

PURCHASE AND SALE TRANSFER AGREEMENT

This Purchase and Sale Transfer Agreement ("Agreement") is made as of the 23 day of September, 2010, by, between, and among Candy Mountain Limited Liability Company (CMLLC), a Washington limited liability company, Tri-City Development Corporation (TCDC), a Washington corporation, and Summit View Waterworks, LLC (SVWW), a Washington limited liability company (occasionally collectively referred to as the "Parties").

RECITALS

WHEREAS, CMLLC is the owner of certain water permits, delivery devices, facilities, buildings, real property, easements, fixtures, and other assets and property located in Benton County, Washington associated with the delivery of water.

WHEREAS, TCDC is the owner of certain delivery devices, facilities, buildings, real property, easements, fixtures, and other assets and property located in Benton County, Washington associated with the delivery of water under CMLLC's water permits.

WHEREAS, SVWW is a water company regulated by the Washington Utilities and Transportation Commission (WUTC) that operates and manages the delivery of domestic and irrigation water as a privately owned Group A water system with the Washington State Department of Health (DOH Identification No. 03303-4), and whereas the WUTC desires that SVWW own and control certain rights, permits, assets, and property associated with the domestic water system and associated delivery components.

WHEREAS, CMLLC and TCDC desire to transfer and sell to SVWW and SVWW desires to purchase and accept ownership of certain property, assets, and liabilities of CMLLC and TCDC, respectively.

NOW THEREFORE, for and in consideration of the mutual covenants and agreements of the Parties, and for good and valuable consideration, CMLLC, TCDC, and SVWW hereby agree as follows:

I. TRANSFER OF RIGHTS, ASSETS, AND PROPERTY

1.1 Transfer of Water Right Permits. CMLLC agrees to, and hereby does, transfer, convey, assign, and set over to SVWW all of CMLLC's rights and interests in the following State of Washington Department of Ecology groundwater permits:

Groundwater Right Permit No. G4-30279 (Priority Date May 29, 1990)
Groundwater Right Permit No. G4-30508 (Priority Date Nov. 30, 1990)

Contemporaneous with this agreement, CMLLC shall execute a Washington State Department of Ecology Assignment of Application or Permit to Appropriate or Store Water and Quit Claim Deed, in a form and manner acceptable for recording, assigning and conveying its rights in the above permits. The water right permits and real property affected are set out in Exhibit A.

1.2 Transfer of Certain Assets. On the terms and subject to the conditions of this Agreement, CMLLC and TCDC agree to, and hereby do, transfer to SVWW, and SVWW agrees to, and hereby does, accept from CMLLC and TCDC, the assets, property, and interests described in the attached Schedule 1 to this Agreement.

1.3 CMLLC Transfer of Real Property Interests. CMLLC agrees to convey, transfer, and quitclaim to SVWW the following real property:

a. Tract A of Summit View #1 (Domestic Water Building Tract):

Tract A of recorded survey of the plat of Summit View No. 1, as recorded in volume 14 of plats page 116.

Situate in the County of Benton, State of Washington.

b. Tract A of Summit View #5 (Irrigation Pond Tract):

Tract A of recorded survey of the plat of Summit View - Phase 5, as recorded in volume 15 of plats page 362.

Situate in the County of Benton, State of Washington.

c. Easements: Its rights and interests in those Easements identified and described on the attached Schedule 2. Said easement interests to be conveyed by quitclaim deed.

1.4 TCDC Transfer of Real Property Interests. TCDC agrees to transfer to SVWW the following real property:

a. BMID I-82 Undercrossing Use Agreement. TCDC agrees to transfer and assign its interest in the undercrossing easement and/or use agreement, including all after acquired interest in the same, related to the existing Badger Mountain Irrigation District I-82 undercrossing used to provide domestic irrigation water to Badger View Estates.

b. Other Easements: Its rights and interests in those Easements identified and described on the attached Schedule 2. Said easement interests to be conveyed by quitclaim deed.

1.5 Consideration/Payment.

a. Purchase Price of CMLLC Assets and Property. SVWW agrees to pay CMLLC Four Hundred Ninety-Nine Thousand One Hundred Fifteen Dollars (\$499,115.00), which payment obligation shall be in the form of a promissory note, delivered at Closing. SVWW shall execute and deliver at Closing a Promissory Note ("Note") in the principal amount of \$499,115.00, to CMLLC, in the form attached hereto as Exhibit B.

b. Purchase Price of TCDC Assets and Property. SVWW agrees to pay TCDC Five Hundred Seventy-Four One Hundred Sixty-Nine Dollars (\$574,169.00), which payment obligation shall be in the form of a promissory note, delivered at Closing. SVWW shall execute and deliver at Closing a Promissory Note ("Note") in the principal amount of \$574,169.00, to TCDC, in the form attached hereto as Exhibit C.

1.6 Prorations. All expenses related to the transferred Domestic Water Building Tract and the Irrigation Pond Tract, including but not limited to, real property taxes, assessments, water, sewer, and utility charges, and any other expenses normal to the ordinary operation and maintenance of the tracts, shall be prorated as of the Closing Date.

II. WARRANTIES, COVENANTS, AND INDEMNIFICATION

2.1 As-Is. Except as otherwise expressly provided in this agreement, CMLLC and TCDC make no covenants, representations, or warranties with respect to the condition of the real or personal property, or any of the buildings, structures, improvements, or apparatus, located on or under the real property. The real property and personal property is conveyed "AS-IS".

2.2 Assumption of Delivery Costs. As of the Effective Date of this Agreement, SVWW agrees to assume the costs incurred in the delivery of domestic water within the SVWW, Washington State Department of Health designated Service Area, as presently existing or hereafter amended.

2.3 Assumption of Liabilities. In addition to the consideration provided herein, SVWW agrees to, and hereby does, assume all obligations related to the domestic water system, including all contractual liabilities and obligations, and duties, now existing or arising in the future. As part of the above assumption, SVWW agrees to, and hereby does, assume all duties and liabilities associated with or related to the domestic water system delivery infrastructure used in the delivery of domestic water within the SVWW, Washington State Department of Health assigned Service Area. Further, without limitation as to the general assumption above, SVWW expressly agrees to assume the maintenance of irrigation pond landscaping.

2.4 Indemnification. As of the Effective Date of this Agreement, SVWW agrees to indemnify, defend, and hold CMLLC and TCDC, and their respective members,

directors, officers, employees and agents, harmless from any and all claims, liability, or damages, which arise out of or relate to the assets, property, and interests transferred by this Agreement and which arise following the Effective Date of this Agreement, including but expressly not limited to, any claims, actions, or suits for breach of contract, property damage or personal injury or death, environmental matters, regulatory compliance, and/or any and all liability rising from the process of delivering and/or duty to deliver water. Furthermore, SVWW agrees to indemnify, defend, and hold CMLLC and TCDC, and their respective members, directors, officers, employees and agents, harmless from any and all claims or demands based on any alleged duty to serve or provide water under the permits and associated delivery system transferred herein, whether based in contract, law, or equity.

2.5 No Encumbrances. CMLLC and TCDC hereby confirm and warrant that each of them is lawfully seized of the property transferred herein, and that there are no present mortgages or lienhold interests affecting said real property.

2.6 Further Assurances or Necessary Action. CMLLC, TCDC, and SVWW, respectively, agree they shall take all such action as may be necessary or appropriate in order to effectuate the transactions contemplated hereby. On or after the Effective Date, if any further action is necessary or desirable to carry out the purposes of this Agreement and to vest SVWW with full title to all property, assets, or interests contemplated herein, the Parties agree to act promptly and in good faith to take all such necessary or appropriate action.

2.7 Survival of Terms. The promises, agreements, indemnities, representations, covenants, warranties set forth in or made in writing pursuant to this Agreement or in any document or instrument delivered hereunder shall remain in full force and effect and shall survive the Effective Date of this Agreement and any transfers of title.

III. RESERVATION OF RIGHTS

3.1 CMLLC Right of Access. CMLLC hereby expressly reserves a continuing non-exclusive right of access in, on, over, under, and above the real property tracts and easements being granted to SVWW to the extent such real property tracts and easements are currently being used to service CMLLC's separate non-domestic irrigation service or CMLLC's development efforts.

3.2 TCDC Right of Access. TCDC hereby expressly reserves a continuing non-exclusive right of access in, on, over, under, and above the easements being granted to SVWW.

3.3 CMLLC Irrigation Infrastructure and Components. CMLLC expressly reserves and does not intend to lease, transfer, or agree to transfer any irrigation delivery system components or piping not located on or within Summit View Phases No. 1 through No. 6. Furthermore, CMLLC expressly reserves and does not intend to lease,

transfer, or agree to transfer those large irrigation mains, piping, and components located in Summit View Phase No. 5 that are current present within the utility easements located between lots 25 and 26 and lots 40 and 41, the existing roadway, and elsewhere. Further, CMLLC hereby expressly reserves a right of access in, on, over, under, and above the real property tracts and easements to the extent such real property tracts and easements are currently being used to service CMLLC's separate non-domestic irrigation service, including, but not limited to, an easement in, on, over, under, and above the property-described utility easements located in Summit View Phase No. 5 where irrigation delivery system components are currently located. Nothing in this Agreement shall be construed to transfer to SVWW any rights or interests in irrigation components not serving domestic irrigation to Summit View Phases Nos. 1 through 6.

3.4 CMLLC Water Rights/Wells. Except as specifically transferred by this Agreement, CMLLC does not intend by this Agreement to transfer any rights or interests in CMLLC's groundwater rights, groundwater right permits, or groundwater right applications, the rights to which are expressly reserved in and to CMLLC. Without limiting the generality of the foregoing, CMLLC expressly reserves and does not intend to lease, transfer, or agree to transfer its interests in the following groundwater right permits:

Groundwater Right Permit No. G4-30505
Groundwater Right Permit No. G4-30506
Groundwater Right Permit No. G4-30507
Groundwater Right Permit No. G4-30509
Groundwater Right Permit No. G4-30510
Groundwater Right Permit No. G4-30511

CMLLC expressly reserves its interests in the above rights and permits, together with its interests in any well associated therewith.

IV. GENERAL TERMS AND CONDITIONS

4.1 Authority to Enter into Agreement. The Parties signing this Agreement have authority to enter into this Agreement.

4.2 Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Washington.

4.3 Severability. If any term, provision, or covenant of this Agreement is held by any governmental entity or court to be invalid, void, or unenforceable, the remainder of the terms, provisions, and covenants shall remain in full force and effect and shall in no way be affected, impaired, or invalidated.

4.4 Remedies. SVWW shall be entitled to specific performance of this Agreement as its sole and exclusive remedy, exclusive of attorneys' fees and costs if allowable, in the event of any default hereunder. SVWW shall not be entitled to

consequential, incidental, or other damages in the event of any breach by either CMLLC or TCDC.

4.5 Non-Waiver of Breach. The failure of either party to insist upon strict performance of any of the covenants or agreements contained herein ~~shall not be~~ construed to be a waiver or relinquishment of such rights, or any other covenants or agreements, and the same shall remain in full force and effect.

4.6 Binding Effect. This Agreement shall be binding upon the Parties hereto and shall bind and inure to the benefit of their respective heirs, representatives, successors, and assigns.

4.7 Effective Date. The Effective Date of this Agreement shall be the date of mutual execution or, if approval of this Agreement is requested by one or more agencies, then the Effective Date is the date the last of these approvals is obtained.

4.8 Recording. A memorandum reflecting this Agreement shall be recorded with the Benton County Auditor's/Recorder's Office.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

CANDY MOUNTAIN LIMITED
LIABILITY COMPANY

By: [Signature]
Name: Siris Rathbun
Title: Managing Member

TRI-CITY DEVELOPMENT
CORPORATION

By: [Signature]
Name: Siris Rathbun
Title: Vice-President

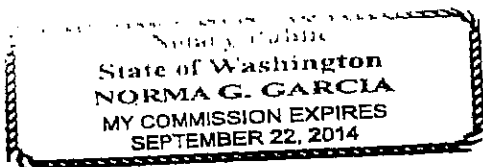
SUMMIT VIEW WATERWORKS, LLC

By: [Signature]
Name: Siris Rathbun
Title: Managing Member

STATE OF WASHINGTON)
COUNTY OF Benton) ss.

I certify that I know or have satisfactory evidence that Kirk Rathbun is the person who appeared before me, and said person acknowledged that s/he signed this instrument on oath, stated that s/he was authorized to execute the instrument, and acknowledged it as the Vice President of Tri-City Development Corporation, a Washington corporation, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Date: Sept 23rd, 2010.



(Seal or Stamp)

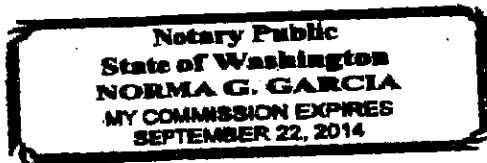
Norma G. Garcia
(Signature of Notary)
Norma G. Garcia
(Print name of Notary)

NOTARY PUBLIC in and for the State
of Washington, residing at Kennewick
My appointment expires: 9-22-2014

STATE OF WASHINGTON)
COUNTY OF Benton) ss.

I certify that I know or have satisfactory evidence that Kirk Rathbun is the person who appeared before me, and said person acknowledged that s/he signed this instrument on oath, stated that s/he was authorized to execute the instrument, and acknowledged it as the Managing Member of Summit View Waterworks, LLC, a Washington limited liability company, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Date: Sept 23rd, 2010.



(Seal or Stamp)

Norma G. Garcia
(Signature of Notary)
Norma G. Garcia
(Print name of Notary)

NOTARY PUBLIC in and for the State
of Washington, residing at Kennewick
My appointment expires: 9-22-2014

Schedule 1

Assets

1. **Assets Associated with CMLLC Domestic Permits, Well, and Delivery System.**

CMLLC hereby transfers the following:

- a. Water Right Permit No. G4-30508.
- b. Water Right Permit No. G4-30279.
- c. All delivery system components, including, but not limited to the well, well and water distribution equipment and apparatus, valves, delivery piping, filtration equipment and apparatus, and all other fixtures associated with Water Right Permit Nos. G4-30279 and G4-30508.
- d. The buildings, reservoir, fencing, equipment, permanent and temporary fixtures, landscaping, and other personal and real property located on or associated with the Tract A of Summit View Phase No. 1, said tract being legally described as Tract A of recorded survey of plat of Summit View #1 as recorded in volume 14 of plats page 116.
- e. All of the domestic delivery system piping and associated water distribution equipment and apparatus situate on lands located in underground easements in Summit View Phase No. 1.
- f. All of the domestic delivery system piping and associated water distribution equipment and apparatus situate on lands located in underground easements in Summit View Phase No. 2.
- g. All of the domestic delivery system piping and associated water distribution equipment and apparatus situate on lands located in underground easements in Summit View Phases Nos. 3 and 4.

2. **Assets Associated with CMLLC Irrigation Pond and Delivery System**

CMLLC hereby transfers the following:

- a. The irrigation pond, building, housing, fencing, equipment, permanent and temporary fixtures, landscaping, and other personal and real property located on or associated with the Tract A of Summit View Phase No. 5, said tract being legally described as Tract A of recorded survey of the plat of Summit View #5 as recorded in volume 15 of plats page 362.

b. All of the domestic irrigation delivery system piping and associated water distribution equipment and apparatus situate on lands located in underground easements in Summit View Phase No. 1.

c. All of the domestic irrigation delivery system piping and associated water distribution equipment and apparatus situate on lands located in underground easements in Summit View Phase No. 2.

d. All of the domestic irrigation delivery system piping and associated water distribution equipment and apparatus situate on lands located in underground easements in Summit View Phase Nos. 3 & 4.

3. Assets Associated with Domestic Irrigation Delivery System (Phases 5 & 6)

TCDC hereby transfers the following:

a. All of the domestic delivery system piping and associated water distribution equipment and apparatus situate on lands located in underground easements in Summit View Phase No. 5 and Summit View Phase No. 6, together with any ingress, egress, access, or utility easements associated therewith.

b. All of the domestic irrigation delivery system piping and associated water distribution equipment and apparatus situate on lands located in underground easements in Summit View Phase No. 5 and Summit View Phase No. 6, together with any ingress, egress, access, or utility easements associated therewith.

4. Assets Associated with Delivery System for Badger View Estates

TCDC hereby transfers the following:

a. All of its interest in the easement/use agreement with Badger View Irrigation District for I-82 under crossing to serve and provide water to the Badger View Estates, including all after acquired interest.

b. All of its interest in the domestic irrigation delivery system piping and associated water distribution equipment and apparatus situate on lands located in underground easements in Badger View Estates.

5. Assets Associated with the Hickman/Sunrise Canyon Estates System

CMLLC hereby transfers the following:

a. All of its rights in the domestic irrigation delivery system piping and associated water distribution equipment and apparatus situate on lands located in underground easements in or associated with the short plats of "Sunrise Canyon Estates," Short Plat Nos. 3004 and 3007, recorded under Benton County Auditor's File Numbers

2007-016412 and 2007-017392; *Provided that* CMLLC does not transfer the main irrigation line crossing CMLLC's property not being transferred by this Agreement, nor the irrigation means through which the above water is delivered.

Schedule 2

Easements

1. CMLLC to SVWW

a. Easements for Summit View Phases Nos. 1 through 4

Summit View No. 1

10' Public Utility Easement (as set forth in Plat of Summit View No. 1)

5' Irrigation Easement (as set forth in Plat of Summit View No. 1)

Well easement, including 100' sanitary setback

Any and all other utility easements disclosed on the plat

Summit View No. 2

10' Utility Easement (as set forth in Plat of Summit View No. 2)

10' Utility and Waterline Easement (as set forth in Plat of Summit View

No. 2)

Any and all other utility easements disclosed on the plat

Summit View Nos. 3 & 4

10' Utility Easement (as set forth in Plat of Summit View Nos. 3 & 4)

Any and all other utility easements disclosed on the plat

b. Sunrise Canyon Estates Easements

10' Utility Easement (as set forth in Short Plat No. 3004)

10' Utility Easement (as set forth in Short Plat No. 3007)

c. Badger View Estates Easements

Easement for utility purposes under 2007-004296

Easement for utility purposes under 2007-000265

[Easements for utility purposes as disclosed on face of plat?]

[Irrigation easement as disclosed on face of plat?]

2. CMLLC and TCDC to SVWW

a. Easements for Summit View Phases Nos. 5 and 6.

Summit View No. 5

10' Utility Easement (as set forth in Plat of Summit View No. 5)

10' Irrigation Easement (as set forth in Plat of Summit View No. 5)

Any and all other utility easements disclosed on the plat

Summit View No. 6

10' Utility Easement (as set forth in Plat of Summit View No. 6)
5' Irrigation Easement (as set forth in Plat of Summit View No. 6)
Any and all other utility easements disclosed on the plat

b. BMD Use Agreement [Not yet consummated]

EXHIBIT A
LEGAL DESCRIPTIONS

Summit View No. 1:

Plat of Summit View No. 1, as recorded in volume 14 of plats, page 116, records of Benton County, Washington.

Situate in County of Benton, State of Washington.

PTN SW $\frac{1}{4}$ Sec. 9, T. 8 N., R. 28 E W.M.

Summit View No. 2:

Plat of Summit View No. 2, as recorded in volume 15 of plats, page 211, records of Benton County, Washington.

Situate in County of Benton, State of Washington.

PTN SW $\frac{1}{4}$ Sec. 9, T. 8 N., R. 28 E W.M.

Summit View Nos. 3 & 4:

Plat of Summit View - Phases 3 & 4, as recorded in volume 15 of plats, page 299, records of Benton County, Washington.

Situate in County of Benton, State of Washington.

PTN S $\frac{1}{2}$ Sec. 9, T. 8 N., R. 28 E W.M.

Summit View Phase No. 5:

Plat of Summit View - Phase 5, as recorded in volume 15 of plats, page 362, records of Benton County, Washington.

Situate in County of Benton, State of Washington.

PTN W $\frac{1}{2}$ Sec. 9, T. 8 N., R. 28 E W.M.

Summit View Phase No. 6:

Plat of Summit View - Phase 6, as recorded in volume 15 of plats, page 372, records of Benton County, Washington.

Situate in County of Benton, State of Washington.

PTN Sec. 9, T. 8 N., R. 28 E. W.M.

Badger View Estates:

Plat of Badger View Estates, as recorded in volume 15 of plats, page 329, records of Benton County, Washington.

Situate in County of Benton, State of Washington.

PTN N ½ Sec. 9, T. 8 N., R. 28 E. W.M.

Short Plat No. 3004 (a/k/a Sunrise Canyon Estates):

Short Plat No. 3004, as recorded in volume 1 of short plats, page 3004, records of Benton County, Washington.

Situate in County of Benton, State of Washington.

PTN SW 1/4, Sec. 5, T. 8 N., R. 28 E. W.M.

Short Plat No 3007 (a/k/a Sunrise Canyon Estates):

Short Plat No. 3007, as recorded in volume 1 of short plats, page 3007, records of Benton County, Washington.

Situate in County of Benton, State of Washington.

PTN SW 1/4, Sec. 5, T. 8 N., R. 28 E. W.M.

Groundwater Right Permit No. G4-30279:

State of Washington Department of Ecology Groundwater Right Permit No. G4-30279.

PTN Sec. 9, T. 8 N., 28 E. W.M., except Interstate 82.

Groundwater Right Permit No. G4-30508:

State of Washington Department of Ecology Groundwater Right Permit No. G4-30508.

PTN Sec. 9, T. 8 N., 28 E.W.M., except Interstate 82.

Section 8 Easement

Easement with Premiere Property of Delaware for an Easement across Section 8 T8N R28E through the orchard.

Easement with Premiere Property of Delaware for an Easement across Section 8 and Section 17 T8N R28E, along east section line.

EXHIBIT B

PROMISSORY NOTE

\$449,115.00

Olympia, Washington
_____, 2010

FOR VALUE RECEIVED, the undersigned promises to pay to the order of Candy Mountain Limited Liability Company, the principal sum of Four Hundred Forty-Nine Thousand One Hundred Fifteen and 00/100 Dollars (\$449,115.00) in lawful money of the United States of America with interest thereon in like lawful money at the rate of six percent (6.0%) per annum with monthly payments of principal and interest of Two Thousand Six Hundred Ninety-Two and 67/100 Dollars (\$2,692.67), with the first payment due on or before the tenth (10th) day of _____, 2010, and shall continue at that rate until paid in full.

Any amounts not paid by the twentieth (20th) day of the month shall be subject to a late payment fee of one and one-half percent (1 1/2%) of the amount due.

The undersigned, at its option, may prepay the principal balance plus accrued interest at any time without penalty.

If an installment of principal and interest is not paid within thirty (30) days of the date when due, at the option of the holder of this Note, an action may be instituted to recover the full amount of the principal and interest owed, or any part thereof, and in such case, the prevailing party, in addition to the costs provided by statute, shall be entitled to a reasonable attorney's fee incurred as a result of the action. If an action is so instituted, all principal amounts due shall bear interest at the rate of twelve percent (12%) per annum from the date when the amount was not paid when due. Any judgment rendered under this Promissory Note shall bear interest at the rate of twelve percent (12%) per annum.

The undersigned waives presentment for payment, protest and notice of dishonor of this note.

Pay to:
Candy Mountain Limited Liability
Company

SUMMIT VIEW WATERWORKS, LLC

By: _____

Its: _____

EXHIBIT C

PROMISSORY NOTE

\$574,169.00

Olympia, Washington

_____, 2010

FOR VALUE RECEIVED, the undersigned promises to pay to the order of Tri-City Development Corporation, the principal sum of Five Hundred Seventy-Four Thousand One Hundred Sixty-Nine and 00/100 Dollars (\$574,169.00) in lawful money of the United States of America with interest thereon in like lawful money at the rate of six percent (6.0%) per annum with monthly payments of principal and interest of Three Thousand Four Hundred Forty-Two and 43/100 Dollars (\$3,442.43), with the first payment due on or before the tenth (10th) day of _____, 2010, and shall continue at that rate until paid in full.

Any amounts not paid by the twentieth (20th) day of the month shall be subject to a late payment fee of one and one-half percent (1 1/2%) of the amount due.

The undersigned, at its option, may prepay the principal balance plus accrued interest at any time without penalty.

If an installment of principal and interest is not paid within thirty (30) days of the date when due, at the option of the holder of this Note, an action may be instituted to recover the full amount of the principal and interest owed, or any part thereof, and in such case, the prevailing party, in addition to the costs provided by statute, shall be entitled to a reasonable attorney's fee incurred as a result of the action. If an action is so instituted, all principal amounts due shall bear interest at the rate of twelve percent (12%) per annum from the date when the amount was not paid when due. Any judgment rendered under this Promissory Note shall bear interest at the rate of twelve percent (12%) per annum.

The undersigned waives presentment for payment, protest and notice of dishonor of this note.

Pay to:
Tri-City Development Corporation

SUMMIT VIEW WATERWORKS, LLC

By: _____

Its: _____