

STATE OF ALASKA

LAND AUCTION #440

SALE BROCHURE

GOOSE CREEK REOFFERS
INDUSTRIAL / COMMERCIAL

A Public Outcry Auction of 3 Lots
Located on Prince of Wales Island
Near Thorne Bay, Alaska

Auction Date: Friday, May 27th, 2005

at

City of Thorne Bay City Hall, 120 Freeman Drive, Thorne Bay, Alaska

Bidder Registration	1:00 PM
Auction	2:00 PM

State of Alaska
Department of Natural Resources
Division of Mining, Land and Water
400 Willoughby, Suite 400
Juneau, Alaska 99801
(907) 465-3400

GOOSE CREEK REOFFERS INDUSTRIAL / COMMERCIAL

Auction # 440

A Public Outcry Auction of 3 Lots
Located Near Thorne Bay, Alaska

Place of Auction: **City of Thorne Bay City Hall, 120 Freeman Drive, Thorne Bay, Alaska**

Date of Auction: **Friday, May 27th, 2005**

Time of Auction: **Bidders' Registration 1:00 PM**
Briefing and Auction 2:00 PM

Subject to A.S. 38.04, A.S. 38.05, and the regulations implementing those laws, the Division of Mining, Land and Water will offer for sale by public outcry auction to the highest qualified bidder the following real property in Goose Creek Subdivision, Addition No. 1 (Alaska State Land Survey No. 96-65) located within the municipal boundary of the City of Thorne Bay and the Ketchikan Recording District:

<u>Parcel</u>	<u>ADL Number</u>	<u>Legal Description</u>	<u>(Acres)</u>	<u>Map</u>	<u>Reservation</u>	<u>*Minimum Bid</u>
1	ADL 106400	ASLS 96-65 Lot 6, Block 6	20.01	1	None	\$ 80,000
3	ADL 106402	ASLS 96-65 Lot 8, Block 6	5.69	1	None	\$ 31,300
5	ADL 106404	ASLS 96-65 Lot 10, Block 6	6.68	1	A	\$ 20,000

*(Appraisal #3274 dated April 5, 2005).

ALL PARCELS ARE OFFERED AS IS, WHERE IS, WITH NO IMPLIED OR EXPRESSED WARRANTY OF CONDITION WHATSOEVER.

Location

The parcels are previously offered lots in the Goose Creek Subdivision, Addition No. 1 which is located on the east side of Prince of Wales Island, near the South Thorne Bay Road and Lake Ellen Road.

Thorne Bay is 47 air miles northwest of Ketchikan on the east coast of Prince of Wales Island. On the Island road system, it lies 60 miles from Hollis and 36 miles east of the Klawock Junction. Thorne Bay is located in the Ketchikan Recording District. Maps with parcel numbers and survey information are included at the end of this brochure.

Reservation Codes

The following is a list of the easement reservations recorded on the plat of survey for Goose Creek Subdivision, Addition No. 1 (Alaska State Land Survey No. 96-65) and referenced in the parcel description

table on page 2 of this brochure. For more detailed information as to location of easements, prospective bidders should review the above survey plats.

A. Subject to a 20-foot-wide utility easement.

Special Information

There is No Veteran's Land Discount For This Sale. (A.S. 38.05.940(a) veteran's land discount). This is a Commercial/Industrial Auction. The veteran's land discount does **NOT** apply to this type of sale.

The initial Auction sale is limited to one parcel per person.

The State does not allow entry upon this land, nor any other development activity, until a land sale contract is issued or until patent is received. It may take more than 2 months for the Department to issue a land sale contract or patent.

IMPORTANT **DEVELOPMENT REQUIREMENTS**

DEVELOPMENT REQUIREMENTS. The state will require that lots be developed, in accordance with the City of Thorne Bay ordinance #93-09-06-03, within five years of purchase, with expenditures for improvements equal to or exceeding the appraised value of the land at the time of purchase. Lots must be developed for commercial/industrial purposes and not for residential or recreational use, although a watchman's quarters, owner/operator residence or bunkhouse may be allowed as an accessory use.

If a lot is purchased for development of a material source (rock, sand, or gravel), within five years of the sale the purchaser must have obtained all necessary permits to operate a material site and be actively removing material from the site. If a lot is developed as a material source, no other type of development will be required for that lot. However, all gross profits from the sale of material from the lot must be applied toward the purchase price of the land, until the purchase price has been paid in full.

Timber and Other Building Materials on Site

The purchaser may not sell or remove from the parcel any timber, stone, gravel, peat moss, topsoil or any other material valuable for building or commercial purposes until they receive state patent to the land or express written authorization from the Director of the Division of Mining, Land and Water.

Permission may be obtained by submitting a development plan, or amended development plan, depicting the planned property development and the timber or materials to be removed. Express written approval of the development plan or amended development plan will not be reasonably withheld. The Division may require that any payment for the commercial sale, or commercial value in the event of trade or barter, of such materials be applied towards the outstanding contract balance.

The State of Alaska may recover treble damages for timber trespass and waste pursuant to AS 09.45.730 and AS 09.45.740 for surface resources sold or removed from the parcel without express written

authorization.

Bidder Qualifications

To be a qualified bidder, an individual must complete and sign the Bidder Registration Form to certify that:

- **The bidder is at least 18 years of age on or before the date of the auction or is a corporation or business authorized to conduct business under the laws of the State of Alaska;**
- **The bidder has not held a purchase contract or lease issued by the department that has been administratively foreclosed or terminated for cause within the past three years;**
- **The bidder is not currently in default for nonpayment on a purchase contract or lease issued by the department; and,**
- **The bidder is not currently in default for nonpayment of municipal taxes or assessments on a purchase contract or lease issued by the department.**

An individual must be able to substantiate age upon request. **Successful bidders must provide photo identification, as sale documents will be notarized at the auction.** An individual acting as an agent for a corporation must present a copy of the corporation's certificate of compliance issued by the Alaska Department of Commerce and Economic Development and a corporate resolution authorizing the agent to bid and sign sale documents on behalf of the corporation.

An individual may be represented by an agent. The agent will be required to file, at the time of bidder registration, an original or certified true copy of a power-of-attorney properly executed by the person being represented. An agent may represent only one principal and a principal may only be represented by one agent. An agent may not participate for both the agent and the person or corporation being represented at this auction. Documentation of power-of-attorney of the successful bidder will be retained by the State in the individual case file.

Bidder Registration

Bidder registration will begin at **1:00 PM** on the day of the auction and will remain open for the duration of the auction. Only qualified bidders may register. An interested person or the person's agent should appear at the sale location on the designated date and time for registration to receive the benefit of the explanatory briefing concerning any additions, deletions, or changes made before the actual offering starts.

Auction Procedures

Only qualified, registered bidders may submit bids. The following procedures define the conduct of this public outcry auction:

1. Parcel 1 will be brought up for auction first, followed by the remaining parcels in ascending numerical order, as presented in this brochure.

2. Opening bid will begin at the fair market value (minimum bid) stated in this brochure.
3. Upon registering, bidders will be issued a numbered bidder identification card. Holding up this card in response to the dollar value called by the auctioneer constitutes a bid when the bidder is recognized by the auctioneer.
4. A bidder may withdraw a bid at any time before the hammer falls.
5. If a bid is made while the hammer is falling, the auctioneer shall decide whether the bid is timely or not.
6. The auctioneer may request confirmation of a bid if a bidder's conduct is confusing or distracting, or if it is clear that the bidder does not hear or understand the call or bid.
7. The auctioneer may withdraw any parcel from the auction before the hammer falls.
8. A bidder or spectator may be ejected from the auction if, in the judgement of the auctioneer, the person's conduct conflicts with the orderly proceeding of the auction.
9. Immediately after the hammer falls, the successful bidder shall pay the State a **bid deposit/downpayment of five percent (5%) of the purchase price and a \$100 document handling fee** by personal check, cash, certified check or money order, or a combination thereof. **The bid deposit/downpayment and document-handling fee are non-refundable.** The State will issue a receipt describing the land sold, the purchase price, and the amount deposited. The receipt shall be acknowledged in writing by the bidder. If a check is returned because of insufficient funds or a stop payment order, the State may cancel the sale contract for breach of contract and take appropriate legal action.
10. If the successful bidder/purchaser fails to comply with the conditions of this auction, the State may cancel the bid deposit/downpayment receipt or sale contract, if issued, whereupon the defaulting bidder/purchaser shall forfeit the bid deposit/downpayment and any other monies paid to the State together with interest from the date of the auction.
11. If it is determined that an ineligible bidder is the high bidder, the auctioneer shall, at the auctioneer's discretion: (a) reoffer the parcel at the end of the auction; or (b) pull the parcel from the auction. If it is not determined that an ineligible bidder was the high bidder until after the auction is adjourned, the parcel may be offered over-the-counter.
12. All parcels not purchased will be offered once again at the end of the auction in the same numerical order.
13. The auction will be declared adjourned when the auctioneer determines that the auction procedures have been fulfilled.

Right to Adjourn

The State reserves the right to reject any or all bids and to adjourn, postpone, or vacate this auction, in whole or in part, at any time prior to or during the offering, including the over-the-counter sale, where such action appears necessary to protect the interest of the State. One or more parcels may be added, modified, or withdrawn at any time prior to or during the auction and prior to or during the over-the-counter offering.

Prohibitions and Penalties

In accordance with AS 38.05.950, a person who bargains, contracts, or agrees, or attempts to bargain, contract, or agree with another that the other shall not bid freely upon or purchase any parcel of land of the State offered at public auction; or by intimidation, combination, or unfair management, hinders, prevents, or attempts to hinder or prevent, a person from bidding upon or purchasing a parcel of land offered is punishable by a fine of not more than \$1,000 or by imprisonment for not more than one year, or by both.

Terms of Sale

Successful bidders will be required to remit a **five percent (5%) deposit/downpayment of the purchase price and a \$100.00 document handling fee** in the form of money order, certified check, cash, or personal check or a combination thereof at the auction or over-the-counter sale. Checks used for the deposit/downpayment/document handling fee that are returned for any reason may invalidate the sale and all rights of the apparent successful bidder/purchaser will be terminated.

The contract of sale shall require the remainder of the purchase price to be paid in monthly installments over a period of not more than 20 years.

Principal and interest payments will be set on a level-payment basis. Every land sale contract will provide for the payment of at least \$100 of principal each year, except for the final payment. The interest rate on all contracts will be the prime rate as reported in the Wall Street Journal on the first business day of the month in which the contract is sent to the purchaser for signature, plus three percent; however, the total interest may not exceed 13.5 percent. Interest begins to accrue on the date shown on the face of the contract. Purchasers may accelerate their payments at any time. The State does not charge a prepayment penalty.

Service Charge

Once the contract for sale has been executed, the purchaser shall pay a service charge for any late payment or returned check as follows:

(a) Late Payment Penalty. A breach caused by the failure of the purchaser to make payments required by the sale contract may be cured within 30 days after notice of the breach has been received by the purchaser. The purchaser will then be required to pay the amount in default plus \$50.00 or five percent (whichever is greater) of the amount in default.

(b) Returned Check Penalty. A service charge will be assessed for any check on which the bank refuses payment. If the bank refuses payment, the termination date for default on the contract shall remain unchanged. Late payment penalties under (a) of this section shall continue to accumulate.

Survey Information

A field survey has been completed for this subdivision. Lot corners and monuments are present in the field. The survey plats for the subdivisions may be viewed/purchased at the Division of Mining, Land and Water, Southeast Regional Office. The plats are available for viewing at the Thorne Bay City Hall.

Taxes and Assessments

The land sold in this sale will be subject to such taxes and assessments as may be levied by taxing authorities. The purchaser shall pay all taxes and assessments accruing against the parcel.

Site Conditions

The parcels included in this sale are of varying quality. Prospective purchasers are urged to inspect the parcels in advance and make their own judgement as to value, and whether the land will meet their intended use. By selling the land, the State does not give or imply any warranty as to the land's fitness, use, or suitability, or whether public utilities, roads, or services will be provided.

Wetlands

Portions of the lots offered for sale may include areas that have been determined to be "wetlands". Wetlands are defined as areas such as swamps, marshes, lakes, or streams that are covered by water often enough and long enough for aquatic plants to grow there. Anyone putting any dredged or fill material into these wetlands (for example to build a driveway or building pad) must first get a permit from the District Engineer of the U.S. Army Corps of Engineers. For further information, contact the Army Corps of Engineers in Anchorage at 1-800-478-2712.

Valid Existing Rights

In accordance with AS 38.05.125, the state will reserve the mineral rights to these lots. These parcels are subject to any and all valid existing rights including, but not limited to, oil and gas leases, and valid rights-of-way for roads, highways, power lines, and pipelines.

Classification and Zoning

The parcels for sale in this auction are classified "Settlement / Commercial-Industrial" and are closed to mineral entry. The parcels are within the City of Thorne Bay corporate boundaries and development must comply with zoning ordinances. City of Thorne Bay Ordinance for property development standards (#93-09-16-03) applies to the lots offered in this sale (see DEVELOPMENT REQUIREMENTS, above).

Individual Water and Sewer Systems

No individual water supply system or sewage disposal system shall be permitted on any lot unless such system is located, constructed, and equipped in accordance with the requirements of the Alaska Department of Environmental Conservation (ADEC). The successful purchaser is responsible for providing any necessary water and sewer system. The State does not provide percolation tests, wells, or other soil or water determinations. It is the responsibility of the purchaser to meet ADEC requirements for sewage disposal.

The Alaska Water Use Act provides the public with a legal method to obtain water rights for the use of surface and subsurface waters. To obtain water rights, a person must apply for a permit, make beneficial use of the water, and then be granted a Certificate of Appropriation from the Department of Natural Resources. Further information about water rights and application forms may be obtained from the DNR Regional Offices.

State Title

The land has been patented to the State of Alaska.

General Conditions

It is the responsibility of the purchaser to properly locate the property boundaries, easements affecting the property, and any improvements which may be placed upon the property.

Occasionally, technical defects in a sale brochure are discovered after it has been distributed, necessitating some changes in the details of the auction. In addition, adjustments to terms may be made. Therefore, while the offering will be held substantially as described in this brochure, the State reserves the right to make such changes and adjustments.

Over-The-Counter Offering

Parcels not sold during the Outcry Auction at Thorne Bay will be offered Over-the-Counter (OTC) beginning Friday, July 15th, 2005.

OTC Application Requirements

In order to qualify for inclusion in the initial OTC opening, completed application packages must be received by 5:00 p.m. Thursday, July 14th, 2005.

Mail-in applications are accepted only in the Southeast Regional Office (address noted on the cover of this brochure). Applications mailed to other DNR offices will be returned to the applicant. Applications for parcels already taken will be returned to the applicant.

All OTC purchase applications, whether submitted in person or by mail, must include:

- A completed Over-the-Counter Application form. If purchasing multiple parcels, complete a separate application for each parcel.
- A non-refundable \$100.00 document handling fee **for each parcel**. (Personal checks accepted for this fee.)
- A down payment of five percent of the minimum bid amount for each parcel the applicant wishes to purchase, in the form of a cashiers check, certified check, or money order. **NO PERSONAL CHECKS WILL BE ACCEPTED at the initial OTC opening for the down payment.** However, upon completion of the initial opening, all remaining parcels become available at the DNR Public Information Offices and personal checks will be accepted. And,
- A completed Declaration of Intent form.

OTC Applications may be made by an agent with power of attorney. An agent may only represent one person per day, in addition to himself. The OTC sale is not limited to one parcel per person.

Applications will not be accepted by phone, by fax, or by email.

On Friday, July 15th, 2005, the Southeast Regional DNR Public Information Office in Juneau will open at 8:00 a.m. At 9:00 a.m. the OTC Sale will begin at the Juneau office. Members of the public may attend and observe the drawing but will not be allowed to change or retract any bids.

During the initial OTC opening, a lottery to determine the winning applicant will be held for any parcel where multiple applications have been received. The five percent down payment and application fee will be returned to any applicant who is not successfully awarded a parcel. The five percent deposit and application fee is, however, forfeited to DNR if an applicant is selected and then subsequently decides not to go forward with the purchase.

Applicants do not need to be present to win. Following the initial opening, a list of successful applicants will be available at the DNR Public Information Offices and all remaining parcels become immediately available. For online information visit our website at <http://www.dnr.state.ak.us/mlw/landsale>.

Individuals interested in participating in the offering should contact the Department of Natural Resources at the phone number or address listed on the cover with any questions.

Appeals

An aggrieved bidder may appeal in writing to the Commissioner of the Department of Natural Resources within five days after the auction for a review of the Director's determination of the successful bidder. All appeals should reference Auction Number 440 and should be sent to the following address:

**Commissioner
Department of Natural Resources
550 West 7th Ave.
Anchorage, AK 99501-3557**

Acceptance of Terms

This sale is made subject to the terms and conditions set forth in this disposal brochure and as announced at the auction under the provisions of Alaska Statutes Title 38.04 and 38.05, Alaska Administrative Code Title 11, Chapters 54 and 67. These and other statutes and regulations are available for review at Department of Natural Resources offices and may be available at law libraries and courthouses. A purchaser, by making a bid at the auction or at the over-the-counter offering, or through assignment, agrees to abide by those terms and conditions.

Auction Postponement

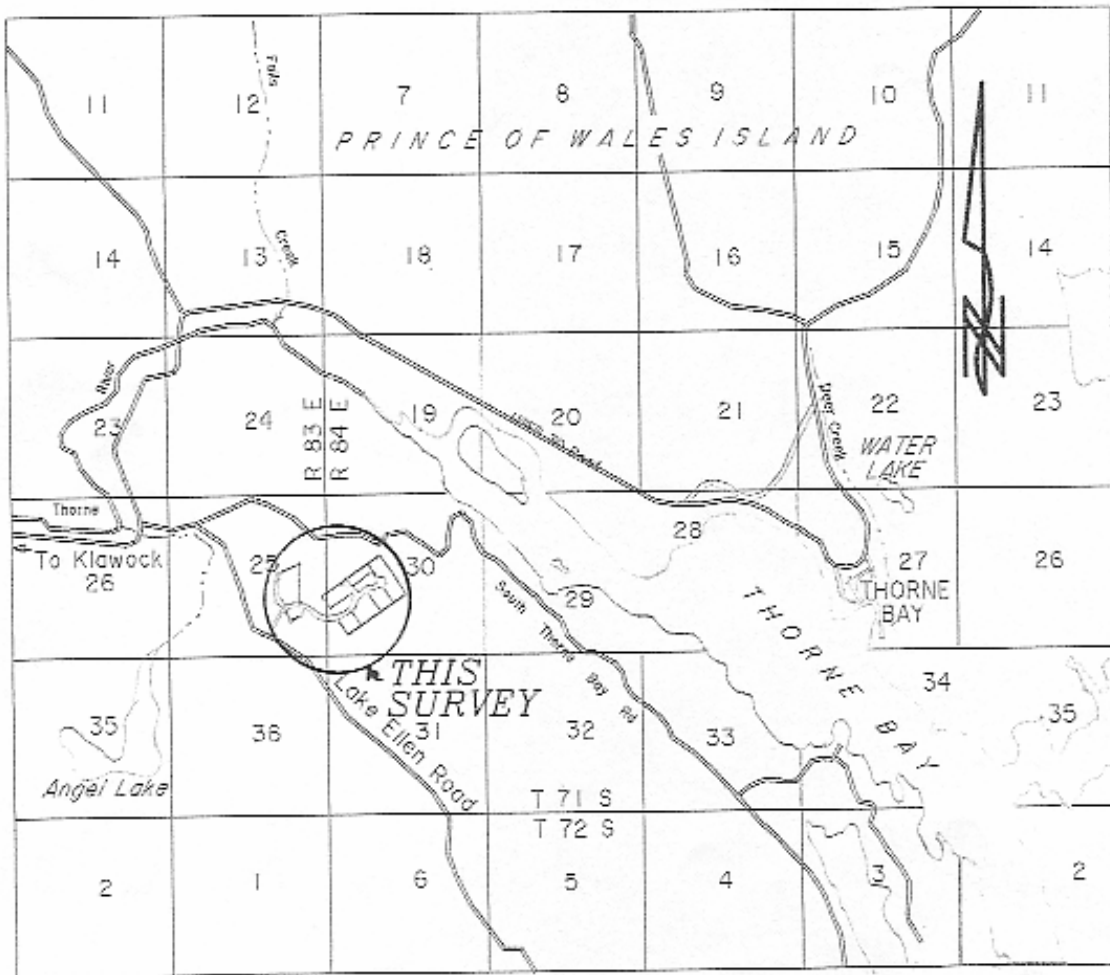
Unforeseen difficulties, such as weather conditions, may require a change in the time of the auction. In such cases, the auction will be rescheduled for the earliest reasonable date. All efforts will be made to advise the public of any changes. The Southeast Regional Office will have current information on the rescheduling; such information will be available by phone (907-465-3400) on any workday.

The Division reserves the right to waive technical defects in this publication .

GOOSE CREEK

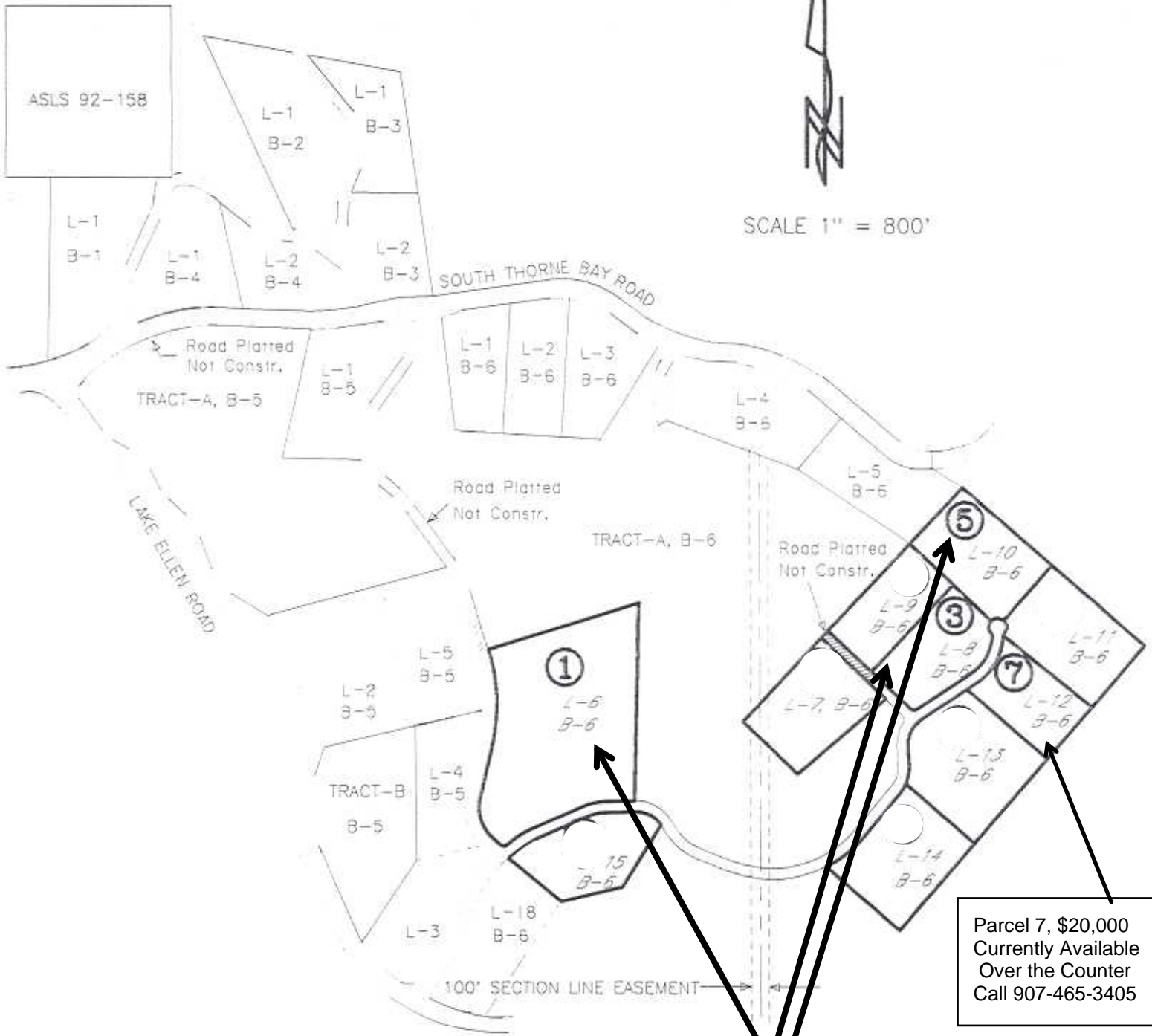
Auction 440
Map Page 1 of 4

Alaska State Land Survey 96-65



Scale 1" = 1 Mile From U.S.G.S. Quad Map "Craig (C-2)"

Map Page 2 of 4

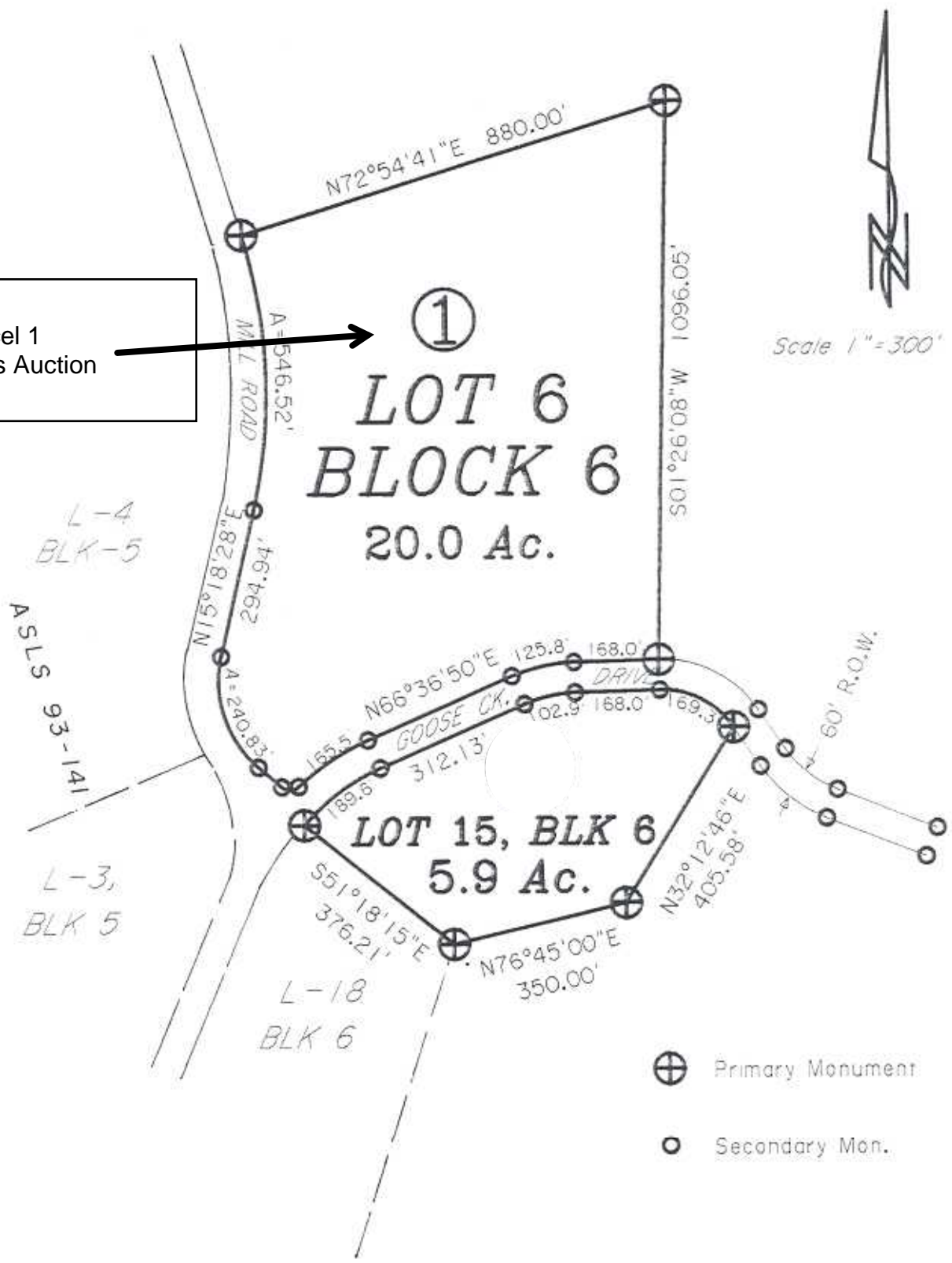


SCALE 1" = 800'

Parcel 7, \$20,000
Currently Available
Over the Counter
Call 907-465-3405

Parcels 1, 3, and 5
For sale This Auction

Parcel 1
For Sale this Auction

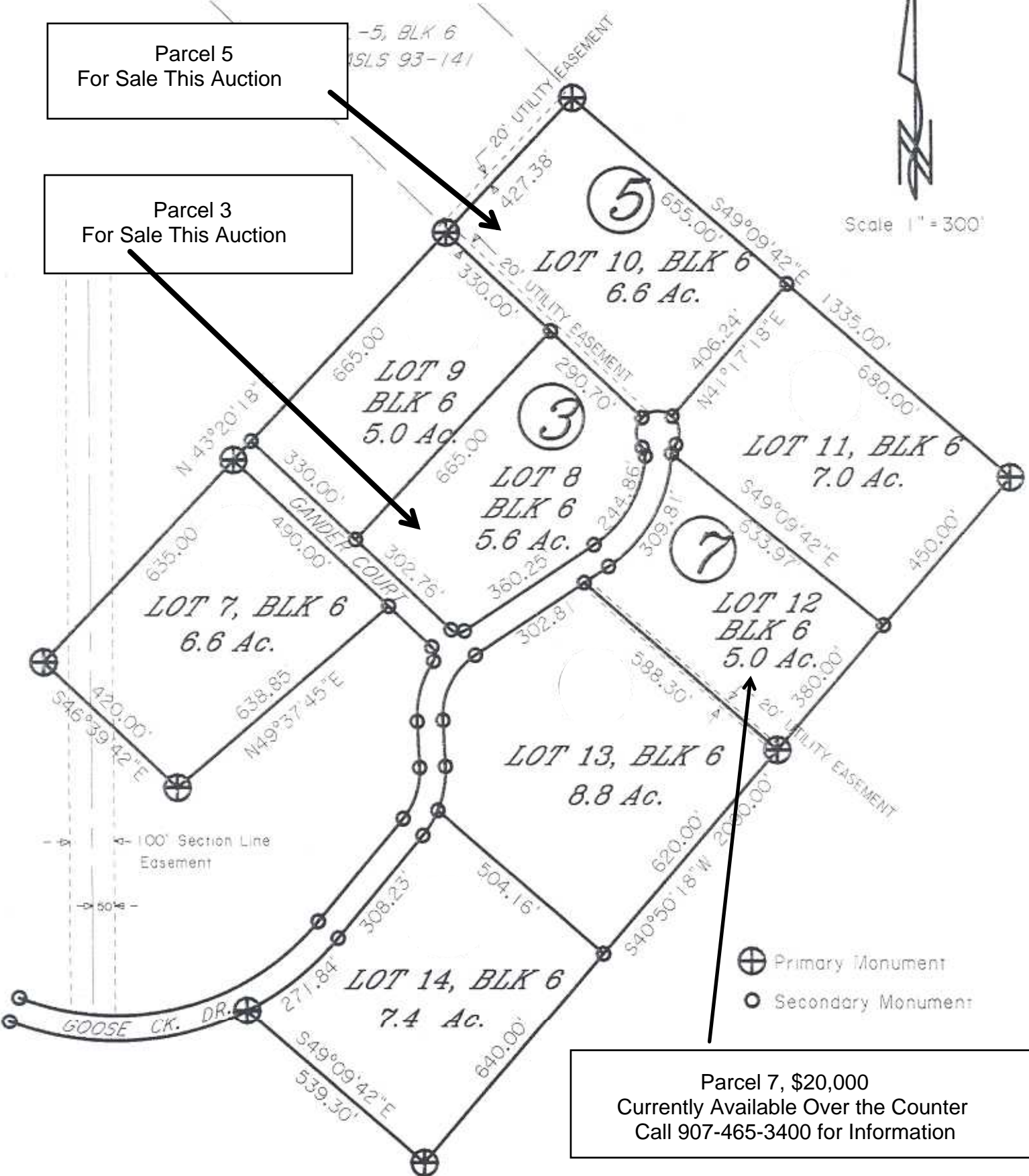


Parcel 5
For Sale This Auction

Parcel 3
For Sale This Auction



Scale 1" = 300'



Parcel 7, \$20,000
Currently Available Over the Counter
Call 907-465-3400 for Information