earnest Money or the Earnest Money is \$10,000.00 or less, the Earnest Money shall be deposited into the Housing Trust Fund Account. Selling Firm may transfer the Earnest Money to Closing Agent at Closing. If all or part of the Earnest Money is to be refunded to Buyer and any such costs remain unpaid, the Selling Firm or Closing Agent may deduct and pay them therefrom. The parties instruct Closing Agent to provide written verification of receipt of the Earnest Money and notice of dishonor of any check to the parties and Brokers at the addresses and/or fax numbers provided herein.
- Upon termination of this Agreement, a party or the Closing Agent may deliver a form authorizing the release of Earnest Money to the other party or the parties. The party(s) shall execute such form and deliver the same to the Closing Agent. If either party fails to execute the release form, the other party may make a written demand to the Closing Agent for the Earnest Money. If only one party makes such a demand, Closing Agent shall promptly deliver notice of the demand to the other party. If the other party does not object to the demand within 10 days of Closing Agent's notice, Closing Agent shall disburse the Earnest Money to the party making the demand. If Closing Agent complies with the preceding process, each party shall be deemed to have released Closing Agent from any and all claims or liability related to the disbursement of the Earnest Money. The parties are advised that, notwithstanding the foregoing, Closing Agent may require the parties to execute a separate agreement before disbursing the Earnest Money. If either party fails to authorize the release of the Earnest Money to the other party when required to do so under this Agreement, that party shall be in breach of this Agreement. Upon either party's request, the party holding the Earnest Money shall commence an interpleader action in the county in which the Property is located. For the purposes of this paragraph, the term Closing Agent includes a Selling Firm holding the Earnest Money. The parties authorize the party commencing an interpleader action to deduct up to \$500.00 for the costs thereof.
- c. **Condition of Title.** Unless otherwise specified in this Agreement, title to the Property shall be marketable at Closing. The following shall not cause the title to be unmarketable: rights, reservations, covenants, conditions and restrictions, presently of record and general to the area; easements and encroachments, not materially affecting the value of or unduly interfering with Buyer's reasonable use of the Property; and reserved oil and/or mining rights. Monetary encumbrances or liens not assumed by Buyer, shall be paid or discharged by Seller on or before Closing. Title shall be conveyed by a Statutory Warranty Deed. If this Agreement is for conveyance of a buyer's interest in a Real Estate Contract, the Statutory Warranty Deed shall include a buyer's assignment of the contract sufficient to convey after acquired title. If the Property has been short platted, the Short Plat number is in the Legal Description.
- d. **Title Insurance.** Seller authorizes Buyer's lender or Closing Agent, at Seller's expense, to apply for the then-current ALTA form of standard form owner's policy of title insurance from the Title Insurance Company. If Seller previously received a preliminary commitment from a Title Insurance Company that Buyer declines to use, Buyer shall pay any cancellation fees owing to the original Title Insurance Company. Otherwise, the party applying for title insurance shall pay any title cancellation fee, in the event such a fee is assessed. The Title Insurance Company shall send a copy of the preliminary commitment to Seller, Listing Broker, Buyer and Selling Broker. The preliminary commitment, and the title policy to be issued, shall contain no exceptions other than the General Exclusions and Exceptions in said standard form and Special Exceptions consistent with the Condition of Title herein provided. If title cannot be made so insurable prior to the Closing Date, then as Buyer's sole and exclusive remedy, the Earnest Money shall, unless Buyer elects to waive such defects or encumbrances, be refunded to the Buyer, less any unpaid costs described in this Agreement, and this Agreement shall thereupon be terminated. Buyer shall have no right to specific performance or damages as a consequence of Seller's inability to provide insurable title.
- e. **Closing and Possession.** This sale shall be closed by the Closing Agent on the Closing Date. "Closing" means the date on which all documents are recorded and the sale proceeds are available to Seller. If the Closing Date falls on a Saturday, Sunday, legal holiday as defined in RCW 1.16.050, or day when the county recording office is closed, the Closing Agent shall close the transaction on the next day that is not a Saturday, Sunday, legal holiday, or day when the county recording office is closed. Buyer shall be entitled to possession at 9:00 p.m. on the Possession Date. Seller shall maintain the Property in its present condition, normal wear and tear excepted, until the Buyer is entitled to possession.

Initials: BUYER: KCW Date: Mar 15, 2012 SELLER: JZ Date: Mar 29, 2012
BUYER: SHL Date: Mar. 15, 2012 SELLER: _____ Date: _____

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Continued

- f. **Section 1031 Like-Kind Exchange.** If either Buyer or Seller intends for this transaction to be a part of a Section 1031 like-kind exchange, then the other party shall cooperate in the completion of the like-kind exchange so long as the cooperating party incurs no additional liability in doing so, and so long as any expenses (including attorneys' fees and costs) incurred by the cooperating party that are related only to the exchange are paid or reimbursed to the cooperating party at or prior to Closing. Notwithstanding the Assignment paragraph of this Agreement, any party completing a Section 1031 like-kind exchange may assign this Agreement to its qualified intermediary or any entity set up for the purposes of completing a reverse exchange.
- g. **Closing Costs and Prorations and Charges and Assessments.** Seller and Buyer shall each pay one-half of the escrow fee unless otherwise required by applicable FHA or VA regulations. Taxes for the current year, rent, interest, and lienable homeowner's association dues shall be prorated as of Closing. Buyer shall pay Buyer's loan costs, including credit report, appraisal charge and lender's title insurance, unless provided otherwise in this Agreement. If any payments are delinquent on encumbrances which will remain after Closing, Closing Agent is instructed to pay such delinquencies at Closing from money due, or to be paid by, Seller. Buyer shall pay for remaining fuel in the fuel tank if, prior to Closing, Seller obtains a written statement as to the quantity and current price from the supplier. Seller shall pay all utility charges, including unbilled charges. Unless waived in Specific Term No. 13, Seller and Buyer request the services of Closing Agent in disbursing funds necessary to satisfy unpaid utility charges in accordance with RCW 60.80 and Seller shall provide the names and addresses of all utilities providing service to the Property and having lien rights (attach NWMLS Form 22K Identification of Utilities or equivalent).
- Buyer is advised to verify the existence and amount of any local improvement district, capacity or impact charges or other assessments that may be charged against the Property before or after Closing. Seller will pay such charges that are encumbrances at the time of Closing, or that are or become due on or before Closing. Charges levied before Closing, but becoming due after Closing shall be paid as agreed in Specific Term No. 14.
- h. **Sale Information.** Listing Broker and Selling Broker are authorized to report this Agreement (including price and all terms) to the Multiple Listing Service that published it and to its members, financing institutions, appraisers, and anyone else related to this sale. Buyer and Seller expressly authorize all Closing Agents, appraisers, title insurance companies, and others related to this Sale, to furnish the Listing Broker and/or Selling Broker, on request, any and all information and copies of documents concerning this sale.
- i. **FIRPTA - Tax Withholding at Closing.** The Closing Agent is instructed to prepare a certification (NWMLS Form 22E or equivalent) that Seller is not a "foreign person" within the meaning of the Foreign Investment In Real Property Tax Act. Seller shall sign this certification. If Seller is a foreign person, and this transaction is not otherwise exempt from FIRPTA, Closing Agent is instructed to withhold and pay the required amount to the Internal Revenue Service.
- j. **Notices.** In consideration of the license to use this and NWMLS's companion forms and for the benefit of the Listing Broker and the Selling Broker as well as the orderly administration of the offer, counteroffer or this agreement, the parties irrevocably agree that unless otherwise specified in this Agreement, any notice required or permitted in, or related to, this Agreement (including revocations of offers or counteroffers) must be in writing. Notices to Seller must be signed by at least one Buyer and shall be deemed given only when the notice is received by Seller, by Listing Broker or at the licensed office of Listing Broker. Notices to Buyer must be signed by at least one Seller and shall be deemed given only when the notice is received by Buyer, by Selling Broker or at the licensed office of Selling Broker. Receipt by Selling Broker of a Form 17 or 17C (whichever is applicable), Public Offering Statement or Resale Certificate, homeowners' association documents provided pursuant to NWMLS Form 22D, or a preliminary commitment for title insurance provided pursuant to NWMLS Form 22T shall be deemed receipt by Buyer. Selling Broker and Listing Broker have no responsibility to advise of receipt of a notice beyond either phoning the party or causing a copy of the notice to be delivered to the party's address shown on this Agreement. Buyer and Seller must keep Selling Broker and Listing Broker advised of their whereabouts in order to receive prompt notification of receipt of a notice.
- k. **Computation of Time.** Unless otherwise specified in this Agreement, any period of time measured in days and stated in this Agreement shall start on the day following the event commencing the period and shall expire at 9:00 p.m. of the last calendar day of the specified period of time. Except for the Possession Date, if the last day is a Saturday, Sunday or legal holiday as defined in RCW 1.16.050, the specified period of time shall expire on the next day that is not a Saturday, Sunday or legal holiday. Any specified period of 5 days or less shall not include Saturdays, Sundays or legal holidays. If the parties agree that an event will occur on a specific calendar date, the event shall occur on that date, except for the Closing Date, which, if it falls on a Saturday, Sunday, legal holiday as defined in RCW 1.16.050, or day when the county recording office is closed, shall occur on the next day that is not a Saturday, Sunday, legal holiday, or day when the county recording office is closed. If the parties agree upon and attach a legal description after this Agreement is signed by the offeree and delivered to the offeror, then for the purposes of computing time, mutual acceptance shall be deemed to be on the date of delivery of an accepted offer or counteroffer to the offeror, rather than on the date the legal description is attached. Time is of the essence of this Agreement.

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BUYER: SHL Date: Mar 15, 2012 SELLER: _____ Date: _____

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- l. Facsimile or E-mail Transmission.** Facsimile transmission of any signed original document, and retransmission of any signed facsimile transmission, shall be the same as delivery of an original. At the request of either party, or the Closing Agent, the parties will confirm facsimile transmitted signatures by signing an original document. E-mail transmission of any document or notice shall not be effective unless the parties to this Agreement otherwise agree in writing.
- m. Integration and Electronic Signatures.** This Agreement constitutes the entire understanding between the parties and supersedes all prior or contemporaneous understandings and representations. No modification of this Agreement shall be effective unless agreed in writing and signed by Buyer and Seller. The parties acknowledge that a signature in electronic form has the same legal effect and validity as a handwritten signature.
- n. Assignment.** Buyer may not assign this Agreement, or Buyer's rights hereunder, without Seller's prior written consent, unless the parties indicate that assignment is permitted by the addition of "and/or assigns" on the line identifying the Buyer on the first page of this Agreement.
- o. Default.** In the event Buyer fails, without legal excuse, to complete the purchase of the Property, then the following provision, as identified in Specific Term No. 7, shall apply:
- i. Forfeiture of Earnest Money.** That portion of the Earnest Money that does not exceed five percent (5%) of the Purchase Price shall be forfeited to the Seller as the sole and exclusive remedy available to Seller for such failure.
- ii. Seller's Election of Remedies.** Seller may, at Seller's option, (a) keep the Earnest Money as liquidated damages as the sole and exclusive remedy available to Seller for such failure, (b) bring suit against Buyer for Seller's actual damages, (c) bring suit to specifically enforce this Agreement and recover any incidental damages, or (d) pursue any other rights or remedies available at law or equity.
- p. Professional Advice and Attorneys' Fees.** Buyer and Seller are advised to seek the counsel of an attorney and a certified public accountant to review the terms of this Agreement. Buyer and Seller agree to pay their own fees incurred for such review. However, if Buyer or Seller institutes suit against the other concerning this Agreement the prevailing party is entitled to reasonable attorneys' fees and expenses.
- q. Offer.** Buyer shall purchase the Property under the terms and conditions of this Agreement. Seller shall have until 9:00 p.m. on the Offer Expiration Date to accept this offer, unless sooner withdrawn. Acceptance shall not be effective until a signed copy is received by Buyer, by Selling Broker or at the licensed office of Selling Broker. If this offer is not so accepted, it shall lapse and any Earnest Money shall be refunded to Buyer.
- r. Counteroffer.** Any change in the terms presented in an offer or counteroffer, other than the insertion of the Seller's name, shall be considered a counteroffer. If a party makes a counteroffer, then the other party shall have until 9:00 p.m. on the counteroffer expiration date to accept that counteroffer, unless sooner withdrawn. Acceptance shall not be effective until a signed copy is received by Seller, by Listing Broker or at the licensed office of Listing Broker. If the counteroffer is not so accepted, it shall lapse and any Earnest Money shall be refunded to Buyer.
- s. Offer and Counteroffer Expiration Date.** If no expiration date is specified for a offer/counteroffer, the offer/counteroffer shall expire 2 days after the offer/counteroffer is delivered by the party making the offer/counteroffer, unless sooner withdrawn.
- t. Agency Disclosure.** Selling Firm, Selling Firm's Designated Broker, Selling Broker's Branch Manager (if any) and Selling Broker's Managing Broker (if any) represent the same party that Selling Broker represents. Listing Firm, Listing Firm's Designated Broker, Listing Broker's Branch Manager (if any), and Listing Broker's Managing Broker (if any) represent the same party that the Listing Broker represents. If Selling Broker and Listing Broker are different persons affiliated with the same Firm, then both Buyer and Seller confirm their consent to Designated Broker, Branch Manager (if any), and Managing Broker (if any) representing both parties as dual agents. If Selling Broker and Listing Broker are the same person representing both parties then both Buyer and Seller confirm their consent to that person and his/her Designated Broker, Branch Manager (if any), and Managing Broker (if any) representing both parties as dual agents. All parties acknowledge receipt of the pamphlet entitled "The Law of Real Estate Agency."
- u. Commission.** Seller and Buyer agree to pay a commission in accordance with any listing or commission agreement to which they are a party. The Listing Firm's commission shall be apportioned between Listing Firm and Selling Firm as specified in the listing. Seller and Buyer hereby consent to Listing Firm or Selling Firm receiving compensation from more than one party. Seller and Buyer hereby assign to Listing Firm and Selling Firm, as applicable, a portion of their funds in escrow equal to such commission(s) and irrevocably instruct the Closing Agent to disburse the commission(s) directly to the Firm(s). In any action by Listing or Selling Firm to enforce this paragraph, the prevailing party is entitled to court costs and reasonable attorneys' fees. Seller and Buyer agree that the Firms are intended third party beneficiaries under this Agreement.
- v. Feasibility Contingency.** It is the Buyer's responsibility to verify before the Feasibility Contingency Expiration Date identified in Specific Term No. 16 whether or not the Property can be platted, developed and/or built on (now or in the future) and what it will cost to do this. BUYER SHOULD NOT RELY ON ANY ORAL STATEMENTS concerning this made by the Seller, Listing Broker or Selling Broker. Buyer should inquire at the city or county, and water, sewer or other special districts in which the Property is

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located. Buyer's inquiry should include, but not be limited to: building or development moratoriums applicable to or being 171
considered for the Property; any special building requirements, including setbacks, height limits or restrictions on where buildings 172
may be constructed on the Property; whether the Property is affected by a flood zone, wetlands, shorelands or other 173
environmentally sensitive area; road, school, fire and any other growth mitigation or impact fees that must be paid; the procedure 174
and length of time necessary to obtain plat approval and/or a building permit; sufficient water, sewer and utility and any service 175
connection charges; and all other charges that must be paid. Buyer and Buyer's agents, representatives, consultants, 176
architects and engineers shall have the right, from time to time during the feasibility contingency, to enter onto the 177
Property and to conduct any tests or studies that Buyer may need to ascertain the condition and suitability of the 178
Property for Buyer's intended purpose. Buyer shall restore the Property and all improvements on the Property to the 179
same condition they were in prior to the inspection. Buyer shall be responsible for all damages resulting from any 180
inspection of the Property performed on Buyer's behalf. If the Buyer does not give notice to the contrary on or before the 181
Feasibility Contingency Expiration Date identified in Specific Term No. 16, it shall be conclusively deemed that Buyer is 182
satisfied as to development and/or construction feasibility and cost. If Buyer gives notice this Agreement shall terminate 183
and the Earnest Money shall be refunded to Buyer, less any unpaid costs. 184

w. **Subdivision.** If the Property must be subdivided, Seller represents that there has been preliminary plat approval for the 185
Property and this Agreement is conditioned on the recording of the final plat containing the Property on or before the 186
date specified in Specific Term 15. If the final plat is not recorded by such date, this Agreement shall terminate and the 187
Earnest Money shall be refunded to Buyer. 188

x. **Information Verification Period and Property Condition Disclaimer.** Buyer shall have 10 days after mutual 189
acceptance to verify all information provided from Seller or Listing Firm related to the Property. This contingency shall 190
be deemed satisfied unless Buyer gives notice identifying the materially inaccurate information within 10 days of mutual 191
acceptance. If Buyer gives timely notice under this section, then this Agreement shall terminate and the Earnest Money 192
shall be refunded to Buyer. Buyer and Seller agree, that except as provided in this Agreement, all representations and 193
information regarding the Property and the transaction are solely from the Seller or Buyer, and not from any Broker. The 194
parties acknowledge that the Brokers are not responsible for assuring that the parties perform their obligations under 195
this Agreement and that none of the Brokers has agreed to independently investigate or confirm any matter related to 196
this transaction except as stated in this Agreement, or in a separate writing signed by such Broker. In addition, Brokers 197
do not guarantee the value, quality or condition of the Property and some properties may contain building materials, 198
including siding, roofing, ceiling, insulation, electrical, and plumbing, that have been the subject of lawsuits and/or 199
governmental inquiry because of possible defects or health hazards. Some properties may have other defects arising 200
after construction, such as drainage, leakage, pest, rot and mold problems. Brokers do not have the expertise to identify 201
or assess defective products, materials, or conditions. Buyer is urged to use due diligence to inspect the Property to 202
Buyer's satisfaction and to retain inspectors qualified to identify the presence of defective materials and evaluate the 203
condition of the Property as there may be defects that may only be revealed by careful inspection. Brokers may assist 204
the parties with locating and selecting third party service providers, such as inspectors or contractors, but Brokers 205
cannot guarantee or be responsible for the services provided by those third parties. The parties agree to exercise their 206
own judgment and due diligence regarding third-party service providers. 207

Initials: BUYER: KCW Date: Mar 15, 2012 SELLER: JF Date: Mar 29/12
BUYER: SIL Date: Mar 15, 2012 SELLER: _____ Date: _____

OPTIONAL CLAUSES ADDENDUM TO
PURCHASE & SALE AGREEMENT

The following is part of the Purchase and Sale Agreement dated March 15, 2012 1
between Kuo-Chao Wang & Shu-Hui Lo ("Buyer") 2
and Pacifica Poplars Inc ("Seller") 3
concerning 13 xx 55th Ave SE, Everett, WA 98208 (the "Property"). 4

CHECK IF INCLUDED: 5

1. ☒ **Square Footage/Lot Size/Encroachments.** The Listing Broker and Selling Broker make no representations 6
concerning: (a) the lot size or the accuracy of any information provided by the Seller; (b) the square footage of 7
any improvements on the Property; (c) whether there are any encroachments (fences, rockeries, buildings) on 8
the Property, or by the Property on adjacent properties. Buyer is advised to verify lot size, square footage and 9
encroachments to Buyer's own satisfaction within the inspection contingency period. 10
2. **Title Insurance.** The Title Insurance clause in the Agreement provides Seller is to provide the then-current ALTA 11
form of Homeowner's Policy of Title Insurance. The parties have the option to provide less coverage by selecting 12
a Standard Owner's Policy or more coverage by selecting an Extended Coverage Policy: 13
- ☐ **Standard Owner's Policy.** Seller authorizes Buyer's lender or Closing Agent, at Seller's expense, to 14
apply for the then-current ALTA form of Owner's Policy of Title Insurance, together with homeowner's 15
additional protection and inflation protection endorsements, if available at no additional cost, rather than 16
the Homeowner's Policy of Title Insurance. 17
- ☐ **Extended Policy.** Seller authorizes Buyer's lender or Closing Agent, at Seller's expense to apply for an 18
ALTA or comparable Extended Coverage Policy of Title Insurance, rather than the Homeowner's Policy 19
of Title Insurance. Buyer shall pay the increased costs associated with the Extended Coverage Policy, 20
including the excess premium over that charged for Homeowner's Policy of Title Insurance and the cost 21
of any survey required by the title insurer. 22
3. ☒ **Property And Grounds Maintained.** Until possession is transferred to Buyer, Seller agrees to maintain the 23
Property in the same condition as when initially viewed by Buyer. The term "Property" includes the building(s); 24
grounds; plumbing, heat, electrical and other systems; and all Included Items. Should an appliance or system 25
become inoperative or malfunction prior to transfer of possession, Seller agrees to either repair, or replace the 26
same with an appliance or system of at least equal quality. Buyer reserves the right to reinspect the Property 27
within 5 days prior to transfer of possession to verify the foregoing. Buyer and Seller understand and agree 28
that the Listing Broker and Selling Broker shall not, under any circumstances, be liable for the foregoing or 29
Seller's breach of this clause. 30
4. ☒ **Items Left by Seller.** Any personal property, fixtures or other items remaining on the Property when 31
possession is transferred to Buyer shall thereupon become the property of the Buyer, and may be retained or 32
disposed of as Buyer determines. ~~However, Seller agrees to clear the interiors of any structures and remove~~ 33
~~all trash, debris and rubbish on the Property prior to Buyer taking possession.~~ 34 *JF*
5. ☐ **Utilities.** To the best of Seller's knowledge, Seller represents that the Property is connected to a: 35
- ☐ public water main; ☐ public sewer main; ☐ septic tank; ☐ well (specify type) 36 *Mar 29/12*
☐ irrigation water (specify provider) _____; ☐ natural gas; ☐ telephone; 37 *KCW*
☐ cable; ☐ electricity; ☐ other _____ 38 *Mar 30, 2012*
SHL Mar 31 2012

Initials: BUYER: K C W Date: Mar 15, 2012 SELLER: JF Date: Mar 29/12
BUYER: SHL Date: Mar 15, 2012 SELLER: _____ Date: _____

**OPTIONAL CLAUSES ADDENDUM TO
PURCHASE & SALE AGREEMENT**

Continued

6. ☐ **Insulation - New Construction.** If this is new construction, Federal Trade Commission Regulations require the following to be filled in. If insulation has not yet been selected, FTC regulations require Seller to furnish Buyer the information below in writing as soon as available:
- WALL INSULATION: TYPE: _____ THICKNESS: _____ R-VALUE: _____
- CEILING INSULATION: TYPE: _____ THICKNESS: _____ R-VALUE: _____
- OTHER INSULATION DATA: _____
7. ☐ **Leased Property.** Buyer hereby acknowledges that Seller leases the following items of personal property, possession of which shall pass to Buyer on Closing:
- ☐ propane tank; ☐ security system; ☐ satellite dish; ☐ other _____
- Buyer shall assume the lease for the items selected, perform all of the obligations of the lease, and hold Seller harmless from and against any further obligation, liability, or claim arising from the lease.
8. ☐ **Homeowners' Association Review Period.** If the Property is subject to a homeowners' association or any other association, then Seller shall provide Buyer a copy of the following documents (if available from the Association) within _____ days (10 days if not filled in) of mutual acceptance:
1. Association rules and regulations, including, but not limited to architectural guidelines;
 2. Association meeting minutes from the prior two (2) years;
 3. Association Board of Directors meeting minutes from the prior six (6) months; and
 4. Association financial statements from the prior two (2) years.
- If Buyer, in Buyer's sole discretion, does not give notice of disapproval within _____ days (5 days if not filled in) of receipt of the above documents or the date that the above documents are due, then this homeowners' association review period shall conclusively be deemed satisfied (waived). If Buyer gives timely notice of disapproval, then this Agreement shall terminate and the Earnest Money shall be refunded to Buyer.
9. ☐ **Excluded Item(s).** The following item(s), that would otherwise be included in the sale of the Property, is excluded from the sale ("Excluded Item(s)"). Seller shall repair any damage to the Property caused by the removal of the Excluded Item(s). Excluded Item(s):
- _____
- _____
10. ☒ **E-mail Transmission.** E-mail transmission of any signed original document, and retransmission of any signed e-mail transmission, shall be the same as delivery of an original, provided that the document is sent to both Selling Broker and Selling Firm or both Listing Broker and Listing Firm at the e-mail addresses below. At the request of either party, or the Closing Agent, the parties will confirm e-mail transmitted signatures by signing an original document.
- | | |
|--|---|
| <u>ChrisByler@windermere.com</u> | <u>snohomishproperties@frontier.com</u> |
| Selling Broker E-mail Address | Listing Broker E-mail Address |
| <u>lfp1@windermere.com</u> | _____ |
| Selling Firm Authorized E-mail Address | Listing Firm Authorized E-mail Address |
11. ☒ **Other.** This purchase and sale agreement is subject to the Seller obtaining Corporate Financial Monitor approval and Canadian and US court approval for this purchase and sale. IF the Seller is unable to obtain the approvals from the Corporate Financial Monitor, and Canadian and US Courts prior to closing then all earnest money shall be returned to the purchaser and this purchase
- Initials: BUYER: KCW Date: Mar 15, 2012 SELLER: [Signature] Date: Mar 29/12
- BUYER: SHL Date: Mar 15, 2012 SELLER: _____ Date: _____

and sale shall be deemed null and void.

[Signature]
Mar 29/12

SNOHOMISH COUNTY "RIGHT TO FARM" DISCLOSURE STATEMENT

Name of Transferor: _____ 1
Name of Transferee: _____ 2
Legal Description of Property (Attach an addendum if additional space is needed): 3

A. INSTRUCTIONS:

1. This Disclosure Statement must be provided to the Transferee whenever there is a transfer of 9
(1) real property designated as farmland or (2) real property adjacent to or within 1300 feet of 10
designated farmland. This Disclosure Statement applies to transfers by sale, exchange, gift, 11
real estate contract, lease with option to purchase, any other option to purchase, or any other 12
means of transfer (except transfers made by testamentary provisions or the laws of descent). 13
2. The Transferor must provide the Transferee a copy of this Disclosure Statement prior to 14
closing. 15
3. The Transferor must record a copy of this Disclosure Statement, showing an 16
acknowledgment of receipt executed by the Transferee, with the Snohomish County Auditor 17
prior to closing. 18
4. Fill in the names of the Transferor (Seller) and Transferee (Buyer) prior to recording this form. 19

B. DISCLOSURE: Your real property is within, adjacent to, or within 1300 feet of designated 20
farmland; therefore, you may be subject to inconveniences or discomforts arising from agricultural 21
activities, INCLUDING BUT NOT LIMITED TO NOISE, ODORS, FUMES, DUST, SMOKE, THE 22
OPERATION OF MACHINERY OF ANY KIND (INCLUDING AIRCRAFT), THE STORAGE AND 23
DISPOSAL OF MANURE, THE APPLICATION BY SPRAYING OR OTHERWISE OF CHEMICAL 24
OR ORGANIC FERTILIZERS, SOIL AMENDMENT, HERBICIDES AND PESTICIDES, HOURS 25
OF OPERATION, AND OTHER AGRICULTURAL ACTIVITIES. Snohomish County has adopted 26
an Agricultural Lands Regulation (chapter 30.32B SCC) which may affect you and your land. You 27
may obtain a copy of chapter 30.32B from Snohomish County. 28

A provision of Chapter 30.32B SCC provides, "Agricultural activities conducted on designated 29
farmlands in compliance with acceptable agriculture practices and established prior to 30
surrounding non-agricultural activities are presumed to be reasonable and shall not be found to 31
constitute a nuisance unless the activities have a substantial adverse effect on the public health 32
and safety." 33

This disclosure applies to the real property upon any development or building permit approval; or, 34
in the case of real property transfers, the disclosure applies to the subject property as of the date 35
of the transfer. This disclosure may not be applicable thereafter if areas designated farmland are 36
changed from the farmland designation. 37

Nothing in Chapter 30.32B SCC shall affect or impair any right to sue for damages. 38

Initials: TRANSFEROR: ____ TRANSFEROR: ____ TRANSFEE: ____ TRANSFEE: ____

JJ Nov 21/11 JJ Mar 29/12
Form only
KCW Mar 15, 2012
SHL Mar. 15, 2012

**TITLE CONTINGENCY ADDENDUM TO
PURCHASE & SALE AGREEMENT**

The following is part of the Purchase and Sale Agreement dated March 15, 2012 1
between Kuo-Chao Wang & Shu-Hui Lo ("Buyer") 2
and Pacifica Poplars Inc ("Seller") 3
concerning 13 xx 55th Ave SE , Everett, WA 98208 (the "Property"). 4

1. **Title Contingency.** This Agreement is subject to Buyer's review of a preliminary commitment for title insurance, 5
together with easements, covenants, conditions and restrictions of record, which are to be obtained by Buyer, to 6
determine that they are consistent with Buyer's intended use of the Property. Buyer shall have 5 days 7
(5 days if not filled in) ☐ from mutual acceptance of this Agreement or ☒ from the date of Buyer's receipt of the 8
preliminary commitment for title insurance (from mutual acceptance, if neither box checked) to give written 9
notice of Buyer's disapproval and the reasons therefore. Buyer may only disapprove exceptions that are 10
contained in the preliminary commitment and may not object to matters not contained therein. 11
Seller shall have 5 days (5 days if not filled in) after receipt of Buyer's notice of disapproval to give 12
Buyer written notice that Seller will clear all disapproved exceptions. Seller shall have until the Closing Date to 13
cure all disapproved exceptions. If Seller does not give timely notice that Seller will clear all disapproved 14
exceptions, Buyer may terminate this Agreement within 3 days after the deadline for Seller's notice. In the event 15
Buyer elects to terminate the Agreement, the Earnest Money shall be returned to Buyer, less any unpaid costs 16
described in the Agreement. Buyer shall have no right to specific performance or damages as a consequence of 17
Seller's inability to provide insurable title. If Buyer does not terminate the Agreement, Buyer shall be deemed to 18
have waived all objections to title, which Seller did not agree to clear. 19
2. **Supplemental Title Reports.** If Buyer receives supplemental title reports that disclose new exception(s) to the 20
title commitment, then the time periods and procedures for notice, correction, and termination above shall apply 21
to the date of Buyer's receipt of the supplemental title report. 22
3. **Marketable Title.** This Addendum does not relieve Seller of the obligation to provide marketable title at closing 23
as provided in the Agreement. 24

Initials: BUYER: KCW Date: Mar 15, 2012 SELLER: JF Date: Mar 29/12
BUYER: SHL Date: Mar 15, 2012 SELLER: _____ Date: _____

ADDENDUM / AMENDMENT TO PURCHASE AND SALE AGREEMENT

The following is part of the Purchase and Sale Agreement dated November 21, 2011 1
between Wang, Kuo-Chao (A Married Person, As His Seperate Estate) & SHU-HUI LO ("Buyer") 2
and Pacifica Poplars Inc. (A Delaware Corporation) ("Seller") 3
concerning 13XX 55th Ave. S.E., Everett Wa 98208 (the "Property"). 4

IT IS AGREED BETWEEN THE SELLER AND BUYER AS FOLLOWS:

1. The Seller hereby discloses and the Purchaser hereby acknowledges that the subject property is classified as "Commercial Agricultural Open Space" for real estate tax purposes and is subject to the provisions of R.C.W. 84.34 which requires the continuation of the restricted use in order to continue the present assessment rate. A change in the use can cause an increased assessment rate for present and past years. A notice of intent is required to be filed by the Purchaser with the Snohomish County Assessor prior to closing. The Purchaser shall be responsible for investigating the "Commercial Agricultural Open Space Classification" and for all past taxes, all penalties, and all interest associated with the removal of the subject property from the "Commercial Agricultural Open Space Classification" if the Purchaser elects removal. The Purchaser hereby agrees to sign a "Continuance Application" for the "Commercial Agricultural Open Space Classification" for the subject property prior to closing.
2. The Seller hereby discloses and the Purchaser hereby acknowledges that the subject property lies within the Agricultural Zone (Ag-10) of Snohomish County. The subject property is located in the Fema "100 year flood plain". The subject property is located within the Fema "Density Fringe Flood Plain" Designation. This designation has unique use requirements and the Purchaser is hereby advised to investigate these unique use requirements with Snohomish County Planning and Development Services and all other pertinent governmental agencies. Furthermore all of the subject property is subject to complete inundation during flood events. The Purchaser hereby acknowledges these facts. The Purchaser is hereby advised to investigate the severity, scope, and frequency of flooding on the subject property with any and all governmental agencies. The Purchaser should only rely upon their own investigations.

ALL OTHER TERMS AND CONDITIONS of said Agreement remain unchanged.

AGENT (COMPANY) Snohomish Properties

BY: [Signature]

Initials: BUYER: KCW Date: Mar 15, 2012 SELLER: JF Date: 11/21/2011
BUYER: SHL Date: Mar 15, 2012 SELLER: JF Date: 11/21/2011

ADDENDUM / AMENDMENT TO PURCHASE AND SALE AGREEMENT

The following is part of the Purchase and Sale Agreement dated November 21, 2011 1
between Wang, Kuo-Chao (A Married Person, As His Seperate Estate) SHU-HUI LO ("Buyer") 2
and Pacifica Poplars Inc. (A Delaware Corporation) ("Seller") 3
concerning 13XX 55th Ave S.E., Everett Wa 98208 (the "Property"). 4

IT IS AGREED BETWEEN THE SELLER AND BUYER AS FOLLOWS:

3. The Seller is selling and the Purchaser is purchasing the subject properties "as is" with no 5
warranties as to the condition of any of the improvements located within the subject properties. 6
Also the Purchaser is purchasing the the subject properties "as is" with regard to the existence of 7
any wood debris, existing trees (Hybrid Poplar Trees), the condition of the soil and drainage, and 8
and any other conditions that may exist on the subject properties. During the feasibility period the 9
Purchaser should inspect the subject property to determine whether the conditions that exist on the 10
subject property is acceptable to the Purchaser. The Seller and Listing Agent hereby make no 11
warranties and or representations to the Purchaser or the Purchaser's Selling Agent regarding the 12
Purchaser's intended or proposed use of the subject property or whether the Purchaser's intended 13
or proposed use would comply with any and all governmental code requirements, use limitations, 14
or zoning restrictions. The Purchaser should only rely upon their own investigations. The Seller 15
and Listing Agent makes no representations to the Purchaser or the Purchaser's Selling Agent 16
regarding any possible water rights that may or may not be available. The Purchaser shall make 17
his own determinations regarding the availability of water for any of the subject properties. 18
4. The subject property has not been surveyed. The Seller hereby recommends to the Purchaser 19
to obtain a certified survey at Purchaser's expense from a licensed surveyor for the subject 20
property to determine the exact amount of property in this Purchase and Sale as well as the location 21
of the corners and boundaries of the subject property. The Seller and the Listing Agent hereby 22
make no representations or warranties to the Purchaser or the Purchaser's Selling Agent as to the 23
exact amount of property included in this Purchase and Sale Agreement or the precise location of 24
any corners or boundaries of the subject property. 25
26
27
28
29
30

ALL OTHER TERMS AND CONDITIONS of said Agreement remain unchanged. 31

AGENT (COMPANY) Snohomish Properties 32

BY: [Signature] 33

Initials: BUYER: KCW

Date: Mar 15, 2012 SELLER: [Signature]

Date: 11/21/2011

BUYER: SHL

Date: Mar 15, 2012 SELLER: [Signature]

Date: [Blank]

JS Mar 29/12

Addendum A
ADDENDUM TO
PURCHASE AND SALE AGREEMENT

The following is part of the Purchase and Sale Agreement dated November 21, 2011
between Wang, Kuo-Chao (A married Person As His Separate Estate) ("Buyer")
and Pacifica Poplars Inc. (A Delaware Corporation) ("Seller")
concerning 1311 55th Ave. S.E., Everett WA 98208, ("the Property")

It is agreed between the Seller and Buyer as follows:

Seller and Selling Agent make no representations or warranties regarding the boundaries, location of the property lines, the locations of the corners, or the quantity of the Property which is the subject of this purchase and sale. Seller does not warrant the accuracy of any survey map relative to the subject Property, if any.

Purchaser acknowledges that Purchaser has been advised to investigate the Property and to obtain a survey of the Property to determine the boundaries, corners, encroachment and the amount of Property.

Purchaser shall assume all risk and liability regarding the location and quantity of land, the boundaries, location of the property lines, and the locations of the corners of the property. Purchaser shall assume all risk of loss of title due to claims of adverse possession and/or prescriptive easements and/or encroachments. Purchaser accepts all risks and liability with respect to those matters, including the possibility that portions of the Property could be lost by claim of adverse possession and/or prescriptive easements and/or encroachments.

Seller's deed will not warrant against claims by adverse possession and/or prescriptive easements and/or encroachments, boundaries, location of the property lines, the locations of the corners, or the quantity of land of the Property. Seller shall convey title to Purchaser by Statutory Warranty Deed at closing, subject to: the exceptions noted in paragraph c, General Terms; standard exceptions in the title policy; special exceptions not rejected, waived and/or approved pursuant to the Title Contingency Addendum; any liens or encumbrances created by Purchaser; and subject to the following provision, which shall be included in the deed from Seller to Purchaser:

Seller's warranty under this deed expressly excludes any warranty as to location of any boundary line or ownership in the vicinity of any boundary line, claims by adverse possession and/or prescriptive easements and/or encroachments, the locations of the corners, or the quantity of land conveyed. Any warranty, express or implied, in the purchase and sale agreement concerning any boundary line is merged into this deed and does not survive the giving of this deed, which constitutes the full agreement between the parties.

The terms of this Addendum shall not merge into the deed, and shall survive the giving of the deed and closing.

Purchaser	Date	Seller	Date
Initials KCW 5/01/07	Mar 15, 2012	Initials JZ	Nov 21/11
SHL	Mar. 15, 2012	JZ	Mar 24/12

Initial as to Farmer Only
3 Pages

JF Mar 29/12 JF Nov 21/11

KCW Mar 15, 2012
SHL Mar. 15, 2012

Name _____

Address _____

City, State, Zip _____

Document Title(s): SNOHOMISH COUNTY "RIGHT TO FARM" DISCLOSURE STATEMENT

Reference Number(s) of Related Documents: _____

Additional reference numbers on page _____ of document(s).

Grantor(s): 1. _____

(Transferor) 2. _____

3. _____

Additional names on page _____ of document(s)

Grantee(s): 1. _____

(Transferee) 2. _____

3. _____

Additional names on page _____ of document(s)

Legal Description (Abbreviated):

1. Abbreviated: _____

2. Additional legal on page _____ of document(s)

Assessor's Property Tax Parcel/Account Number: _____

SNOHOMISH COUNTY "RIGHT TO FARM" DISCLOSURE STATEMENT

C. NOTE TO CLOSING AGENT: Transferee and Transferor authorize and direct Closing Agent to 39
record this Disclosure Statement with the Snohomish County Auditor before closing. The copy to 40
be recorded must bear (1) an acknowledgement of receipt executed by the Transferee and (2) 41
the signature of a witness. 42

(Transferor) (Transferee) 43
44

RECEIPT, ACKNOWLEDGMENT AND WITNESS SIGNATURE 45

("Transferee") acknowledges receipt of this Snohomish County 46

Right to Farm Disclosure Statement from _____ ("Transferor"). 47

Dated this _____ day of _____ 48

Signature of Transferee 49
50

Print Name of Transferee 51
52

By 53
54

Its 55
56

Witnessed by: _____
Signature of Witness 57
58

Print Name of Witness 59
60

Address 61
62

Date 63
64

NOTE: The above "Witness" section must be completed for this Disclosure to be legally valid. 65
A real estate agent or licensee who is involved in the transaction may act as a witness and is 66
permitted to complete the above "Witness" section. 67

JS Mar 29/12 JS Nov 21/11
Form chly
KC W Mar 15, 21
S H L Mar 15, 20

Exhibit A
CHICAGO TITLE INSURANCE COMPANY
A.I.T.A. COMMITMENT
SCHEDULE A
(Continued)

Order No.: 5238495
Your No.: MB POPLAR, INC.

LEGAL DESCRIPTION EXHIBIT
(Paragraph 4 of Schedule A continuation)

THE NORTHEAST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 22, TOWNSHIP 29
NORTH, RANGE 5 EAST, W.M.;

EXCEPT THE SOUTH 30 FEET;

AND EXCEPT THE NORTH 20 FEET AND THE WEST 10 FEET THEREOF CONVEYED TO CITY OF
EVERETT BY QUIT CLAIM DEED RECORDED UNDER AUDITOR'S FILE NUMBER 235424;

ALSO EXCEPT THAT PORTION LYING WITHIN CHERRY AVENUE AND 12TH STREET
NORTHEAST.

SITUATE IN THE COUNTY OF SNOHOMISH, STATE OF WASHINGTON.

Initial

JF

KCW

SHL

JF

Date

Nov 21/11

Mar 15, 2012

Mar. 15, 2012

Mar 29/12

"ADDENDUM B"

ADDENDUM / AMENDMENT TO PURCHASE AND SALE AGREEMENT

The following is part of the Purchase and Sale Agreement dated March 15, 2012 1
between Kuo-Chao Wang & Shu-Hui Lo ("Buyer") 2
and Pacifica Poplars Inc ("Seller") 3
concerning 13xx 55th Ave SE, Everett (the "Property"). 4

IT IS AGREED BETWEEN THE SELLER AND BUYER AS FOLLOWS: 5

**Buyer finds property suitable for their purposes and waives the Feasibility Contingency and will proceed to 6
closing. 7**

ALL OTHER TERMS AND CONDITIONS of said Agreement remain unchanged. 31

Initials: BUYER: KCW Date: Apr 6, 2012 SELLER: JF Date: April 9/12
BUYER: SHL Date: Apr. 6, 2012 SELLER: JF Date: _____

**SELLER DISCLOSURE STATEMENT†
UNIMPROVED PROPERTY**

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Northwest Multiple Listing Service
ALL RIGHTS RESERVED

SELLER: Pacific Poplars Inc.

† To be used in transfers of unimproved residential real property, including property zoned for residential use that is not improved by one or more residential dwelling units, a residential condominium, a residential timeshare or a mobile or manufactured home. Unimproved residential real property does not include commercial real estate as defined in RCW 60.42.005 or property defined as "timber land" under RCW 84.34.020. See RCW Chapter 64.06 for further explanations.

INSTRUCTIONS TO THE SELLER

Please complete the following form. Do not leave any spaces blank. If the question clearly does not apply to the property write "NA." If the answer is "yes" to any asterisked (*) item(s), please explain on attached sheets. Please refer to the line number(s) of the question(s) when you provide your explanation(s). For your protection you must date and initial each page of this disclosure statement and each attachment. Delivery of the disclosure statement must occur not later than five (5) business days, unless otherwise agreed, after mutual acceptance of a written purchase and sale agreement between a Buyer and Seller.

NOTICE TO THE BUYER

THE FOLLOWING DISCLOSURES ARE MADE BY SELLER ABOUT THE CONDITION OF THE PROPERTY LOCATED AT
13xx 55th Ave SE

CITY Everett, COUNTY Snohomish, ("THE PROPERTY")
OR AS LEGALLY DESCRIBED ON THE ATTACHED EXHIBIT A. SELLER MAKES THE FOLLOWING DISCLOSURES OF EXISTING MATERIAL FACTS OR MATERIAL DEFECTS TO BUYER BASED ON SELLER'S ACTUAL KNOWLEDGE OF THE PROPERTY AT THE TIME SELLER COMPLETES THIS DISCLOSURE STATEMENT. UNLESS YOU AND SELLER OTHERWISE AGREE IN WRITING, YOU HAVE THREE (3) BUSINESS DAYS FROM THE DAY SELLER OR SELLER'S AGENT DELIVERS THIS DISCLOSURE STATEMENT TO YOU TO RESCIND THE AGREEMENT BY DELIVERING A SEPARATELY SIGNED WRITTEN STATEMENT OF RESCISSION TO SELLER OR SELLER'S AGENT. IF THE SELLER DOES NOT GIVE YOU A COMPLETED DISCLOSURE STATEMENT, THEN YOU MAY WAIVE THE RIGHT TO RESCIND PRIOR TO OR AFTER THE TIME YOU ENTER INTO A PURCHASE AND SALE AGREEMENT.

THE FOLLOWING ARE DISCLOSURES MADE BY SELLER AND ARE NOT THE REPRESENTATIONS OF ANY REAL ESTATE LICENSEE OR OTHER PARTY. THIS INFORMATION IS FOR DISCLOSURE ONLY AND IS NOT INTENDED TO BE A PART OF ANY WRITTEN AGREEMENT BETWEEN BUYER AND SELLER.

FOR A MORE COMPREHENSIVE EXAMINATION OF THE SPECIFIC CONDITION OF THIS PROPERTY YOU ARE ADVISED TO OBTAIN AND PAY FOR THE SERVICES OF QUALIFIED EXPERTS TO INSPECT THE PROPERTY, WHICH MAY INCLUDE, WITHOUT LIMITATION, ARCHITECTS, ENGINEERS, LAND SURVEYORS, PLUMBERS, ELECTRICIANS, ROOFERS, BUILDING INSPECTORS, ON-SITE WASTEWATER TREATMENT INSPECTORS, OR STRUCTURAL PEST INSPECTORS. THE PROSPECTIVE BUYER AND SELLER MAY WISH TO OBTAIN PROFESSIONAL ADVICE OR INSPECTIONS OF THE PROPERTY OR TO PROVIDE APPROPRIATE PROVISIONS IN A CONTRACT BETWEEN THEM WITH RESPECT TO ANY ADVICE, INSPECTION, DEFECTS OR WARRANTIES.

Seller ☐ is ☒ is not occupying the property.

I. SELLER'S DISCLOSURES:

* If you answer "Yes" to a question with an asterisk (*), please explain your answer and attach documents, if available and not otherwise publicly recorded. If necessary, use an attached sheet.

1. TITLE

A. Do you have legal authority to sell the property? If no, please explain.

*B. Is title to the property subject to any of the following?

(1) First right of refusal

(2) Option

(3) Lease or rental agreement

(4) Life estate?

*C. Are there any encroachments, boundary agreements, or boundary disputes?

*D. Is there a private road or easement agreement for access to the property?

*E. Are there any rights-of-way, easements, or access limitations that affect the Buyer's use of the property?

*F. Are there any written agreements for joint maintenance of an easement or right of way?

*G. Is there any study, survey project, or notice that would adversely affect the property?

*H. Are there any pending or existing assessments against the property?

*I. Are there any zoning violations, nonconforming uses, or any unusual restrictions on the property that affect future construction or remodeling? Flood Plain requirements

*J. Is there a boundary survey for the property?

*K. Are there any covenants, conditions, or restrictions recorded against title to the property? See Title Report

YES	NO	DON'T KNOW
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

PLEASE NOTE: Covenants, conditions, and restrictions which purport to forbid or restrict the conveyance, encumbrance, occupancy, or lease of real property to individuals based on race, creed, color, sex, national origin, familial status, or disability are void, unenforceable, and illegal. RCW 49.60.224.

SELLER'S INITIALS: _____ DATE: _____ SELLER'S INITIALS: JF DATE: Apr 3/12

**SELLER DISCLOSURE STATEMENT
UNIMPROVED PROPERTY**

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Northwest Multiple Listing Service
ALL RIGHTS RESERVED

(Continued)

	YES	NO	DON'T KNOW	
2. WATER				60
A. Household Water				61
(1) Does the property have potable water supply?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	62
(2) If yes, the source of water for the property is:				63
<input type="checkbox"/> Private or publicly owned water system				64
<input type="checkbox"/> Private well serving only the property				65
<input checked="" type="checkbox"/> Other water system				66
*If shared, are there any written agreements?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	67
*(3) Is there an easement (recorded or unrecorded) for access to and/or maintenance of the water source?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	68
*(4) Are there any problems or repairs needed?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	69
(5) Is there a connection or hook-up charge payable before the property can be connected to the water main?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	70
(6) Have you obtained a certificate of water availability from the water purveyor serving the property? (If yes, please attach a copy.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	71
(7) Is there a water right permit, certificate, or claim associated with household water supply for the property? (If yes, please attach a copy.)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	72
(a) If yes, has the water right permit, certificate, or claim been assigned, transferred, or changed?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	73
*(b) If yes, has all or any portion of the water right not been used for five or more successive years?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	74
(c) If no or don't know, is the water withdrawn from the water source less than 5,000 gallons a day?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	75
*(8) Are there any defects in the operation of the water system (e.g. pipes, tank, pump, etc.)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	76
B. Irrigation Water				77
(1) Are there any irrigation water rights for the property, such as a water right permit, certificate, or claim? (If yes, please attach a copy.)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	78
(a) If yes, has all or any portion of the water right not been used for five or more successive years?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	79
(b) If yes, has the water right permit, certificate, or claim been assigned, transferred, or changed?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	80
*(2) Does the property receive irrigation water from a ditch company, irrigation district, or other entity? If so, please identify the entity that supplies irrigation water to the property:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	81
C. Outdoor Sprinkler System				82
(1) Is there an outdoor sprinkler system for the property?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	83
*(2) If yes, are there any defects in the system?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	84
*(3) If yes, is the sprinkler system connected to irrigation water?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	85
3. SEWER/SEPTIC SYSTEM				86
A. The property is served by:				87
<input type="checkbox"/> Public sewer system				88
<input type="checkbox"/> On-site sewage system (including pipes, tanks, drainfields, and all other component parts)				89
<input type="checkbox"/> Other disposal system				90
Please describe:				91
B. Is the property subject to any sewage system fees or charges in addition to those covered in your regularly billed sewer or on-site sewage system maintenance service?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	92

SELLER'S INITIALS: _____ DATE: _____ SELLER'S INITIALS: J E DATE: Apr 3/12

**SELLER DISCLOSURE STATEMENT
UNIMPROVED PROPERTY**

(Continued)

	YES	NO	DON'T KNOW	
C. If the property is connected to an on-site sewage system: <i>N/A JS</i>				106
* (1) Was a permit issued for its construction? <i>N/A JS</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	107
* (2) Was it approved by the local health department or district following its construction? <i>N/A JS</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	108
(3) Is the septic system a pressurized system? <i>N/A JS</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	109
(4) Is the septic system a gravity system? <i>N/A JS</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	110
* (5) Have there been any changes or repairs to the on-site sewage system? <i>N/A JS</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	111
(6) Is the on-site sewage system, including the drainfield, located entirely within the boundaries of the property? <i>N/A JS</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	112
If no, please explain: _____				113
* (7) Does the on-site sewage system require monitoring and maintenance services more frequently than once a year? <i>N/A JS</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	114
				115
4. ELECTRICAL/GAS				116
A. Is the property served by natural gas?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	117
B. Is there a connection charge for gas?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	118
C. Is the property served by electricity?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	119
D. Is there a connection charge for electricity?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	120
*E. Are there any electrical problems on the property?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	121
5. FLOODING				122
A. Is the property located in a government designated flood zone or floodplain?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	123
<i>The property and its access is located in the FEMA "100 year flood plain", and is located within the FEMA "Density Fridge Flood Plain"</i>				124
6. SOIL STABILITY				125
*A. Are there any settlement, earth movement, slides, or similar soil problems on the property?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	126
7. ENVIRONMENTAL				127
*A. Have there been any flooding, standing water, or drainage problems on the property that affect the property or access to the property? <i>During flood events and seasonal standing water</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	128
*B. Does any part of the property contain fill dirt, waste, or other fill material?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	129
*C. Is there any material damage to the property from fire, wind, floods, beach movements, earthquake, expansive soils, or landslides?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	130
D. Are there any shorelines, wetlands, <u>floodplains</u> , or critical areas on the property?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	131
*E. Are there any substances, materials, or products in or on the property that may be environmental concerns, such as asbestos, formaldehyde, radon gas, lead-based paint, fuel or chemical storage tanks, or contaminated soil or water?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	132
*F. Has the property been used for commercial or industrial purposes? <i>Commercial agriculture</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	133
*G. Is there any soil or groundwater contamination?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	134
*H. Are there transmission poles or other electrical utility equipment installed, maintained, or buried on the property that do not provide utility service to the structures on the property?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	135
*I. Has the property been used as a legal or illegal dumping site?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	136
*J. Has the property been used as an illegal drug manufacturing site?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	137
*K. Are there any radio towers that cause interference with cellular telephone reception?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	138

SELLER'S INITIALS: _____ DATE: _____ SELLER'S INITIALS: *JS* DATE: *Apr 5/12*

**SELLER DISCLOSURE STATEMENT
UNIMPROVED PROPERTY**

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(Continued)

	YES	NO	DON'T KNOW	
8. HOMEOWNERS' ASSOCIATION/COMMON INTERESTS				146
A. Is there a homeowners' association?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	147
Name of association and contact information for an officer, director, employee, or other authorized agent, if any, who may provide the association's financial statements, minutes, bylaws, fining policy, and other information that is not publicly available: <u>N/A JS</u>				148
				149
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				152
B. Are there regular periodic assessments?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	153
\$ _____ per <input type="checkbox"/> month <input type="checkbox"/> years <u>N/A JS</u>				154
<input type="checkbox"/> Other _____				155
*C. Are there any pending special assessments?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	156
*D. Are there any shared "common areas" or any joint maintenance agreements (facilities such as walls, fences, landscaping, pools, tennis courts, walkways, or other areas co-owned in undivided interest with others)?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	157
				158
				159
9. OTHER FACTS				160
*A. Are there any disagreements, disputes, encroachments, or legal actions concerning the property?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	161
*B. Does the property have any plants or wildlife that are designated as species of concern, or listed as threatened or endangered by the government?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	162
*C. Is the property classified or designated as forest land or open space? <u>Classified as Commercial Agriculture Open Space</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	163
D. Do you have a forest management plan? If yes, attach.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	164
*E. Have any development-related permit applications been submitted to any government agencies?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	165
If the answer to E is "yes," what is the status or outcome of those applications?				166
				167
				168
10. FULL DISCLOSURE BY SELLERS				169
A. Other conditions or defects:				170
*Are there any other existing material defects affecting the property that a prospective buyer should know about?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	171
				172
B. Verification				173
The foregoing answers and attached explanations (if any) are complete and correct to the best of Seller's knowledge and Seller has received a copy hereof. Seller agrees to defend, indemnify and hold real estate licensees harmless from and against any and all claims that the above information is inaccurate. Seller authorizes real estate licensees, if any, to deliver a copy of this disclosure statement to other real estate licensees and all prospective buyers of the property.				174
				175
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Date: _____ Date: <u>Apr 3/12</u>				178
Seller: _____ Seller: <u>VP Pacifica Properties Inc.</u>				179
NOTICES TO THE BUYER				180
SEX OFFENDER REGISTRATION				181
INFORMATION REGARDING REGISTERED SEX OFFENDERS MAY BE OBTAINED FROM LOCAL LAW ENFORCEMENT AGENCIES. THIS NOTICE IS INTENDED ONLY TO INFORM YOU OF WHERE TO OBTAIN THIS INFORMATION AND IS NOT AN INDICATION OF THE PRESENCE OF REGISTERED SEX OFFENDERS.				182
				183
				184
PROXIMITY TO FARMING				185
THIS NOTICE IS TO INFORM YOU THAT THE REAL PROPERTY YOU ARE CONSIDERING FOR PURCHASE MAY LIE IN CLOSE PROXIMITY TO A FARM. THE OPERATION OF A FARM INVOLVES USUAL AND CUSTOMARY AGRICULTURAL PRACTICES, WHICH ARE PROTECTED UNDER RCW 7.48.305, THE WASHINGTON RIGHT TO FARM ACT.				186
				187
				188

SELLER'S INITIALS: _____ DATE: _____ SELLER'S INITIALS: JS DATE: Apr 3/12

**SELLER DISCLOSURE STATEMENT
UNIMPROVED PROPERTY**

(Continued)

II. BUYER'S ACKNOWLEDGEMENT

Buyer hereby acknowledges that:

- A. Buyer has a duty to pay diligent attention to any material defects that are known to Buyer or can be known to Buyer by utilizing diligent attention and observation.
- B. The disclosures set forth in this statement and in any amendments to this statement are made only by the Seller and not by any real estate licensee or other party.
- C. Buyer acknowledges that, pursuant to RCW 64.06.050 (2), real estate licensees are not liable for inaccurate information provided by Seller, except to the extent that real estate licensees know of such inaccurate information.
- D. This information is for disclosure only and is not intended to be a part of the written agreement between the Buyer and Seller.
- E. Buyer (which term includes all persons signing the "Buyer's acceptance" portion of this disclosure statement below) has received a copy of this Disclosure Statement (including attachments, if any) bearing Seller's signature(s).

DISCLOSURES CONTAINED IN THIS DISCLOSURE STATEMENT ARE PROVIDED BY SELLER BASED ON SELLER'S ACTUAL KNOWLEDGE OF THE PROPERTY AT THE TIME SELLER COMPLETES THIS DISCLOSURE. UNLESS BUYER AND SELLER OTHERWISE AGREE IN WRITING, BUYER SHALL HAVE THREE (3) BUSINESS DAYS FROM THE DAY SELLER OR SELLER'S AGENT DELIVERS THIS DISCLOSURE STATEMENT TO RESCIND THE AGREEMENT BY DELIVERING A SEPARATELY SIGNED WRITTEN STATEMENT OF RESCISSION TO SELLER OR SELLER'S AGENT. YOU MAY WAIVE THE RIGHT TO RESCIND PRIOR TO OR AFTER THE TIME YOU ENTER INTO A SALE AGREEMENT.

BUYER HEREBY ACKNOWLEDGES RECEIPT OF A COPY OF THIS DISCLOSURE STATEMENT AND ACKNOWLEDGES THAT THE DISCLOSURES MADE HEREIN ARE THOSE OF THE SELLER ONLY, AND NOT OF ANY REAL ESTATE LICENSEE OR OTHER PARTY.

DATE: Apr 6, 2012 DATE: Apr. 6, 2012

BUYER: Wang Kuo-Chao BUYER: Lo Shun-Hsin

BUYER'S WAIVER OF RIGHT TO REVOKE OFFER

Buyer has read and reviewed the Seller's responses to this Seller Disclosure Statement. Buyer approves this statement and waives Buyer's right to revoke Buyer's offer based on this disclosure.

DATE: _____ DATE: _____

BUYER: _____ BUYER: _____

BUYER'S WAIVER OF RIGHT TO RECEIVE COMPLETED SELLER DISCLOSURE STATEMENT

Buyer has been advised of Buyer's right to receive a completed Seller Disclosure Statement. Buyer waives that right. However, if the answer to 17 any of the questions in the section entitled "Environmental" would be "yes," Buyer may not waive the receipt of the "Environmental" section of 18 the Seller Disclosure Statement. 19

DATE: _____ DATE: _____

BUYER: _____ BUYER: _____

If the answer is "Yes" to any asterisked (*) items, please explain below (use additional sheets if necessary). Please refer to the line number(s) of the question(s).

SELLER'S INITIALS: _____ DATE: _____ SELLER'S INITIALS: JF DATE: Apr 3/12

File a Motion:12-10221-PJW Catalyst Paper Corporation

Type: bk

Chapter: 15 v

Office: 1 (Delaware)

Assets: y

Judge: PJW

Case Flag: CLAIMS, MEGA,
LEAD**U.S. Bankruptcy Court****District of Delaware**

Notice of Electronic Filing

The following transaction was received from Van C. Durrer entered on 4/23/2012 at 8:31 PM EDT and filed on 4/23/2012

Case Name: Catalyst Paper Corporation**Case Number:** 12-10221-PJW**Document Number:** 128**Docket Text:**

Motion to Approve *Motion Of Debtors For Order (I) Authorizing And Approving The Private Sale Of The Pound Property Free And Clear Of All Liens, Claims, Encumbrances, And Other Interests; (II) Approving The Purchase Agreement; (III) Authorizing Payment Of Brokerage Fee In Connection With Sale; And (IV) Granting Other Related Relief* Filed by Catalyst Paper Corporation. Hearing scheduled for 5/14/2012 at 09:30 AM at US Bankruptcy Court, 824 Market St., 6th Fl., Courtroom #2, Wilmington, Delaware. Objections due by 5/7/2012. (Attachments: # (1) Notice # (2) Exhibit A Proposed Order# (3) Exhibit B) (Durrer, Van)

The following document(s) are associated with this transaction:

Document description:Main Document**Original filename:**H:\temp\convert\1 - Pound Sale Motion .pdf**Electronic document Stamp:**

[STAMP bkecfStamp_ID=983460418 [Date=4/23/2012] [FileNumber=10730501-0]
] [9a1ca13874fa788ad535da85ebb226f9e767297474b21085610b61da9abe13afb62
43adabad90f4d49298c9e076e7b84b939d26255d050a51eed1799e9f48260]]

Document description:Notice**Original filename:**2 - notice.pdf**Electronic document Stamp:**

[STAMP bkecfStamp_ID=983460418 [Date=4/23/2012] [FileNumber=10730501-1]
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933fcb7b7331515c81dfbb731473c41e5e6aa815affc2bad132c96ee2fd37]]

Document description:Exhibit A Proposed Order**Original filename:**3 - EX A.pdf**Electronic document Stamp:**

[STAMP bkecfStamp_ID=983460418 [Date=4/23/2012] [FileNumber=10730501-2]
] [95382cfe314565547916f389e46b6666c8e3b8c1de2437c0b911766efc0466993b1
3f47b1ca122f2ec606ca021386a60403a36bflf420ed754ebc39a1367f36b]]

Document description:Exhibit B**Original filename:**4 - Ex B.pdf