

STOCK PURCHASE AGREEMENT

Bid Amount \$ \_\_\_\_\_  
Plus Buyer's Premium (10%) + \$ \_\_\_\_\_  
Equals Purchase Price = \$ \_\_\_\_\_  
  
Initial Contract Deposit \$ \_\_\_\_\_

THIS AGREEMENT, Made this \_\_\_\_\_ day of November, 2006, by and between \_\_\_\_\_, of \_\_\_\_\_

("Purchaser") and WILLIAM C. MORGAN, BEVERLY M. STRICKLAND, MARY C. CLARK, RAYMOND F. MORGAN, JR., JACK C. MORGAN, JANIE MORGAN SMITH, BRENT MORGAN, JEANNE MORGAN, JEBB S. MORGAN, AND JUDY E. MORGAN (herein collectively "Stockholder").

WITNESSETH:

THAT WHEREAS, the Stockholder owns 100% of the outstanding shares of stock of W.F. Morgan and Sons, Inc., a Virginia corporation with offices in Weems, Virginia (the "Corporation"); and

WHEREAS, the Stockholder desires to sell and the Purchaser desires to purchase all of these shares of the outstanding stock of the Corporation upon the terms and conditions hereinafter set forth;

NOW THEREFORE, in consideration of the mutual covenants of the parties herein contained, the parties agree with each other as follows:

ARTICLE I

REPRESENTATIONS AND WARRANTIES OF THE STOCKHOLDER

The Stockholder makes the following representations and warranties:

Section 1.1. Ownership of Stock. The Stockholder is, or at closing will be, the owner, free and clear of all security interests, liens, claims, options, charges or other encumbrances, of 2,126 shares of common stock of the Corporation, which comprises 100% of the 2,126 issued and outstanding shares of stock of the Corporation.

Section 1.2. Warrants, Options, Etc. There are no outstanding warrants, options or other rights to purchase or receive any other shares of stock or other securities of the Corporation of any class and there are no other instruments outstanding which are convertible into the shares of stock or other securities of the Corporation of any class.

Section 1.3. Stock Duly Authorized and Transferable. The shares of common and held by the Stockholder are duly authorized, validly issued, fully paid and non-assessable; and on the Closing Date the said stock shall be freely transferable by endorsement of the Stockholder.

Section 1.4. Organization, Capitalization and Standing of the Corporation. The Corporation is a corporation duly organized, validly existing, and in good standing under the laws of the Commonwealth of Virginia; it has full corporate power and all materially necessary governmental authorizations to own all of its properties and assets and to carry on its business as it is now being conducted. The execution and delivery of this agreement does not, and the consummation of the transactions contemplated hereby will not, violate any provisions of the Corporation's articles of incorporation its bylaws, or any loan or other agreement binding upon the Corporation.

Section 1.5. Records and Financial Statements. Stockholder has delivered to the Purchaser financial statements, including a detailed balance sheet, for the Corporation

for the year ended 2005 which were prepared by Dwight Clarke, bookkeeper for the Corporation. Subsequent interim statements and balance sheets through November 30, 2006, have also been delivered to the Purchaser. Copies of the financial statements for 2005 and subsequent interim periods are attached hereto as Exhibit #1. To the extent known by the Stockholder, these statements fairly present the financial condition of the Corporation as of the dates and periods covered thereby.

Section 1.6. Tax Matters. The Corporation has filed all federal, state, and county or local income, excise, property and other tax returns which are required to have been filed by it and, to the extent known to the Shareholder, such returns are complete and correct in all material respects. The Corporation has furthermore paid all taxes which have become due pursuant to such returns or pursuant to any assessments received by it.

Section 1.7. Properties Owned by the Corporation. All real estate is validly owned or possessed by the Corporation, and except to the extent modified in title opinions or by the terms of such instruments, the titles to the same are good and marketable. The real estate of the Corporation is described on attached Exhibit #2 and shall be the only remaining assets of the Corporation prior to Closing. Specifically, the Corporation shall distribute all remaining cash and equipment in the Corporation to the Stockholder on a pro-rata basis prior to the Closing.

Section 1.8. No Warranties as to Condition of Properties. The properties of the Corporation have been reviewed by the Purchaser, who expressly relieves the Stockholder of any responsibility as to the condition of such property.

Section 1.9. Long Term Contracts and Benefit Plans. The Corporation has no long term contracts and no commitments of any nature relating to employment, including life insurance, employment agreements, pension plans, retirement plans, profit sharing plans or stock purchase plans.

Section 1.10. Litigation. Neither the Corporation nor the Stockholder are engaged in, or to the best of their knowledge, threatened with any legal proceedings, litigation or governmental investigation.

Section 1.11. Debts of Stockholder to Corporation; Assets of Corporation Held by Stockholder. The Stockholder owes no monies to Corporation nor holds any assets of Corporation at a place other than the Corporation's principal place of business in Weems, Virginia, other than those listed in Exhibit #3, attached.

## ARTICLE II

### TERMS OF THE TRANSACTION

Section 2.1. Purchase Price. The Purchaser will, on the Closing Date defined in Section 2.3, pay Stockholder \$\_\_\_\_\_ by certified or cashier's check for the 2,126 shares of common stock of the Corporation owned by them. The term Purchase Price shall mean to include the High Bid and 10% Buyer's Premium as calculated on Page 1 of this Agreement.

Specifically, as stated in Section 2.6 of this Agreement, Purchaser shall make an initial nonrefundable deposit of \$50,000.00 in the form of a cashier's check, made payable to Interstate Auction Company of Virginia, Inc., which shall be submitted with

his or her sealed bid. Within five (5) days of execution of this Agreement by the parties, the Purchaser shall increase the nonrefundable deposit to 10% percent of the Purchase Price by by cashier's check made payable to Interstate Auction Company of Virginia, Inc.

Section 2.2. Repayment of Debt. Stockholder shall repay, or cause its officers, directors and shareholders to repay (as the case may be), all amounts owing by them to the Corporation prior to the Closing Date.

Section 2.3. Closing Date and Effective Date. The term "Closing Date" as used in this agreement shall mean such date on or before forty-five (45) days from execution of this Agreement by the parties. Section 2.4. Place of Closing. The closing shall be held in the offices of Dunton, Simmons & Dunton, L. L. P. at White Stone, Virginia at 11:00 A.M.

Section 2.5. Survival of Certain Representations and Warranties; Obligations for Certain Taxes. If the transaction shall close in accordance with this agreement, the Stockholder shall have no further responsibility for corporate obligations except the general indemnity for undisclosed matters in Article VI and the following:

A. The Stockholder shall remain responsible for the accuracy of the Representations and Warranties referred to in Sections 1.1, 1.2, 1.3, 1.4, 1.5, 1.6, 1.7, 1.9, 1.10, and 1.11 provided at the closing, to the extent that any such misrepresentation shall cause liability or expense to be incurred by the Corporation or Purchaser.

B. The Stockholder hereby indemnifies the Corporation and the Purchaser for any amounts which shall be found to be owned by the Corporation with

respect to any tax returns (Federal, state or local) filed or required to be filed by the Corporation for payroll, income or other taxes, for periods prior to the Effective Date, and the Stockholder agrees to pay any amounts which shall be determined to be delinquent with respect to said returns, including interest and penalties, for periods prior to the Effective Date. In the event of an audit covering a period prior to the Effective Date, the Stockholder shall represent themselves, through counsel or otherwise, and shall bear the expenses of the audit.

Section 2.6 **Deposit.** Purchaser shall make an initial \$50,000.00 nonrefundable deposit in the form of a cashier's check when he or she submits her sealed bid. The initial deposit shall be made payable to Interstate Auction Company of Virginia, Inc. as escrow agent. The initial deposit shall be credited towards the Purchase Price at Closing.

I hereby acknowledge receipt of the initial nonrefundable money deposit herein by cashier's check this \_\_\_\_\_ day of \_\_\_\_\_, 2006.

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Escrow Agent

Within five (5) days of execution of this Agreement by the parties, the Purchaser shall increase the initial nonrefundable deposit to an amount equal to 10% of the Purchase Price. This sum shall also be paid by the Purchaser to the escrow agent in the form of a cashier's check. This amount shall also be credited towards the Purchase Price at Closing.

I hereby acknowledge receipt of the increased nonrefundable deposit equaling 10% of the Purchase Price herein by cashier's check this \_\_\_\_\_ day of \_\_\_\_\_, 2006.

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Escrow Agent

Section 2.7 **Escrow Agent.** In performing any of its duties under this Agreement, or upon the claimed failure to perform its duties hereunder, Escrow Agent shall not be liable to anyone for any damages, losses or expenses which may occur as a result of Escrow Agent so acting, or failing to act; provided, however, Escrow Agent shall be liable for damages arising out of its willful default or gross negligence under this Agreement. Accordingly, Escrow Agent shall not incur any such liability with respect to (i) any good faith act or omission upon advice of its counsel given with respect to any questions relating to the duties and responsibilities of Escrow Agent hereunder, or (ii) any good faith act or omission in reliance upon any document, including any written notice or instructions provided for in this Agreement, not only as to its due execution and to the validity and effectiveness of its provision but also as to the truth and accuracy of any information contained therein, which Escrow Agent shall in good faith believe to be genuine, to have been signed or presented by the proper person or persons and to conform with the provisions of this Agreement.

Purchaser, Stockholder, and the Corporation shall indemnify the Escrow Agent and hold the Escrow Agent harmless from all damage, costs, claims and expenses arising from performance of its duties as

Escrow Agent including reasonable attorneys' fees, except for those damages, costs, claims and expenses resulting from the gross negligence or willful misconduct of the Escrow Agent. Should there be any disagreement or lawsuit between the parties as to payment of the Escrow Funds in accordance herewith, the Escrow Agent shall be due payment on an hourly basis in the amount of \$185.00 per hour, plus any expenses, from the non-prevailing party for all time which it expends on this matter, including, but not limited to, time spent in filing and trying any interpleader actions and/or appearing as a witness at any depositions or trial.

Payment of the funds so held in escrow by the Escrow Agent, in accordance with the terms, conditions and provision of this Escrow Agreement, shall fully and completely discharge and exonerate the Escrow Agent from any and all future liability or obligations of any nature or character at law or equity to the parties hereto or under this Agreement

**THE PARTIES HEREBY AGREE THAT IF CLOSING ON THIS AGREEMENT DOES NOT OCCUR ON THE DESIGNATED CLOSING DATE THEN THE NONREFUNDABLE DEPOSITS HELD BY THE ESCROW AGENT SHALL BE DISTRIBUTED TO SELLER AND AUCTIONEER.**

## ARTICLE III

### COVENANTS OF STOCKHOLDER PENDING CLOSING

Section 3.1. Conduct of the Business Prior to the Closing Date. Subject to their right to distribute all of the remaining monies in the Corporation's certificate of deposit to the Stockholder based on their pro-rate ownership in the Corporation, the Stockholder will cause the Corporation to (a) conduct its business only in the ordinary course, (b) not make any major capital expenditures without the Purchaser's approval, (c) not enter into any major contract except in the ordinary course of business or as may be required to implement this agreement, (d) not issue any stock or other corporate securities or grant any options, warrants, other rights calling for the issuance of stock or other corporate securities of the Corporation, (e) not make any arrangements for the payment of bonuses or other special compensation or grant increases in the rates of compensation to any of the Corporation's directors, officers or employees, or adopt any profit sharing, pension, retirement or similar plan or arrangement except as may be required to implement this agreement, (f) not incur any debt except in the ordinary course of business, (g) not enter into any mortgage, pledge or similar arrangements subjecting any assets to any security interest lien, charge or other encumbrance; (h) not dispose of any machinery, equipment, land or other property of the Corporation other than inventory, (i) not declare any dividend or make any distributions with respect to shares of capital stock, and (j) maintain in full force and effect all policies of insurance in the amounts and pursuant to the policies now covering properties of the Corporation.

Section 3.2. Litigation or Other Proceedings. Purchaser shall be advised promptly of the commencement of any suit, action, proceedings or investigation affecting the Corporation, or any tax audit or assessment undertaken with respect to the Corporation.

Section 3.3. Access to Corporate Records and Properties Prior to the Closing Date. During normal business hours Stockholder will cause the Corporation and its agents to permit the Purchaser and the Purchaser's representatives to make such investigations of the property, assets, book and records and financial condition of the Corporation as the Purchaser deems necessary or advisable.

#### ARTICLE IV

##### CONDITIONS TO THE OBLIGATIONS OF PURCHASER

The obligations of the Purchaser under this agreement are subject, at their option, to the fulfillment to their reasonable satisfaction, on or before the Closing Date, each of the following conditions:

Section 4.1. Representations and Warranties. The representations and warranties made by Stockholder herein shall be true and correct in all material respects at the time of closing, with the same effect as if made at that time; and Stockholder shall have delivered to Purchaser, such certificates, if any, reasonably requested by the Purchaser to evidence the continuing validity of such representations and warranties as of the Closing Date.

Section 4.2. Opinion of Stockholder. Purchaser shall have received a certificate from Stockholder, on the Closing Date, in form and substance reasonably satisfactory to

the Purchaser and his counsel, as to the matters, within Stockholder's knowledge, described in Sections 1.1, 1.2, 1.3, 1.4, 1.5, 1.6, 1.7, 1.9, 1.10, and 1.11. Purchaser shall have received from Dwight Clarke, bookkeeper for the Corporation, a letter representing that all financial statements were prepared from the books and records of the Corporation in accordance with generally accepted accounting principles.

Section 4.3. Corporate Assets Free and Clear. Purchaser shall have satisfied himself that the Corporation holds marketable title to the major assets of the Corporation, free and clear of liens and encumbrances that may affect the use of the same in a material manner. Purchaser shall obtain its own owner's policy of title insurance prior to Closing.

Section 4.4. Location of Corporate Assets. Purchaser shall have satisfied themselves that no assets of the Corporation are being held in a location other than the Corporation's primary place of business in Weems, Virginia.

Section 4.5. Funds Owed to Corporation by Stockholder. All amounts owed to the Corporation by Stockholder, including any officers, directors or shareholders thereof, shall have been repaid.

Section 4.6 **Closing of Purchase of John's Neck Land Trust #1 Property.**  
**Initial this blank \_\_\_\_\_ if Section 4.6 shall apply. If not initialed Section 4.6 will not be part of this Agreement:**

The parties agree that closing on this Agreement is contingent on Purchaser having closed on the purchase of a certain 0.87 acres parcel, more or less, adjacent to the property held by the Corporation, owned by the John's Neck Land Trust #1 Tract,

and more particularly shown and described on that certain survey entitled “Boundary Survey Tax Map 33 Parcels 194 and 194B” prepared by Tomlin & Keyser, dated August 27, 2004, and the contract for the purchase of the property owned by the John’s Neck Land Trust #1 which are collectively attached hereto as Exhibit Five and made a part hereof.

## ARTICLE V

### CONDITIONS TO THE OBLIGATIONS OF STOCKHOLDER

The obligations of the Stockholder under this agreement are subject, at its option, to the fulfillment to its reasonable satisfaction, on or before the Closing Date, of each of the following conditions:

Section 5.1. Evidence of Purchaser’s Ability to Close. The Purchaser shall have provided evidence to Stockholder, and their counsel, evidence which meets their sole satisfaction that Purchaser has the requisite funds on hand and in their counsel’s possession to pay the full amount of the purchase price to Stockholder at closing.

## ARTICLE VI

### INDEMNIFICATION

In addition to the indemnity provisions of Section 2.5 above, Stockholder and its majority shareholder shall indemnify and hold Corporation and Purchaser harmless from, against, for and in respect of any and all damages, losses, settlement payments, obligations, liabilities, claims, actions or causes of action, encumbrances

and reasonable costs and expenses suffered or required to be paid by the Purchaser in connection with any action, suit, proceeding, demand, assessment, judgment, charge or loss incident to any undisclosed matter which arose prior to the Closing Date.

Matters disclosed and accepted by the Purchaser are set forth in Exhibit #4, attached.

The parties agree that this provision shall survive closing for one year.

## ARTICLE VII

### MISCELLANEOUS PROVISIONS

Section 7.1. Resignations, Etc. Immediately following the purchase of the outstanding stock of the Corporation by the Purchaser, the Stockholder shall resign as officers and directors of the Corporation in such manner as the Purchaser shall request. They shall further join in such documents as may be needed in order to eliminate their powers relating to bank accounts, safe deposit boxes, credit cards, or other accounts which they may have heretofore operated, to the extent requested by the Purchaser. Furthermore, the Stockholder will execute such other agreements as may be needed in order to transfer fully the control of the Corporation and its assets to the Purchaser.

Section 7.2. Assignment. This agreement and all provisions hereof shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns, but neither this agreement nor any of the rights, interests or obligations hereunder shall be assigned by any of the parties hereto without the prior written consent of the Purchaser and Stockholder.

Section 7.3. Expenses of Counsel. The expense of preparing this agreement and including the preparation of all needed exhibits and closing documents, shall be borne by the Purchaser and Stockholder equally.

Section 7.4. Governing Law. This agreement shall be governed by the laws of the Commonwealth of Virginia as to all matters, including matters of construction, validity and performance.

Section 7.5. Entire Agreement. This agreement embodies the entire agreement and understanding of the parties hereto. There are no restrictions, promises, representations, warranties, covenants or undertakings, other than those expressly set forth herein. This agreement supersedes all prior agreements among the parties.

Section 7.6 Signatures. This Contract may be signed in one or more counterparts, each of which shall be deemed to be an original and all of which together shall constitute one and the same document. Facsimile documents and signatures shall be deemed original documents and signatures.

IN WITNESS WHEREOF, the parties have hereunder caused this agreement to be duly executed, as of the day and year first above written.

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WILLIAM C. MORGAN

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BEVERLY M. STRICKLAND

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MARY C. CLARK

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RAYMOND F. MORGAN, JR.

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JACK C. MORGAN

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JANIE MORGAN SMITH

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BRENT MORGAN

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JEANNE S. MORGAN

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JEBB S. MORGAN

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JUDY E. MORGAN

PURCHASER

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**EXHIBIT ONE**  
**Financial Statements**

EXHIBIT TWO

Equipment: NONE

Description of real property owed by Corporation

All those certain parcels of land with all improvements thereon and all appurtenances thereunto appertaining located in Christ Church Magisterial District, Lancaster, Virginia, and more fully described on that certain plat of survey entitled "Boundary Survey of the Land of W.F. Morgan & Sons, Inc., a copy of which is attached hereto and made a part hereof.

**EXHIBIT THREE**  
List of debts owed by Stockholder to Corporation

NONE

**EXHIBIT FOUR**  
Disclosed and accepted matters

1. Encroachment of crab house and frame pier by the John's Neck Land Trust as shown on the Pruett Plat
2. Encroachment of pier by Broaddus Blake as shown on the Pruett Plat
3. Overlap land consisting of 0.024 claimed by Blake as shown on the Pruett Plat
4. Taxes for the year 2006 and subsequent years
5. Easements or claims of easements not shown by the public records, boundary line disputes, overlaps, encroachments, and any matters not of record which would be disclosed by an accurate survey and inspection of the premises

**APPLICABLE TO PARCEL ONE**

6. Rights, ways, privileges and appurtenances not specifically described in Schedule A are not insured

**APPLICABLE TO PARCEL TWO**

7. Rights of the United States of America in and to the navigational rights of Carter's Creek.
8. Appurtenances not specifically described in Schedule A are not insured
9. In addition to the exclusions from coverage named in Item #3 above, this policy specifically excepts to any loss or damage suffered by the insured by reason of deficiency in the quantity of land described in Schedule A hereof, the location of the land described in Schedule A hereof or the exact location of the property lines thereof.

**APPLICABLE TO PARCEL THREE**

10. Title to that portion of the property lying below the mean high water mark of adjacent tidal waters
11. Riparian rights incident to the premises