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AWS-W-06-01

May 18, 2006

IDAHO PUBLIC UTILITIES COMMISSION  
PO BOX 83720  
BOISE, ID 83720-0074

**RE: APPLICATION TO SELL THE ALGOMA WATER SYSTEM (PWS1090001) 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 (IPUC) approval to sell the Algoma Water System to Mr. Paul Greenwood. He will operate the Algoma Water System under the name Algoma Water as a proprietorship. This Application is solely for approval of the change of ownership. No changes in rates, charges or service are proposed. We request the application be processed under Modified Procedure as expeditiously as possible.

Mr. Greenwood 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. Greenwood, by copy of this letter, is requesting that he be provided his own documents.

Mr. Greenwood has been working in Bonner County for approx. 20 years. His background is one of real estate development and income producing business management. He also owns a large landscaping business in California where he calls home and with that company comes all the experience gained through working with the ins and outs of the private sector.

Paul Greenwood has developed a proud reputation in Bonner County, one of fair dealings and quality jobs. Paul also owns 3 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. Greenwood. This financial statement demonstrates that Mr. Greenwood 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. Greenwood intends to incorporate the Algoma Water Company into his other business interests in Idaho. As an absentee owner, Mr. Greenwood 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.

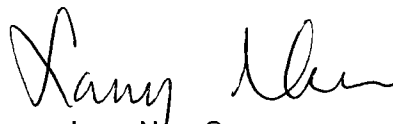
Attachment "D" to this application is a copy of the sales agreement between Mr. Larry Neu (Seller) and Mr. Greenwood as the buyer. The Algoma Water system is included in this transaction. The closing on the properties took place Feb.15, 2006. This transfer of ownership is made subject to approval by the IPUC as shown on "Addendum 2" of the sales agreement.

Mr. Greenwood 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 understands that it is His responsibility to justify any 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 Brittan, CPA 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 Neu family for the last two and a half years.

There is not at this time any plan to request adjustment to any of the rates and charges for service from the water system. Customers are being advised of this Application through an insert in their monthly billing at the first of April. A copy of the notice is enclosed as Attachment "E".

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

Sincerely,



Larry Neu, Owner

# Personal Financial Statement

To:

Wells Fargo Bank, National Association

2-23-06

If I have any questions regarding the completion of this form, I should contact my Wells Fargo representative.

I may apply for a credit extension, loan or other financial accommodation alone or together with someone else, ("co-applicant"). If I apply with a co-applicant and our combined assets and debts can meaningfully and fairly be presented together, the co-applicant and I may complete this required statement and any supporting schedules jointly. Otherwise, separate forms and schedules are required.

**Applicant** PAUL E. GREENWOOD

Name

Social Security Number

22311 ROMAR ST CHATSWORTH CA 91311

Address

Time at Residence

27 YRS.

818-998-7244 Ho./818-970-8383 CELL

Telephone Number

Date of Birth

1-29-38

SELF

Present Employer

Position

PRES./OWNER

SAME

Address

Time at Employer

44 YRS

818-998-4440/818-998-3297 FAX

Business Phone

Loan Purpose

PURCHASE - UTILITIES

CA. DRIVERS LIC

\* Type of Primary Identification

\* Identification Number

1-29-06

\* Issue Date

CADMU

\* Issued By

1-29-10

\* Exp. Date

## Co-Applicant

Name

Social Security Number

Address

Time at Residence

Telephone Number

Date of Birth

Present Employer

Position

Address

Time at Employer

Business Phone

Loan Purpose

\* Type of Primary Identification

\* Identification Number

\* Issue Date

\* Issued By

\* Exp. Date

\* New Account Identification Requirements: To help the government fight the funding of terrorism and money laundering activities, U.S. Federal law required financial institutions to obtain, verify and record information that identified each person (individuals and businesses) who open an account. What this means for you: When you open an account, we will ask you 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.



**SCHEDULE 3 SECURITIES OWNED**

No. Shares or Bond Amount	Description	In whose name(s) registered	ACCT # Cost	Present Market Value	L-listed U-unlisted
STOCKS	NATIONAL SECURITIES	PAUL GREENWOOD		196,115.	
TOTAL				0	

**SCHEDULE 4 RETIREMENT ACCOUNTS**

No. Shares or Bond Amount	Description	In whose name(s) registered	Cost	Present Market Value	L-listed U-unlisted
TOTAL				0	

**SCHEDULE 5 LIFE INSURANCE**

Insured	Insurance company	Beneficiary	Face value of policy	Cash value	Loans
TOTAL				0	

**SCHEDULE 6 REAL ESTATE (If you own more than 5 properties, please use the optional Real Estate Schedule tab and insert totals only into this schedule)**

Property #	Address and Type of Property	Title in name(s) of	Monthly Income	Cost	Year acquired	Present Market Value	Amount of Insurance
1	Homestead						
	22311 ROMAR ST CHATS.	PAUL GREENWOOD	-	131,500.	1980	975,000.	500,000.
	301 S. 4TH AVE SANDPOINT ID.	" "	370.	176,000.	2004	400,000.	500,000.
TOTAL						1,375,000.0	

**SCHEDULE 7 MORTGAGES OR LIENS ON REAL ESTATE**

Property # (should correspond with Schedule 6 Property #)	To whom payable	How payable	Interest Rate	Maturity Date	Unpaid Balance
1 (Homestead)		\$ - per	0.00%		
	22311 ROMAR WASH. MUTUAL	\$ 1135. per INC TAXES & INS.	0.00%	2017	96,500.
	301 S. 4TH AVE COUNTRY WIDE	\$ 945. per " " "	0.00%	2019	146,000.
		\$ - per	0.00%		
		\$ - per	0.00%		
TOTAL					242,500

**SCHEDULE 8 LOANS PAYABLE TO BANKS & OTHERS AND INSTALLMENT CONTRACTS PAYABLE**

To whom payable	Address	Secured By	How payable	Maturity Date	Unpaid Balance
LEXUS	626611753	-	\$ 683. per Mo	2009	28,000.
			\$ - per		
			\$ - per		
			\$ - per		
			\$ - per		
TOTAL					28,000

*Paul Paul* 2-23-06

	APPLICANT	CO-APPLICANT
Have I ever gone through bankruptcy or had a judgment against me?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
Are any assets pledged or debts secured except as shown?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
Have I made a will?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
Number of dependents (If none, check "None")	___ / <input checked="" type="checkbox"/> None	___ / <input type="checkbox"/> None

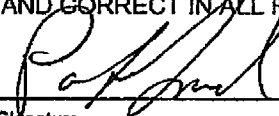
Marital status [answer only if this financial statement is provided in connection with a request for secured credit, applicant is seeking a joint account with spouse, or applicant or co-applicant is a resident of a community property state (Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington or Wisconsin) or is relying on property located in such a state as a basis for repaying the credit requested.]

<input type="checkbox"/> Married	<input type="checkbox"/> Married
<input type="checkbox"/> Separated	<input type="checkbox"/> Separated
<input checked="" type="checkbox"/> Unmarried	<input type="checkbox"/> Unmarried

(Unmarried includes single, divorced, widowed)

The foregoing statement, submitted for the purpose of obtaining credit, is true and correct in every detail and fairly shows my/our financial condition at the time indicated. I/we will give you prompt written notice of any subsequent substantial change in such financial condition occurring before discharge of my/our obligations to you. I/we understand that you will retain this personal financial statement whether or not you approve the credit in connection with which it is submitted. You are authorized to check my/our credit and employment history or any other information contained herein.

**THE UNDERSIGNED CERTIFY THAT THE INFORMATION CONTAINED ON THIS FORM HAS BEEN CAREFULLY REVIEWED AND THAT IT IS TRUE AND CORRECT IN ALL RESPECTS.**

2-23-06	
Date	My Signature

Date	Co-applicant signature (If you are requesting the financial accommodation jointly)

**NOTICE TO ARIZONA AND NEW MEXICO APPLICANTS ONLY:**

I am applying for individual credit as a sole and separate debt.

**NOTICE TO OHIO APPLICANTS ONLY:** The Ohio laws against discrimination require 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.

**NOTICE TO WISCONSIN MARRIED APPLICANTS ONLY:** 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.

<b>BANK USE ONLY</b> (Not required for Business borrowers such as: Corporations, LLCs/LLPs, S Corps, Partnerships)
Banker Notations for CID input into Athena:

## BUSINESS PLAN

The following is a brief synopsis of the manner in which Paul Greenwood 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.

The plan is as follows:

Bob Hanson of Water Systems Management Inc.

Phone: 208-265-4270 E-mail: wsmibob@aol.com

Fax: 208-265-4270

Address: 67 Wild Horse Trail

Sandpoint, ID 83864

License: See Attached

Bob Hanson has been retained in the overall management of each system

Deal Pump and Electric

Terry Deal, Owner

Phone: 208-263-9166

Address:

Sandpoint, ID 83864

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

Book Keeping is handled by

Joan Brittain, retired CPA

Phone: 208-263-8946

Address: 206 N. 4th

Sandpoint, ID 83864

Joan is a retired CPA, who already has 3 years experience with my other system and has been handling Algoma Water's books for approximately that amount of time.

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-24 VACANT LAND REAL ESTATE PURCHASE AND SALE AGREEMENT  
AND RECEIPT FOR EARNEST MONEY**



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.

Shaded text is used for clarification concerning form use.

1 ID# WATJ-12406 DATE 01/24/2006  
 2  
 3 LISTING AGENCY Tomlinson Black Sandpoint Office Phone # 263-5101 Fax # 263-3888  
 4 Listing Agent Chris Neu E-Mail chrisn@tb.com Phone # 255-2491  
 5 SELLING AGENCY Tomlinson Black Office Phone # 263-5101 Fax # 263-3888  
 6 Selling Agent Jim Watkins E-Mail isoldit@sandpoint.net Phone # 265-1505

7  
 8 1. BUYER: Paul Greenwood 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 Utility Systems and lot  
 11 City \_\_\_\_\_ County \_\_\_\_\_ ID, Zip \_\_\_\_\_  
 12 Legally described as: \_\_\_\_\_  
 13

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

15  
 16 2. \$ 177,000 PURCHASE PRICE: One Hundred and Seventy-Seven Thousand DOLLARS,  
 17 payable upon the following TERMS AND CONDITIONS ( not including closing costs ):

18  
 19 3. FINANCIAL TERMS: Note: A+C+D+E must add up to total purchase price.

20  
 21 \$ 1,000 A. EARNEST MONEY: BUYER hereby deposits One Thousand DOLLARS  
 22 as Earnest Money evidenced by:  cash  personal check  cashier's check  note (due date): to be sent 1/26/06  
 23  other \_\_\_\_\_ and a receipt is hereby acknowledged. Earnest Money to be deposited in trust account  upon  
 24 receipt,  upon acceptance by all parties and shall be held by:  Listing Broker  Selling Broker  other \_\_\_\_\_  
 25 \_\_\_\_\_ for the benefit of the parties hereto. The responsible Broker shall be Jeff Bond.

26  
 27 B. ALL CASH OFFER:  NO  YES IF THIS IS AN ALL CASH OFFER DO NOT COMPLETE LINES SUBSECTION C, FILL BLANKS WITH  
 28 "0" (ZERO). IF CASH OFFER BUYER'S OBLIGATION TO CLOSE SHALL NOT BE SUBJECT TO ANY FINANCIAL  
 29 CONTINGENCY, BUYER agrees to provide SELLER within \_\_\_\_\_ business days from the date of this agreement, evidence of sufficient funds  
 30 and/or proceeds necessary to close transaction. Acceptable documentation includes, but is not limited to a copy of a recent bank or financial  
 31 statement or contract(s) for the sale of BUYER'S current residence or other property to be sold.

32  
 33 \$ \_\_\_\_\_ C. NEW LOAN PROCEEDS:  
 34  
 35  FIRST LOAN of \$ \_\_\_\_\_ not including mortgage insurance. This Agreement is contingent upon BUYER  
 36 obtaining the following type(s) of financing:  FHA  VA  CONVENTIONAL  IHFA  RURAL DEVELOPMENT  
 37  OTHER \_\_\_\_\_ with interest not to exceed \_\_\_\_\_ % for a period of \_\_\_\_\_ year(s) at:  Fixed Rate  
 38  Other \_\_\_\_\_ BUYER shall pay no more than \_\_\_\_\_ point(s) plus origination fee if any. SELLER shall pay no more  
 39 than \_\_\_\_\_ point(s). Any reduction in points shall first accrue to the benefit of the  BUYER  SELLER  Divided Equally  N/A.

40  
 41  SECOND LOAN of \$ \_\_\_\_\_ for a period of \_\_\_\_\_ year(s) at:  Fixed Rate  Other \_\_\_\_\_ BUYER shall  
 42 pay no more than \_\_\_\_\_ point(s) plus origination fee if any. SELLER shall pay no more than \_\_\_\_\_ point(s). Any reduction in points shall  
 43 first accrue to the benefit of the  BUYER  SELLER  Divided Equally  N/A.

44  
 45 LOAN APPLICATION: BUYER  has applied  shall apply for such loan(s) within \_\_\_\_\_ business day(s) of SELLER'S acceptance.  
 46 Within \_\_\_\_\_ business days of final acceptance of all parties, BUYER agrees to furnish SELLER with a written confirmation  
 47 showing lender approval of credit report, income verification, debt ratios in a manner acceptable to the SELLER(S) and subject only  
 48 to satisfactory appraisal and final lender underwriting. If such written confirmation is not received by SELLER(S) within the strict time  
 49 allotted, SELLER(S) may at their option cancel this agreement by notifying BUYER(S) in writing of such cancellation within \_\_\_\_\_  
 50 business day(s) after written confirmation was required. If SELLER does not cancel within the strict time period specified as set forth herein,  
 51 SELLER shall be deemed to have accepted such written confirmation of lender approval and shall be deemed to have elected to proceed with  
 52 the transaction. SELLER'S approval shall not be unreasonably withheld. If an appraisal is required by lender, the property must appraise at  
 53 not less than purchase price or BUYER'S Earnest Money may be returned at BUYER'S request. BUYER may also apply for a loan with  
 54 different conditions and costs and close transaction provided all other terms and conditions of this Agreement are fulfilled, and the new loan  
 55 does not increase the costs or requirements to the SELLER.

56  
 57 FHA / VA: If applicable, it is expressly agreed that notwithstanding any other provisions of this contract, BUYER shall not be obligated to  
 58 complete the purchase of the property described herein or to incur any penalty or forfeiture of Earnest Money deposits or otherwise unless  
 59 BUYER has been given in accordance with HUD/FHA or VA requirements a written statement by the Federal Housing Commissioner, Veterans  
 60 Administration or a Direct Endorsement lender setting forth the appraised value of the property of not less than the sales price as stated in the  
 61 contract. SELLER agrees to pay fees required by FHA or VA.

62 BUYER'S Initials ( GW ) Date 1-24-06 SELLER'S Initials ( JW ) Date 1/24/06

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 66 RE-24 VACANT LAND PURCHASE AND SALE AGREEMENT PAGE 1 of 6 JULY, 2005 EDITION



PROPERTY ADDRESS: Utility Systems and lot ID#: WATJ-12406

3. If the SELLER elects not to correct the disapproved items, 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 3 business days that they will not continue with the transaction and will receive their Earnest Money back.

4. If SELLER does not respond within the strict time period specified, BUYER shall have the right to cancel this agreement in writing.

5. 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 which SELLER has otherwise agreed in writing to repair or correct.

SELLER shall make the property available for all inspections. BUYER shall keep the property 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.

7. TITLE CONVEYANCE: Title of SELLER is to be conveyed by warranty deed, unless otherwise provided, 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:

(A) TITLE COMMITMENT: Prior to closing the transaction,  SELLER or  BUYER shall furnish to BUYER a commitment of a title insurance policy showing the condition of the title to said premises. BUYER shall have \_\_\_\_\_ business day(s) from receipt of the commitment or not less 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 commitment. If BUYER does not so object, BUYER shall be deemed to have accepted the condition of the title. It is agreed that if the title of said premises is not marketable, or cannot be made so within \_\_\_\_\_ 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 title policy and preliminary report of commitment.

(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. The risk assumed by the title company in the standard coverage policy is limited to matters of public record.

(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.

(E) EXTENDED COVERAGE OWNER'S POLICY: A standard title policy does not cover certain potential problems or risks such as liens (i.e. a legal claim against premises for payment of some debt or obligation, boundary disputes, claims of easement and other matters of claims if they are not of public record at time of closing.) However, under Idaho law, such potential claims against the premises may have become legal obligations before the purchase of the home and yet may not be of public record until after the purchase. It is recommended that BUYER talk to a title company about what it offers in the way of extended coverage title policies and endorsements. This extended coverage owner's policy is for the benefit of the owner and provides similar coverage like provided by the extended coverage lender's policy.

Extended Coverage Owner's Policy requested  Yes  No. Additional premium paid by:  BUYER  SELLER.

9. ATTORNEY'S FEES: If either party initiates or defends any arbitration or legal action or proceedings which are in any way connected with this Agreement, the prevailing party shall be entitled to recover from the non-prevailing party reasonable costs and attorney's fees, including such costs and fees on appeal.

10. EARNEST MONEY DISPUTE / INTERPLEADER: Notwithstanding any termination of this contract, BUYER and SELLER agree that in the event of any controversy regarding the Earnest Money and things of value held by Broker or closing agency, unless mutual written instructions are received by the holder of the Earnest Money and things of value, Broker or closing agency shall not be required to take any action but may await any proceeding, or at Broker's or closing agency's option and sole discretion, may interplead all parties and deposit any moneys or things of value into a court of competent jurisdiction and shall recover court costs and reasonable attorney's fees.

11. COVENANTS, CONDITIONS AND RESTRICTIONS (CC& R'S): BUYER is responsible to obtain and review a copy of the CC& R's (if applicable). BUYER has reviewed CC& R's.  Yes  No  N/A

12. SUBDIVISION HOMEOWNER'S ASSOCIATION: BUYER is aware that membership in a Home Owner's Association may be required and BUYER agrees to abide by the Articles of Incorporation, By-Laws and rules and regulations of the Association. BUYER is further aware that the Property may be subject to assessments levied by the Association described in full in the Declaration of Covenants, Conditions and Restrictions, BUYER has reviewed Homeowner's Association Documents:  Yes  No  N/A Association fees/dues are \$ \_\_\_\_\_ per \_\_\_\_\_  BUYER  SELLER  N/A to pay Homeowner's Association SET UP and/or property TRANSFER FEES of \$ \_\_\_\_\_ at closing.

BUYER'S Initials [Signature] Date 1-24-06 SELLER'S Initials [Signature] Date 1/24/06

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PROPERTY ADDRESS: Utility Systems and lot ID#: WATJ-12406

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**13. FARM/CROPS/TIMBER RIGHTS:** SELLER, or any tenant of SELLER, shall be allowed to harvest, sell or assign any annual crops which have been planted on the Property prior to the date of this Contract, even though said harvest time may occur subsequent to the date of the settlement of this contract, unless otherwise agreed by attached addendum. If the crop consists of timber, then neither SELLER nor any tenant of SELLERs shall have any right to harvest the timber unless the right to remove same shall be established by attached addendum. Notwithstanding the provisions hereof, any tenant who shall be leasing the Property shall be allowed to complete the harvest of any annual crops that have been planted prior to the date of Contract Acceptance as previously agreed between SELLER and Tenant. **ANY AND ALL SUCH TENANT AGREEMENTS ARE TO BE ATTACHED.**

**14. NOXIOUS WEEDS:** BUYER of the property in the State of Idaho should be aware that some properties contain noxious weeds. The laws of the State of Idaho require owners of property within this state to control, and to the extent possible, eradicate noxious weeds. For more information concerning noxious weeds and your obligations as an owner of property, contact your local county extension office.

**15. MINERAL RIGHTS:** Any and all mineral rights which are already included with the property will be included in the sale of this property unless otherwise stipulated.

**16. WATER RIGHTS:** Description of water rights, water systems, wells, springs, water, ditches, ditch rights, etc., if any, that are appurtenant thereto that are now on or used in connection with the premises and shall be included in the sale unless otherwise provided herein:

**17. RISK OF LOSS:** Prior to 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 BUYER.

**18. 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.

**19. SEVERABILITY:** In the case that any one or more of the provisions contained in this Agreement or any application thereof, shall be invalid, illegal or unenforceable in any respect, the validity, legality or unenforceability of the remaining provisions shall not in any way be affected or impaired thereby.

**20. 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.

**21. ADDITIONAL CONTINGENCIES AND COSTS:** The closing of this transaction is contingent upon written satisfaction or waiver of the following contingencies. 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 and by no later than time of closing. Some costs are subject to loan program requirements. In addition, the parties shall satisfy all contingencies set forth in this section by (Date): na unless otherwise agreed to by the parties.

COSTS	BUYER	SELLER	Shared Equally	Not Applicable	CONTINGENCIES	BUYER	SELLER	Shared Equally	Not Applicable
Appraisal Fee				X	Environmental Inspection (Phase 1)				X
Long Term Escrow Fees				X	Environmental Inspection (Phase 2)				X
Closing Escrow Fee			X		Environmental Inspection (Phase 3)				X
Survey				X	PERC Test				X
Flood Certification/Tracking Fee				X	Zoning Variance				X
Title Ins. Standard Coverage Owners Policy		X			Soil(s) Test(s)				X
Title Ins. Extended Coverage Lender's Policy - Mortgagee Policy				X	Hazardous Waste Report(s)				X
Additional Title Coverage				X					
Water Rights Transfer Fee				X					
Attorney Contract Preparation Fee				X					

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BUYER'S Initials [Signature] Date 1-24-06 SELLER'S Initials [Signature] Date 1/24/06

PROPERTY ADDRESS: Utility Systems and lot ID#: WATJ-12406

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22. **COUNTERPARTS:** This Agreement may be executed in counterparts. Executing an agreement in counterparts shall mean the signature of two identical copies of the same agreement. Each identical copy of an agreement signed in counterparts is deemed to be an original, and all identical copies shall together constitute one and the same instrument.

23. **ENTIRE AGREEMENT:** This Agreement contains the entire Agreement of the parties respecting the matters herein set forth and supersedes all prior Agreements between the parties respecting such matters. No warranties, including, without limitation, any warranty of habitability, agreements or representations not expressly set forth herein shall be binding upon either party.

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.

25. **SALES PRICE INFORMATION:** SELLER and BUYER hereby grant permission to the brokers and either party to this Agreement to disclose sale data from this transaction, including selling price and property address to the local Association / Board of REALTORS®, multiple listing service, its members, its members' prospects, appraisers and other professional users of real estate sales data. The parties to this Agreement acknowledge that sales price information compiled as a result of this Agreement may be provided to the County Assessor's Office by either party or by either party's Broker.

26. **TIME IS OF THE ESSENCE IN THIS AGREEMENT.**

27. **CLOSING:** On or before the closing date, BUYER and SELLER shall deposit with the closing agency all funds and instruments necessary to complete this transaction. Closing means the date on which all documents are either recorded or accepted by an escrow agent and the sale proceeds are available to SELLER. The closing shall be no later than (Date) March 27, 2006  
The parties agree that the CLOSING AGENCY for this transaction shall be Katherine Dulica  
located at 4th Avenue, Sandpoint If a long-term escrow / collection is involved, then the long-term escrow holder shall be \_\_\_\_\_

28. **POSSESSION:** BUYER shall be entitled to possession  upon closing or  date \_\_\_\_\_ at \_\_\_\_\_  am /  pm. Property taxes and water assessments (using the last available assessment as a basis), rents, interest and reserves, liens, encumbrances or obligations assumed and utilities shall be pro-rated as of \_\_\_\_\_

29. **SPECIAL CONSIDERATIONS AND CONTINGENCIES:** This Agreement is made subject to the following special considerations and/or contingencies which must be satisfied prior to closing: see paragraph 4.

30. **REPRESENTATION CONFIRMATION:** Check one (1) box in Section 1 and one (1) box in Section 2 below to confirm that in this transaction, the brokerage(s) involved had the following relationship(s) with the BUYER(S) and SELLER(S).  
Section 1:  A. The brokerage working with the BUYER(S) is acting as an AGENT for the BUYER(S).  
 B. The brokerage working with the BUYER(S) is acting as a LIMITED DUAL AGENT for the BUYER(S), without an ASSIGNED AGENT.  
 C. The brokerage working with the BUYER(S) is acting as a LIMITED DUAL AGENT for the BUYER(S) and has an ASSIGNED AGENT acting solely on behalf of the BUYER(S).  
 D. The brokerage working with the BUYER(S) is acting as a NONAGENT for the BUYER(S).  
Section 2:  A. The brokerage working with the SELLER(S) is acting as an AGENT for the SELLER(S).  
 B. The brokerage working with the SELLER(S) is acting as a LIMITED DUAL AGENT for the SELLER(S), without an ASSIGNED AGENT.  
 C. The brokerage working with the SELLER(S) is acting as a LIMITED DUAL AGENT for the SELLER(S) and has an ASSIGNED AGENT acting solely on behalf of the SELLER(S).  
 D. The brokerage working with the SELLER(S) is acting as a NONAGENT for the SELLER(S).

Each party signing this document confirms that he has received, read and understood the Agency Disclosure Brochure adopted or approved by the Idaho real estate commission and has consented to the relationship confirmed above. In addition, each party confirms that the brokerage's agency office policy was made available for inspection and review. EACH PARTY UNDERSTANDS THAT HE IS A "CUSTOMER" AND IS NOT REPRESENTED BY A BROKERAGE UNLESS THERE IS A SIGNED WRITTEN AGREEMENT FOR AGENCY REPRESENTATION.

BUYER'S Initials [Signature] Date 1-24-06 SELLER'S Initials [Signature] Date 1/24/06

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PROPERTY ADDRESS: Utility Systems and lot ID#: WATJ-12406

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31. ACCEPTANCE: BUYER'S offer is made subject to the acceptance of SELLER on or before (Date) 1/25/06 at (Time) 5  A.M.  P.M. If SELLER does not accept this Agreement within the time specified, the entire Earnest Money shall be refunded to BUYER on demand.

32. BUYER'S SIGNATURES:

SEE ATTACHED BUYER'S ADDENDUM(S): 1 (Specify number of BUYER addendum(s) attached.)

BUYER Signature [Signature] BUYER (Print Name) Paul Greenwood

Date 1-24-06 Time 12:00  A.M.  P.M. Phone # \_\_\_\_\_ Cell # \_\_\_\_\_

Address \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

E-Mail Address \_\_\_\_\_ Fax # \_\_\_\_\_

BUYER Signature \_\_\_\_\_ BUYER (Print Name) \_\_\_\_\_

Date \_\_\_\_\_ Time \_\_\_\_\_  A.M.  P.M. Phone # \_\_\_\_\_ Cell # \_\_\_\_\_

Address \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

E-Mail Address \_\_\_\_\_ Fax # \_\_\_\_\_

33. SELLER'S SIGNATURES:

On this date, I/We hereby approve and accept the transaction set forth in the above Agreement and agree to carry out all the terms thereof on the part of the SELLER.

SIGNATURE(S) SUBJECT TO ATTACHED COUNTER OFFER

SIGNATURE(S) SUBJECT TO ATTACHED ADDENDUM(S) # 1

SELLER Signature [Signature] SELLER (Print Name) Chris New

Date 1/24/06 Time 2  A.M.  P.M. Phone # \_\_\_\_\_ Cell # \_\_\_\_\_

Address \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

E-Mail Address \_\_\_\_\_ Fax # \_\_\_\_\_

SELLER Signature [Signature] SELLER (Print Name) LARRY NEU

Date 1/24/06 Time 2:00  A.M.  P.M. Phone # 290 1807 Cell # \_\_\_\_\_

Address Sandpoint, IDA City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

E-Mail Address \_\_\_\_\_ Fax # \_\_\_\_\_

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RE-11 ADDENDUM # 1 (1,2,3, etc.)



Date: 1-24-06

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.

This is an ADDENDUM to the Purchase and Sale Agreement and Receipt for Earnest Money. ("Addendum" means that the information below is added material for the agreement {such as lists or descriptions} and/or means the form is being used to change, correct or revise the agreement {such as modification, addition or deletion of a term}).

PURCHASE AND SALE AGREEMENT DATED: 1/24/06 ID # WATJ-12406

ADDRESS: Utility System

BUYER(S): Greenwood

SELLER(S): Neu

The undersigned parties hereby agree as follows:

Legal Descriptions as Follows:

- 1) 16-56N-2W Algoma Addition, Blk 3 Lots 2,3,4, Algoma Addn Sewer
- 2) 16-56N-2W Algoma Addition, Well Lot, TCO 09-04-0222-001
- 3) 16-56N-2W Algoma Addition, Blk 1, Tax 2, Commercial Park Drainfield
- 4) 6-55N-2W Tax 19, Shoreline Systems, Cocolalla
- 5) 36-57N-3W Tax 10, Sunny Shores Sewer

To the extent the terms of this ADDENDUM modify or conflict with any provisions of the Purchase and Sale Agreement including all prior Addendums or Counter Offers, these terms shall control. All other terms of the Purchase and Sale Agreement including all prior Addendums or Counter Offers not modified by this ADDENDUM shall remain the same. Upon its execution by both parties, this agreement is made an integral part of the aforementioned Agreement.

BUYER: [Signature]

Date: 1-24-06

BUYER: \_\_\_\_\_

Date: \_\_\_\_\_

SELLER: [Signature]

Date: 1-24-06

SELLER: [Signature]

Date: 1-24-06

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RE-11 ADDENDUM # 2 (1,2,3, etc.)



Date: 1-24-06

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.

This is an ADDENDUM to the Purchase and Sale Agreement and Receipt for Earnest Money. ("Addendum" means that the information below is added material for the agreement (such as lists or descriptions) and/or means the form is being used to change, correct or revise the agreement (such as modification, addition or deletion of a term)).

PURCHASE AND SALE AGREEMENT DATED: 1/24/06 ID # WATJ2406

ADDRESS: Utility System

BUYER(S): Greenwood

SELLER(S): Neu

The undersigned parties hereby agree as follows:

-Buyer is aware that there is approximately a 4 month review process in which the Idaho Public Utilities Commission approves the new ownership of the water system.

-Buyer is also advised that upon closing new sewer and water maintenance agreements should be constructed for all clients.

-Buyer has option of assuming current post office box, (pending USPS approval)

To the extent the terms of this ADDENDUM modify or conflict with any provisions of the Purchase and Sale Agreement including all prior Addendums or Counter Offers, these terms shall control. All other terms of the Purchase and Sale Agreement including all prior Addendums or Counter Offers not modified by this ADDENDUM shall remain the same. Upon its execution by both parties, this agreement is made an integral part of the aforementioned Agreement.

BUYER: [Signature]

Date: 1-26-06

BUYER: \_\_\_\_\_

Date: \_\_\_\_\_

SELLER: [Signature]

Date: 1-24-06

SELLER: \_\_\_\_\_

Date: \_\_\_\_\_

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**Customer Notice**

Dear Customer of Algoma Water,

An application has been filed with the Idaho Public Utilities Commission (IPUC) for approval of a sale of the Algoma Water Company to Mr. Paul Greenwood. Mr. Greenwood intends to retain local qualified and licensed professionals to operate and maintain the water system. There are no plans to change the water rates you pay, this is simply a change of ownership application.

The Application is on file with the Idaho Public Utilities Commission. You may read the application on the IPUC Web Site ([puc.state.id.us](http://puc.state.id.us)). A copy is available for your review at the real estate offices of Tomlinson Black, 200 Main Street, Sandpoint.

Should you wish to make comments to the IPUC regarding this application you may do so on line at the Commission's web site or write to them at:

Idaho Public Utilities Commission  
P.O. Box 83704  
Boise, Idaho 83704-0074

Sincerely,  
Algoma Water Co.