

**ALGOMA WATER COMPANY
P.O. BOX 751
SANDPOINT, ID 83864
(208) 263-8946**

RECEIVED
2007 JUL 18 PM 12:35
IDAHO PUBLIC UTILITIES COMMISSION

July 12, 2007

AWS-W-07-01

IDAHO PUBLIC UTILITIES COMMISSION
P.O. BOX 83720
BOISE, ID 83720-0074

**RE: APPLICATION TO SELL THE ALGOMA WATER SYSTEM 9PWS 1090001)
CERTIFICATE OF CONVENIENCE AND NECESSITY No. 396**

Dear Commissioners:

Enclosed is this original and seven copies of this Application requesting the Idaho Public Utilities Commission's (IPUCV) approval to sell the Algoma Water System to Mr. Robert J. Carrier. He will operate the Algoma Water System under the name Algoma Water as a proprietorship. This Application is for both the approval of ownership and a monthly rate change. We request the application be processed under Modified Procedure as expeditiously as possible.

Mr. Carrier is familiar with the Commission's regulatory authority and rules and is prepared to abide by existing directives. He is aware of the commission's web site and has made himself familiar with our copies of Utility Customer Rules (IDAPA 31.21.01) and Customer Information Rules (IDAPA 31.21.02). I am retaining my copies of these two documents and Mr. Carrier, by copy of this letter, is requesting that he be provided his own documents.

Mr. Carrier has been investing in Bonner County real estate since 2004. His background is one of real estate development and income producing business management. He also owns real estate in Nevada where he lives and with that comes the experience of dealing with the ins and outs of the private sector.

Mr. Carrier also owns three other community sewer systems in Bonner County, and Algoma Water is intended to fit right in with an already functioning operations schedule.

Attachment "A" attached to this application is a "Personal Financial Statement" for Mr. Carrier. This financial statement demonstrates that Mr. Carrier possesses the financial ability to assume responsibility for the Algoma Water System.

Attachment "B" to this application is a brief "Business Plan" that explains how Mr. Carrier intends to incorporate the Algoma Water Company into his other business interests in Idaho. As an absentee owner, Mr. Carrier has retained knowledgeable local businesses to perform the normal day to day operations of the system.

Attachment "C" to this application is a brief description of the licenses and experience of Mr. Robert Hanson who will have general managerial responsibility for the water system. Attachments "B" and "C" demonstrate that the system will be operated and maintained by people who have the necessary operational and managerial abilities to insure good service to the customers of Algoma Water Company.

Attachment "D" to this application is a copy of the sales agreement between Mr. Paul Greenwood (Seller) and Mr. Robert Carrier as the buyer. The Algoma Water system is included in this transaction. The closing on the properties took place April 30, 2006. This transfer of ownership is made subject to approval by the IPUC as shown on "Addendum 2" of the sales agreement.

Mr. Carrier acknowledges that he is aware that the valuation of the system by the IPUC will be the basis established by the Commission at the time the present rates were established adjusted for any additional depreciation and improvements. He also acknowledges that he understand that it is his responsibility to justify and additions to the valuation. The buyer also understands that accounting for the water system must be in accordance with the Commission's Uniform System of Accounts and must be maintained on a stand-alone basis separate and apart from any other business activities of the buyer. It is the intent of the buyer to continue the services of Joan Brittain, Bookkeeper, to do the billing for the water system and to complete and meet the Commissions accounting requirements. Joan has been doing the billing for the last four years.

There is a formal request in the content of this package to increase the rates and charges for service from the water system due to the increased costs of management and repairs to the system. This request is identified as Attachment "22".

Customers have been advised of the change of ownership and this Application through an insert in their monthly billing at the first of June. A copy of the notice is attached.

We request this application be processed as quickly as possible and stand ready to answer any questions the Commission may have.

Sincerely,


Paul Greenwood, Owner

PERSONAL FINANCIAL STATEMENT

BUSINESS BANKING



APPLICANT or GUARANTOR

Last Name CARRIER		First Name ROBERT		Date of Birth 5-19-1957	Contact Phone 702 737 7210
Street Address 3842 HIGLEY ST		Apt Number	City LAS VEGAS	State NV	Zip Code 89103
Type of Primary ID* DRIVERS LICENSE		Identification Number	Issued By	Issue Date 6-30-07	Expiration Date 05-19-2011
Time at Residence 2 WEEKS	<input checked="" type="checkbox"/> Own <input type="checkbox"/> Rent	Monthly Payment 1,852	Employer SELF	Position OWNER	Time at Employer 12 YEARS

CO-APPLICANT or GUARANTOR

Last Name		First Name		Social Security Number	Date of Birth	Contact Phone
Street Address		Apt Number	City	State	Zip Code	Number of Dependents
Type of Primary ID*		Identification Number	Issued By	Issue Date	Expiration Date	
Time at Residence	<input type="checkbox"/> Own <input type="checkbox"/> Rent	Monthly Payment	Employer	Position	Time at Employer	

*To help the government fight the funding of terrorism and money laundering activities, U.S. Federal law requires financial institutions to obtain, verify, and record information that identifies each person (individuals and businesses) who opens an account. What this means for you: When you open an account, we will ask for your name, address, date of birth, and other information that will allow us to identify you. We may also ask to see your driver's license or other identifying documents.

FINANCIAL STATEMENT (leave blank; data you add to the tables on the following pages will automatically be inserted)

Cash in Bank Accounts** (schedule 1)	\$ -	Total Revolving Credit (schedule A)	\$ -
Stocks/Bonds/Mutual Funds/Brokerage* (schedule 2)	\$ -	Total Installment Loans (schedule B)	\$ -
Investment Accounts (schedule 3)	\$ -	Other Liabilities (schedule C)	\$ -
Real Assets (schedule 4)	\$ -	Mortgage on Residence (RE schedule)	\$ -
Residence Market Value (RE schedule)	\$ -	Mortgage(s) on Other Real Estate (RE schedule)	\$ -
Other Real Estate Market Value (RE schedule)	\$ -		
Total Assets	\$ -	Total Liabilities	\$ -

**Statements required when an individual party to the transaction (borrower/co-borrower/guarantor/partner) has \$100,000 or more listed in cash (and/or marketable securities) on their personal financial statement and those items listed will be used as additional support for the loan request. Statements required only for cash and marketable securities held at other financial institutions.

GENERAL INFORMATION

1. Have you ever filed for bankruptcy?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
2. Have you ever been a principal or guarantor of a firm that declared bankruptcy?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
3. Have you ever been convicted of a felony?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
4. Are you a party to any claims or lawsuits?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
5. Are you a co-signer or guarantor of any other debt?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
6. Are you currently an executive officer or on the Board of Directors of any Bank, Thrift or S & L?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
7. Are you currently employed with the Bank's external auditor?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
8. Are any assets held in Trust?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
9. Do you own 25% or more of another company? List Company Name (if YES, attach tax returns for all):	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
10. Are you a citizen of the United States? If NO, what country? ENGLAND	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
11. Marital status? [Answer only if this financial statement is provided in connection one or more of the following: A request for secured credit; applicant is seeking a joint account with spouse; or applicant or co-applicant is a resident of a community property state (Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington or Wisconsin) or is relying on property located in one of those states as a basis for repayment on the credit requested.]	<input type="checkbox"/> Married <input type="checkbox"/> Separated <input checked="" type="checkbox"/> Unmarried	<input type="checkbox"/> Married <input type="checkbox"/> Separated <input type="checkbox"/> Unmarried

(Unmarried: single, divorced, widowed)

If YES to questions 1-7, please describe:



FINANCIAL STATEMENT SCHEDULES

Schedule 1: Cash in Bank Accounts

WELLS FARGO	CHECKING	6,345
WELLS FARGO	COMPLETE ADVANTAGE (SM) CHECKING	7,607
WELLS FARGO	SAVINGS	708

Schedule 2: Stocks/Bonds/Mutual Funds/Brokerage Accounts

Total: \$ 14,660 -

 			
 			
 			
 			

Schedule 3: Retirement Accounts

Total: \$ -

 			
 			
 			
 			

Schedule 4: Other Assets (vehicles, life insurance, etc.)

Total: \$ -

JAGUAR XJ'S	ROBERT J CARRIER	11,000	11,000
TOYOTA 4 RUNNER	" " "	8,000	10,000
G.M.C. 3/4 Ton PICKUP	" " "		8,000

Schedule A: Total Revolving Credit

Total: \$ 29,000

WELLS FARGO VISA	UNSECURED	per month	0
LOWE'S VISA	UNSECURED	per	1,600
		per	
		per	
		per	

Schedule B: Total Installment Loans

Total: \$ 1,600 -

NONE			

Schedule C: Other Liabilities

Total: \$ -

NONE			

Contingent Liabilities (guarantor, lawsuits, tax penalties etc.)

Total: \$ -

NONE			

Total: \$ -

ATTACHMENT "A"

Real Estate Schedules

Property Type:	<input checked="" type="checkbox"/> SF	<input type="checkbox"/> MF	<input type="checkbox"/> Vacation	<input type="checkbox"/> Rental	<input type="checkbox"/> SF	<input checked="" type="checkbox"/> MF	<input type="checkbox"/> C	<input type="checkbox"/> L	<input type="checkbox"/> Vacation	<input type="checkbox"/> Rental	<input type="checkbox"/> SF	<input checked="" type="checkbox"/> MF	<input type="checkbox"/> C	<input type="checkbox"/> L	<input type="checkbox"/> Vacation	<input type="checkbox"/> Rental	<input type="checkbox"/> SF	<input checked="" type="checkbox"/> MF	<input type="checkbox"/> C	<input type="checkbox"/> L
	Ownership %	100																		
Co-Owned with Spouse	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No					
Street Address	3842 HIGLEY ST		4992 NEWPORT COVE "A"				4992 NEWPORT COVE "B"				4992 NEWPORT COVE "C"				4992 NEWPORT COVE "D"					
City	LAS VEGAS		LAS VEGAS				LAS VEGAS				LAS VEGAS				LAS VEGAS					
State	NV		NV				NV				NV				NV					
Zip Code	89103		89119				89119				89119				89119					
Purchase Date	6-28-07		4-9-07				4-9-07				4-9-07				4-9-07					
Purchase Price	300,000		152,500				152,500				152,500				152,500					
Estimated Market Value	350,000		165,000				165,000				165,000				165,000					
Balance - 1st Mortgage	240,000		76,250				76,250				76,250				76,250					
Interest Rate	6.25%		6.25%				6.25%				6.25%				6.25%					
Maturity Date	2037		2037				2037				2037				2037					
Lender - 1st Mortgage	INDYMAC BANK		INDYMAC BANK				INDYMAC BANK				INDYMAC BANK				INDYMAC BANK					
Payment - 1st Mortgage	1,250		397				397				397				397					
Balance - Other Mortgages/Liens	45,000																			
Interest Rate	9.25%																			
Maturity Date	2037																			
Lender - Other Mortgages	INDYMAC BANK																			
Payments - Other Mortgages	366																			
Property Tax	138		50.76				50.76				51.99				51.99					
Insurance	98		27.43				27.43				27.43				27.43					
Gross Monthly Rent			795				795				810				810					

SIGNATURES

The signer(s) certifies he/she has verified that all the information in the above (and attached) statement(s) and supporting schedules, including all federal tax returns, prepared by or for the undersigned, is a complete and correct statement of the financial condition of the undersigned on the date indicated. The signer(s) authorize Wells Fargo Bank, National Association and its affiliates ("Bank") to obtain consumer and/or business reports including inquiries to the Internal Revenue Service or the Franchise Tax Board, in their names as individuals anytime. The Bank is also authorized to provide credit information about the Bank's credit experience with the signer(s) to other creditors and credit reporting agencies.

X [Signature] 7-9-07 X [Signature]
 Applicant's Signature Date Co-Applicant's Signature Date

California Residents: Applicant, if an individual and married, may apply for a separate account. California applicants and co-applicants must submit IRS Form 4506-T Request for Transcript of Tax Return with this application, or the application may be rejected.
Ohio Residents: The Ohio law against discrimination requires that all creditors make credit equally available to all credit worthy customers, and that credit reporting agencies maintain separate credit histories on each individual upon request. The Ohio civil rights commission administers compliance with this law.
Married Wisconsin Residents: No provision of any marital property agreement, unilateral statement under §766.59, Wis. Stats., or court decree under §766.70, Wis. Stats., adversely affects the interest of the creditor unless the creditor, prior to the time the credit is granted or an open-end credit plan is entered into, is furnished a copy of the agreement, statement or court decree or has actual knowledge of the adverse provision.

ATTACHMENT "A"

BUSINESS PLAN

The following is a brief synopsis of the manner in which Robert J. Carrier intends to conduct the business operations of the Algoma Water System.

It is my intention to incorporate Algoma Water System into the group business plan of the other community sewer systems I already own.

Then plan is as follows:

Bob Hanson of Water Systems Management, Inc.

Phone: (208) 265-4270

E-mail: wsmibob@aol.com

Fax: (208) 264-4270

Address: 67 Wild Horse Trail

Sandpoint, ID 83864

License: See Attached

Bob Hanson has been retained for the past year and will continue the overall management of each system.

Deal Pump & Electric

Terry Deal, Owner

Phone: (208) 263-9166

Terry is available on call 24/7, year round for maintenance and emergency purposes.

Billing & Accounting:

Joan Brittain, Bookkeeper

(208) 263-8946

Mailing Address: 206 N. 4th Ave., #146

Sandpoint, ID 83864

Joan is a retired bookkeeper/accountant who has been handling the Algoma Water and the additional sewer systems for the past 4 years and will continue to do so.

It is in my plan to always have enough resource available to make sure the customer does not suffer due to poor management or a defunct system. That is why I will strive to keep the Algoma system in top operating condition by hiring the best people to oversee its operation.

**Current water and wastewater licenses for Robert Hansen
as issued by the Idaho Bureau of Occupational Licenses:**

BAT-530	Backflow Assembly Tester License
DWD2-13440	Drinking Water Distribution, Class 2
DWT2-10694	Drinking Water Treatment, Class 2
WWC2-13710	Wastewater Collection, Class 2
WWT1-13889	Wastewater Treatment, Class 1
WWTL-10693	Wastewater Lagoons

Additionally for Robert Hansen:

Appointed by the Governor to the Idaho Bureau of Occupational Licenses, Water & Wastewater Board.

Appointed by the Director of the Idaho Department of Environmental Quality to the IDEQ Drinking Water Advisory committee.

Immediate past president of the American Backflow Prevention Association (ABPA), Idaho Chapter.

Facility operation will be by: Water Systems Management, Inc. who employs three additional licensed water and/or wastewater operators capable of covering both requirements for a responsible charge and substitute responsible charge operator for each system. WSM, Inc. also operates and/or supplies services for over twenty other water or wastewater systems in the northern counties of Idaho and provides cross connection control programs and backflow prevention assembly testing along with water and wastewater consulting service throughout the area.



RE-23 COMMERCIAL/INVESTMENT REAL ESTATE PURCHASE AND SALE AGREEMENT



THIS IS A LEGALLY BINDING CONTRACT. READ THE ENTIRE DOCUMENT INCLUDING ANY ATTACHMENTS. IF YOU HAVE ANY QUESTIONS, CONSULT YOUR ATTORNEY AND/OR ACCOUNTANT BEFORE SIGNING.

1 ID# 18073712 DATE 03/27/2007
2
3 LISTING AGENCY TBS Office Phone # Fax #
4 Listing Agent Jim Watkins E-Mail Phone #
5 SELLING AGENCY TBS Office Phone # Fax #
6 Selling Agent Chris Neu E-Mail Phone #

7
8 1. BUYER: Rob Carreir and/or assigns (Hereinafter called "BUYER")
9 agrees to purchase, and the undersigned SELLER agrees to sell the following described real estate hereinafter referred to as "PREMISES"
10 COMMONLY KNOWN AS Greenwood Utility System City Sagle/Cocolalla
11 County, Bonner ID, Zip 83860 and legally described as:

12
13 OR Legal Description Attached as addendum # 1 (Addendum must accompany original offer.)

14
15 2. \$ 165,000.00 PURCHASE PRICE: One Hundred Sixty-Five Thousand and Zero/100 DOLLARS,
16 payable upon the following TERMS AND CONDITIONS (not including closing costs):

17
18 3. FINANCIAL TERMS: Note: A+C+D must equal the total purchase price.

19
20 \$ 500.00 (A). EARNEST MONEY: BUYER hereby deposits Five Hundred and Zero/100 DOLLARS as Earnest
21 Money evidenced by: [] cash [] personal check [] cashier's check [X] note (due date): due by 4/1/07
22 [] other Earnest Money to be deposited in trust account [] upon receipt, or [X] upon acceptance by all parties
23 and shall be held by: [] Listing Broker [X] Selling Broker [] other for the benefit of the parties hereto. The
24 responsible Broker shall be Jeff Bond

25
26 (B). ALL CASH OFFER [] NO [X] YES IF CASH OFFER, BUYER'S OBLIGATION TO CLOSE SHALL NOT BE
27 SUBJECT TO ANY FINANCIAL CONTINGENCY. BUYER agrees to provide SELLER within 10 business days from the date of acceptance of
28 this agreement by all parties, evidence of sufficient funds and/or proceeds necessary to close transaction. Acceptable documentation includes,
29 but is not limited to a copy of a recent bank or financial statement or contract(s) for the sale of BUYER'S current residence or other property to be
30 sold.

31
32 \$ (C). FINANCING:
33 [] Additional financial terms are specified under the heading "OTHER TERMS AND CONDITIONS" (Section 5 below)
34 [] Additional financing terms are contained in a financing addendum of same date, and attached hereto, and signed by both parties.

35
36 \$ 164,500.00 (D). APPROXIMATE FUNDS DUE FROM BUYERS AT CLOSING: (Not including closing costs) Cash at closing to
37 be paid by BUYER at closing in GOOD FUNDS, includes cash, electronic transfer funds, certified check, or cashiers check.

38
39 4. SECTION 1031 TAX DEFERRED EXCHANGE: By checking either or both of the boxes that follow, it is hereby acknowledged by the parties
40 that the [X] Buyer, [] Seller intends to use the purchase and sale of the Premises as an integral part of a tax deferred like-kind exchange as
41 allowed under Section 1031 of the Internal Revenue Code (the "Exchange"). For purposes of this paragraph, the party participating in the
42 Exchange shall be identified as the "Exchanger." If either box above is checked, then the parties recognize that a material part of the
43 Exchanger's consideration for entering into the agreement for the purchase and sale of the Premises is the successful completion of the
44 exchange. The parties agree to assist each other in the completion of such exchange by cooperating with each other by signing any and all
45 relevant documents provided that the party not doing the Exchange shall not incur any liabilities, costs, fees, or taxes in excess of those which
46 that party would have incurred had this transaction not been an Exchange.

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55 BUYER'S Initials (Signature) Date 4-1-05 SELLER'S Initials (Signature) Date 4-5-07

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ATTACHMENT "D"

PROPERTY ADDRESS: Greenwood Utility System Sagle/Cocolalla ID# 18073712

5. OTHER TERMS AND/OR CONDITIONS: This Agreement is made subject to the following special terms, considerations and/or contingencies which must be satisfied prior to closing Offer made subject to the following contingencies:

1.) Buyer to have 2 weeks to perform feasibility study of property including the viability of system.

2.) Buyer and Seller are aware that transfer of ownership of Algoma Water is made subject to the approval of the Idaho Public Utility Commission. Cost of ownership transfer to be buyers' responsibility.

6. INCLUDED ITEMS:

(a) All existing fixtures and fittings that are attached to the premises are included in the purchase price (unless excluded below) and shall be transferred free of liens. These include but are not limited to, all attached floor coverings, attached television antennae, satellite dish and receiving equipment, attached plumbing, bathroom and lighting fixtures, window screens, screen doors, storm windows, storm doors, all window coverings, garage door opener(s) and transmitter(s), exterior trees, plants or shrubbery, water heating apparatus and fixtures, attached fireplace equipment, awnings, ventilating, cooling and heating systems, all ranges, ovens, built-in dishwashers, fuel tanks, all water systems, wells, spring water that are now on or used in connection with the premises shall be included in the sale unless otherwise provided herein.

(b) Irrigation fixtures and equipment, and any and all, if any, water and water rights, and any and all, if any, ditches and ditch rights that are appurtenant thereto that are now on or used in connection with the premises shall be included in the sale unless otherwise provided herein.

(c) Other items specifically included in this sale: All accounts receivable

(d) Items specifically excluded in this sale: Any related debt of either Algoma Water or Northern Utilities

7. TITLE CONVEYANCE: Title of SELLER is to be conveyed by warranty deed special warranty deed or Plus Bill of Sale

deed, and is to be marketable and insurable except for rights reserved in federal patents, state or railroad deeds, building or use restrictions, building and zoning regulations and ordinances of any governmental unit, and rights of way and easements established or of record. Liens, encumbrances or defects to be discharged by SELLER may be paid out of purchase money at date of closing. No liens, encumbrances or defects which are to be discharged or assumed by BUYER or to which title is taken subject to, exist unless otherwise specified in this Agreement.

8. TITLE INSURANCE: There may be types of title insurance coverages available other than those listed below and parties to this agreement are advised to talk to a title company about any other coverages available that will give the buyer additional coverage.

(A). PRELIMINARY TITLE COMMITMENT: Prior to closing the transaction SELLER or BUYER shall furnish to BUYER a preliminary commitment of a title insurance policy showing the condition of the title to said premises. BUYER shall have 3 business day(s) from receipt of the preliminary commitment or not fewer than twenty-four (24) hours prior to closing, within which to object in writing to the condition of the title as set forth in the preliminary commitment. If BUYER does not so object, BUYER shall be deemed to have accepted the conditions of the title. It is agreed that if the title of said premises is not marketable, or cannot be made so within 3 business day(s) after notice containing a written statement of defect is delivered to SELLER, BUYER'S Earnest Money deposit will be returned to BUYER and SELLER shall pay for the cost of title insurance cancellation fee, escrow and legal fees, if any.

(B). TITLE COMPANY: The parties agree that Sandpoint Title Company located at _____ shall provide the title policy and preliminary report of commitment.

BUYER'S Initials RTC Date 4-1-07 SELLER'S Initials [Signature] Date 4-5-07

ATTACHMENT "D"

PROPERTY ADDRESS: Greenwood Utility System Sagle/Cocolalla ID# 18073712

(C). STANDARD COVERAGE OWNER'S POLICY: SELLER shall within a reasonable time after closing furnish to BUYER a title insurance policy in the amount of the purchase price of the premises showing marketable and insurable title subject to the liens, encumbrances and defects elsewhere set out in this Agreement to be discharged or assumed by BUYER unless otherwise provided herein. **The risk assumed by the title company in the standard coverage policy is limited to matters of public record.** BUYER shall receive a ILTA/ALTA Owner's Policy of Title Insurance. A title company, at BUYER's request, can provide information about the availability, desirability, coverage and cost of various title insurance coverages and endorsements. If BUYER desires title coverage other than that required by this paragraph, BUYER shall instruct closing agency in writing and pay any increase in cost unless otherwise provided herein.

(D). EXTENDED COVERAGE LENDER'S POLICY (Mortgagee policy): The lender may require that BUYER (Borrower) furnish an Extended Coverage Lender's Policy. This extended coverage lender's policy considers matters of public record and additionally insures against certain matters not shown in the public record. **This extended coverage lender's policy is solely for the benefit of the lender and only protects the lender.**

9. INSPECTION/DUE DILIGENCE:

(A). BUYER shall have the right to conduct due diligence inspections, investigations, tests, surveys and other studies at BUYER'S expense unless otherwise indicated below or agreed upon in writing by the parties. BUYER chooses to have inspection not to have inspection. If BUYER chooses not to have inspection skip the remainder of this section 9. BUYER shall, within 15 business day(s) of acceptance, complete these inspections and give to SELLER written notice of disapproved items. BUYER is strongly advised to exercise these rights and to make BUYER's own selection of professionals with appropriate qualifications to conduct inspections of the entire premises. The closing of this transaction is conditioned upon BUYER's satisfaction or waiver of the following contingencies.

INSPECTION ITEM; COSTS PAID BY	BUYER	SELLER	SHARED EQUALLY	N/A	INSPECTION ITEM; COSTS PAID BY	BUYER	SELLER	SHARED EQUALLY	N/A
Environmental Inspection (Phase I)				X	Hazardous Waste report(s)				X
Environmental Inspection (Phase II)				X	Other substances hazardous to human health (e.g. mold, radon, asbestos, etc.)				X
Environmental Inspection (Phase III)				X	Review of seller's relevant business documents				X
Survey				X	Utilities and Zoning Studies				X
Water Rights				X	Pest, dry rot & structural inspection(s)				X
Flood Zone Hazard				X	Compliance with American With Disabilities Act				X
Soil(s) and Percolation Test(s)				X	Well/Septic				
Survey				X					X

The following documents and materials shall be provided by the SELLER to the BUYER as part of the BUYER'S inspection/due diligence: **All available records of business including but not limited to profit and loss sheets, balance sheets, repair orders and annual reports from both Algoma Water and Northern Utilities.**

(B). SATISFACTION/REMOVAL OF INSPECTION DUE DILIGENCE CONTINGENCIES:

1). If BUYER does not within the strict time period specified give to SELLER written notice of disapproved items, BUYER shall conclusively be deemed to have: (a) completed all inspections, investigations, review of applicable documents and disclosures; (b) elected to proceed with the transaction and (c) assumed all liability, responsibility and expense for repairs or corrections other than for items which SELLER has otherwise agreed in writing to repair or correct.

2). If BUYER does within the strict time period specified give to SELLER written notice of disapproved items, BUYER shall provide to SELLER pertinent section(s) of written inspection reports. SELLER shall have 4 business day(s) in which to respond in writing. The SELLER, at their option, may correct the items as specified by the BUYERS in their letter or may elect not to do so. If the SELLER agrees to correct the items asked for in the BUYERS letter, then both parties agree that they will continue with the transaction and proceed to closing. **This will remove the BUYER'S inspection contingency.**

BUYER'S Initials ROG Date 4-1-07 SELLER'S Initials [Signature] Date 4-5-07

ATTACHMENT "D"

PROPERTY ADDRESS: Greenwood Utility System Sagle/Cocolalla ID# 18073712

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3). If SELLER elects not to correct the disapproved items, or does not respond in writing within the strict time period specified, then the BUYER(S) have the option of either continuing the transaction without the SELLER being responsible for correcting these deficiencies or giving the SELLER written notice within 4 business days that they will not continue with the transaction and demand the return of their Earnest Money.

4). If BUYER does not give such written notice of cancellation within the strict time periods specified, BUYER shall conclusively be deemed to have elected to proceed with the transaction without repairs or corrections other than for items with SELLER has otherwise agreed in writing to repair or correct. SELLER shall make the premises available for all inspections. BUYER shall keep the premises free and clear of liens; indemnify and hold SELLER harmless from all liability, claims, demands, damages and costs; and repair any damages arising from the inspections. No inspections may be made by any governmental building or zoning inspector or government employee without the prior consent of SELLER unless required by local law.

10. **ADDITIONAL COSTS:** Costs in addition to those listed below may be incurred by BUYER and SELLER unless otherwise agreed herein, or provided by law or required by lender, or otherwise stated herein. The below costs will be paid as indicated. Some costs are subject to loan program requirements. SELLER agrees to pay up to \$ 0 of lender required repair costs only. BUYER or SELLER has the option to pay any lender required repair costs in excess of this amount.

COSTS	BUYER	SELLER	SHARED EQUALLY	N/A	COSTS	BUYER	SELLER	SHARED EQUALLY	N/A
Appraisal fee				X	Flood certification /tracking fee				X
Long term Escrow fees				X	Title Ins. Standard Coverage owners policy		X		
Closing fee			X		Lenders Extended Policy				X
Additional Title Ins.				X	Attorney contract preparation and/or review fee			X	
Water Rights				X					

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11. **ESCROW/COLLECTION:** If a long-term escrow/collection is involved, then the escrow/collection holder shall be na. Each party agrees to pay one-half of escrow/collection fees and escrow setup fees.

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12. **RESIDENTIAL PROPERTY CONDITION DISCLOSURE:** Idaho Code §55-2501 *et seq.* requires that any person intending to transfer "residential real property" deliver to the transferee, within ten (10) days of the acceptance of an offer to purchase, a SELLER PROPERTY DISCLOSURE FORM. "Residential real property" means real property that is improved by a building or other structure that has one (1) to four (4) dwelling units or an individually owned unit in a structure of any size. This also applies to real property which has a combined residential and commercial use. The property is is not subject to the Property Condition Disclosure Act.

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13. **LEAD-BASED PAINT DISCLOSURE:** Properties that meet the criteria of "target housing" require certain disclosures regarding lead-based paint hazards. Pursuant to 42 USCA §4851 *et seq.*, "target housing" means any housing constructed prior to 1978, except housing for the elderly or persons with disabilities (unless any child who is less than six (6) years of age resides or is expected to reside in such housing for the elderly or persons with disabilities) or any zero-bedroom dwelling. A "residential dwelling" means a single-family dwelling, including attached structures such as porches and stoops; or a single-family dwelling unit in a structure that contains more than one (1) separate residential dwelling unit, and in which each such unit is used or occupied, or intended to be used or occupied, in whole or in part, as the home or residence of one (1) or more persons. "Residential real property" means real property on which there is situated one (1) or more residential dwellings used or occupied, or intended to be used or occupied, in whole or in part, as the home or residence of one (1) or more persons.

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The subject property is is not defined as "Target Housing" regarding lead-based paint or lead-based paint hazards. If yes, BUYER hereby acknowledges the following: (a) BUYER has been provided an EPA approved lead-based paint hazard information pamphlet, "Protect Your Family From Lead in Your Home," (b) receipt of the Seller's Disclosure of Information and Acknowledgment Form and have been provided with all records, test reports or other information, if any, related to the presence of lead-based paint hazards on said property, (c) that this contract is contingent upon BUYER'S right to have the property tested for lead-based paint hazards to be completed no later than _____ or the contingency will terminate, (d) that BUYER hereby waives does not waive this right, (e) that if test results show unacceptable amounts of lead-based paint on the property, BUYER has the right to cancel the contract subject to the option of the SELLER (to be given in writing) to elect to remove the lead-based paint and correct the problem which must be accomplished before closing, (f) that if the contract is cancelled under this clause, BUYER'S earnest money deposit will be returned to BUYER.

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BUYER'S Initials (Roc) Date 4-1-07 SELLER'S Initials (OR) Date 4-5-07

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ATTACHMENT "D"

PROPERTY ADDRESS: Greenwood Utility System Sagle/Cocolalla ID# 18073712

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14. SQUARE FOOTAGE VERIFICATION: BUYER IS AWARE THAT ANY REFERENCE TO THE SQUARE FOOTAGE OF THE REAL PROPERTY OR IMPROVEMENTS IS APPROXIMATE. IF SQUARE FOOTAGE IS MATERIAL TO THE BUYER, IT MUST BE VERIFIED DURING THE INSPECTION PERIOD.

15. COVENANTS, CONDITIONS AND RESTRICTIONS (CC&Rs): BUYER is responsible to obtain and review a copy of the CC&Rs (if applicable). BUYER has reviewed CC&Rs Yes No.

16. RISK OF LOSS: Prior to the closing of this sale, all risk of loss shall remain with SELLER. In addition, should the premises be materially damaged by fire or other destructive cause prior to closing, this agreement shall be voidable at the option of the BUYER.

17. CONDITION OF PREMISES AT CLOSING: Upon expiration of the Inspection/Due Diligence period and thereafter, BUYER agrees to purchase the Premises in as-is condition, where is, with all faults and with no further repairs required unless otherwise agreed upon by the parties in writing. BUYER will assume all obligations with respect to the Premises. SELLER shall maintain the Premises until the closing in its present condition, ordinary wear and tear excepted.

18. CLOSING AGENCY: The Closing Agency for this transaction shall be Katherine Dullea Law Office located at Fourth Ave

19. CLOSING DATE: On or before the closing date, BUYER and SELLER shall deposit with the Closing Agency all funds and instruments necessary to complete the sale. The closing date shall be no later than 4/25/07 RSC. "Closing Date" means the date on which all documents are either recorded or accepted by an escrow/collection agency and the sale proceeds are available to SELLER.

20. POSSESSION/PRORATION: BUYER shall be entitled to possession UPON CLOSING or DATE TIME AM PM. Taxes and water assessments (using the last available assessment as a basis), rents, insurance premiums, interest and reserve on liens, encumbrances or obligations assumed and utilities shall be prorated as of the day of closing or Close. Any tenant deposits held by SELLER shall be credited to BUYER at closing.

21. "NOT APPLICABLE DEFINED:" The letters "n/a," "N/A," "n.a.," and "N.A." as used herein are abbreviations of the term "not applicable." Where this agreement uses the term "not applicable" or an abbreviation thereof, it shall be evidence that the parties have contemplated certain facts or conditions and have determined that such facts or conditions do not apply to the agreement or transaction herein.

22. FACSIMILE TRANSMISSION: Facsimile or electronic transmission of any signed original document, and retransmission of any signed facsimile or electronic transmission shall be the same as delivery of an original. At the request of either party or the Closing Agency, the parties will confirm facsimile and electronic transmitted signatures by signing an original document.

23. BUSINESS DAYS & HOURS A business day is herein defined as Monday through Friday, 8:00 A.M. to 5:00 P.M. in the local time zone where the subject real property is physically located. A business day shall not include any Saturday or Sunday, nor shall a business day include any legal holiday recognized by the state of Idaho as found in Idaho Code § 73-108. The time in which any act required under this agreement is to be performed shall be computed by excluding the date of execution and including the last day. The first day shall be the day after the date of execution. If the last day is a legal holiday, then the time for performance shall be the next subsequent business day.

24. DEFAULT: IF BUYER defaults in the performance of this Agreement, SELLER has the option of: (1) accepting the Earnest Money as liquidated damages or (2) pursuing any other lawful right or remedy to which SELLER may be entitled. If SELLER elects to proceed under (1), SELLER shall make demand upon the holder of the Earnest Money, upon which demand said holder shall pay from the Earnest Money the costs incurred by SELLER's Broker on behalf of SELLER and BUYER related to the transaction, including, without limitation, the costs of title insurance, escrow fees, credit report fees, inspection fees and attorney's fees; and said holder shall pay any balance of the Earnest Money, one-half to SELLER and one-half to SELLER's Broker, provided that the amount to be paid to SELLER's Broker shall not exceed the Broker's agreed to commission. SELLER and BUYER specifically acknowledge and agree that if SELLER elects to accept the Earnest Money as liquidated damages, such shall be SELLER's sole and exclusive remedy, and such shall not be considered a penalty or forfeiture. If SELLER elects to proceed under (2), the holder of the Earnest Money shall be entitled to pay the costs incurred by SELLER's Broker on behalf of SELLER and BUYER related to the transaction, including, without limitation, the costs of Brokerage fee, title insurance, escrow fees, credit report fees, inspection fees and attorney's fees, with any balance of the Earnest Money to be held pending resolution of the matter. **If SELLER defaults,** having approved said sale and fails to consummate the same as herein agreed, BUYER'S Earnest Money deposit shall be returned to him/her and SELLER shall pay for the costs of title insurance, escrow fees, credit report fees, inspection fees, Brokerage fees and attorney's fees, if any. This shall not be considered as a waiver by BUYER of any other lawful right or remedy to which BUYER may be entitled.

BUYER'S Initials (RSC) Date 4-1-07 SELLER'S Initials ([Signature]) Date 4-5-07

ATTACHMENT "D"

