

LETTER OF AGREEMENT AND UNDERSTANDING

ANDERSON & SONS, INC., a CORPORATION and developer of LakeLand Village, owns Lot 78, Plat 12, Phase I, LakeLand Village. On this lot, Anderson & Sons, Inc. constructed a 60-foot tall 140,000-gallon steel water tank.

LAKELAND VILLAGE WATER COMPANY, INC., a CORPORATION which provides water to LakeLand Village, has integrated this water reservoir tank into its water system.

ANDERSON & SONS, INC. agree to sell Lot 78 together with improvements, and LAKELAND VILLAGE WATER COMPANY, INC. agree to purchase same.

The sale price shall be \$225,718.32 and payments shall be according to the attached amortization schedule beginning December 31, 1997 with the final payment being May 2028. Upon receipt of final payment ANDERSON & SONC, INC. shall deliver a Statutory Warranty Deed to LAKELAND VILLAGE WATER COMPANY, INC.

LAKELAND VILLAGE WATER COMPANY, INC. will pay annual real estate taxes for Lot 78.

AGREED TO by both parties this 31st day of December, 1997,

ANDERSON & SONS, INC.

LAKELAND VILLAGE WATER COMPANY, INC.

BY: 

BY: 

Richard A. Anderson, President

Robert A. Anderson, President

P. O. Box 108
Allyn, WA 98524
360-275-2474

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360-275-2474

Anderson & Sons - Lakeland Water (Sale of Water Assets)

Compound Period	Monthly	
Nominal Annual Rate	6.310	%
Effective Annual Rate	6.496	%
Periodic Rate	0.5258	%
Daily Rate	0.01729	%

	Event	Start Date	Amount	Number	Period
1	Loan	31-Dec-97	225,718.32		1
2	Payment	31-Dec-98	14,662.05		1
3	Payment	14-Jul-99	5,000.00		1
4	Payment	15-Sep-99	4,000.00		1
5	Payment	10-Dec-99	4,000.00		1
6	Payment	31-May-00	3,000.00		1
7	Payment	30-Sep-00	13,324.10		1
8	Payment	15-Jan-01	1,000.00		1
9	Payment	15-Jul-01	4,000.00		1
10	Payment	15-Dec-01	5,000.00		1
11	Payment	31-Dec-01	1.00		1
12	Payment	30-Apr-02	5,000.00		1
13	Payment	08-Aug-02	8,000.00		1
14	Payment	20-Sep-02	5,000.00		1
15	Payment	09-Oct-02	4,245.00		1
16	Payment	09-Oct-02	6,350.90		1
17	Payment	14-Oct-02	3,000.00		1
18	Payment	19-Dec-02	1,415.00		1
19	Payment	09-Apr-03	1,245.00		1
20	Payment	15-May-03	1,415.00	300	Monthly
21	Payment	15-May-28	1,450.61	1	

AMORTIZATION SCHEDULE - Normal Amortization

#	Date	Payment	Interest	Principal	Balance
Loan	31-Dec-97				225,718.32
1997 Totals			0.00	0.00	
1	31-Dec-98	14,662.05	14,662.05	0.00	225,718.32
1998 Totals		14,662.05	14,662.05	0.00	
2	14-Jul-99	5,000.00	7,779.45	(2,779.45)	228,497.77
3	15-Sep-99	4,000.00	2,449.27	1,550.73	226,947.04
4	10-Dec-99	4,000.00	3,384.19	615.81	226,331.23
1999 Totals		13,000.00	13,612.91	(612.91)	
5	31-May-00	3,000.00	6,857.04	(3,857.04)	230,188.27
6	30-Sep-00	13,324.10	4,879.95	8,444.15	221,744.12
2000 Totals		16,324.10	11,736.99	4,587.11	
7	15-Jan-01	1,000.00	4,100.57	(3,100.57)	224,844.69

8	15-Jul-01	4,000.00	7,187.76	(3,187.76)	228,032.45
9	15-Dec-01	5,000.00	6,058.74	(1,058.74)	229,091.19
10	31-Dec-01	1.00	633.67	(632.67)	229,723.86
2001 Totals		10,001.00	17,980.74	(7,979.74)	
11	30-Apr-02	5,000.00	4,870.10	129.90	229,593.96
12	08-Aug-02	8,000.00	3,963.49	4,036.51	225,557.45
13	20-Sep-02	5,000.00	1,656.44	3,343.56	222,213.89
14	09-Oct-02	4,245.00	729.90	3,515.10	218,698.79
15	09-Oct-02	6,350.90	0.00	6,350.90	212,347.89
16	14-Oct-02	3,000.00	183.55	2,816.45	209,531.44
17	19-Dec-02	1,415.00	2,392.39	(977.39)	210,508.83
2002 Totals		33,010.90	13,795.87	19,215.03	
18	09-Apr-03	1,245.00	4,114.62	(2,869.62)	213,378.45
19	15-May-03	1,415.00	1,344.51	70.49	213,307.96
20	15-Jun-03	1,415.00	1,121.64	293.36	213,014.60
21	15-Jul-03	1,415.00	1,120.10	294.90	212,719.70
22	15-Aug-03	1,415.00	1,118.55	296.45	212,423.25
23	15-Sep-03	1,415.00	1,116.99	298.01	212,125.24
24	15-Oct-03	1,415.00	1,115.43	299.57	211,825.67
25	15-Nov-03	1,415.00	1,113.85	301.15	211,524.52
26	15-Dec-03	1,415.00	1,112.27	302.73	211,221.79
2003 Totals		12,565.00	13,277.96	(712.96)	
27	15-Jan-04	1,415.00	1,110.67	304.33	210,917.46
28	15-Feb-04	1,415.00	1,109.07	305.93	210,611.53
29	15-Mar-04	1,415.00	1,107.47	307.53	210,304.00
30	15-Apr-04	1,415.00	1,105.85	309.15	209,994.85
31	15-May-04	1,415.00	1,104.22	310.78	209,684.07
32	15-Jun-04	1,415.00	1,102.59	312.41	209,371.66
33	15-Jul-04	1,415.00	1,100.95	314.05	209,057.61
34	15-Aug-04	1,415.00	1,099.29	315.71	208,741.90
35	15-Sep-04	1,415.00	1,097.63	317.37	208,424.53
36	15-Oct-04	1,415.00	1,095.97	319.03	208,105.50
37	15-Nov-04	1,415.00	1,094.29	320.71	207,784.79
38	15-Dec-04	1,415.00	1,092.60	322.40	207,462.39
2004 Totals		16,980.00	13,220.60	3,759.40	
39	15-Jan-05	1,415.00	1,090.91	324.09	207,138.30
40	15-Feb-05	1,415.00	1,089.20	325.80	206,812.50
41	15-Mar-05	1,415.00	1,087.49	327.51	206,484.99
42	15-Apr-05	1,415.00	1,085.77	329.23	206,155.76
43	15-May-05	1,415.00	1,084.04	330.96	205,824.80
44	15-Jun-05	1,415.00	1,082.30	332.70	205,492.10
45	15-Jul-05	1,415.00	1,080.55	334.45	205,157.65
46	15-Aug-05	1,415.00	1,078.79	336.21	204,821.44
47	15-Sep-05	1,415.00	1,077.02	337.98	204,483.46
48	15-Oct-05	1,415.00	1,075.24	339.76	204,143.70
49	15-Nov-05	1,415.00	1,073.46	341.54	203,802.16

50	15-Dec-05	1,415.00	1,071.66	343.34	203,458.82
2005 Totals		16,980.00	12,976.43	4,003.57	
51	15-Jan-06	1,415.00	1,069.85	345.15	203,113.67
52	15-Feb-06	1,415.00	1,068.04	346.96	202,766.71
53	15-Mar-06	1,415.00	1,066.21	348.79	202,417.92
54	15-Apr-06	1,415.00	1,064.38	350.62	202,067.30
55	15-May-06	1,415.00	1,062.54	352.46	201,714.84
56	15-Jun-06	1,415.00	1,060.68	354.32	201,360.52
57	15-Jul-06	1,415.00	1,058.82	356.18	201,004.34
58	15-Aug-06	1,415.00	1,056.95	358.05	200,646.29
59	15-Sep-06	1,415.00	1,055.07	359.93	200,286.36
60	15-Oct-06	1,415.00	1,053.17	361.83	199,924.53
61	15-Nov-06	1,415.00	1,051.27	363.73	199,560.80
62	15-Dec-06	1,415.00	1,049.36	365.64	199,195.16
2006 Totals		16,980.00	12,716.34	4,263.66	
63	15-Jan-07	1,415.00	1,047.43	367.57	198,827.59
64	15-Feb-07	1,415.00	1,045.50	369.50	198,458.09
65	15-Mar-07	1,415.00	1,043.56	371.44	198,086.65
66	15-Apr-07	1,415.00	1,041.61	373.39	197,713.26
67	15-May-07	1,415.00	1,039.64	375.36	197,337.90
68	15-Jun-07	1,415.00	1,037.67	377.33	196,960.57
69	15-Jul-07	1,415.00	1,035.68	379.32	196,581.25
70	15-Aug-07	1,415.00	1,033.69	381.31	196,199.94
71	15-Sep-07	1,415.00	1,031.68	383.32	195,816.62
72	15-Oct-07	1,415.00	1,029.67	385.33	195,431.29
73	15-Nov-07	1,415.00	1,027.64	387.36	195,043.93
74	15-Dec-07	1,415.00	1,025.61	389.39	194,654.54
2007 Totals		16,980.00	12,439.38	4,540.62	
75	15-Jan-08	1,415.00	1,023.56	391.44	194,263.10
76	15-Feb-08	1,415.00	1,021.50	393.50	193,869.60
77	15-Mar-08	1,415.00	1,019.43	395.57	193,474.03
78	15-Apr-08	1,415.00	1,017.35	397.65	193,076.38
79	15-May-08	1,415.00	1,015.26	399.74	192,676.64
80	15-Jun-08	1,415.00	1,013.16	401.84	192,274.80
81	15-Jul-08	1,415.00	1,011.04	403.96	191,870.84
82	15-Aug-08	1,415.00	1,008.92	406.08	191,464.76
83	15-Sep-08	1,415.00	1,006.79	408.21	191,056.55
84	15-Oct-08	1,415.00	1,004.64	410.36	190,646.19
85	15-Nov-08	1,415.00	1,002.48	412.52	190,233.67
86	15-Dec-08	1,415.00	1,000.31	414.69	189,818.98
2008 Totals		16,980.00	12,144.44	4,835.56	
87	15-Jan-09	1,415.00	998.13	416.87	189,402.11
88	15-Feb-09	1,415.00	995.94	419.06	188,983.05
89	15-Mar-09	1,415.00	993.74	421.26	188,561.79
90	15-Apr-09	1,415.00	991.52	423.48	188,138.31
91	15-May-09	1,415.00	989.29	425.71	187,712.60

92	15-Jun-09	1,415.00	987.06	427.94	187,284.66
93	15-Jul-09	1,415.00	984.81	430.19	186,854.47
94	15-Aug-09	1,415.00	982.54	432.46	186,422.01
95	15-Sep-09	1,415.00	980.27	434.73	185,987.28
96	15-Oct-09	1,415.00	977.98	437.02	185,550.26
97	15-Nov-09	1,415.00	975.69	439.31	185,110.95
98	15-Dec-09	1,415.00	973.38	441.62	184,669.33
2009 Totals		16,980.00	11,830.35	5,149.65	
99	15-Jan-10	1,415.00	971.05	443.95	184,225.38
100	15-Feb-10	1,415.00	968.72	446.28	183,779.10
101	15-Mar-10	1,415.00	966.37	448.63	183,330.47
102	15-Apr-10	1,415.00	964.01	450.99	182,879.48
103	15-May-10	1,415.00	961.64	453.36	182,426.12
104	15-Jun-10	1,415.00	959.26	455.74	181,970.38
105	15-Jul-10	1,415.00	956.86	458.14	181,512.24
106	15-Aug-10	1,415.00	954.45	460.55	181,051.69
107	15-Sep-10	1,415.00	952.03	462.97	180,588.72
108	15-Oct-10	1,415.00	949.60	465.40	180,123.32
109	15-Nov-10	1,415.00	947.15	467.85	179,655.47
110	15-Dec-10	1,415.00	944.69	470.31	179,185.16
2010 Totals		16,980.00	11,495.83	5,484.17	
111	15-Jan-11	1,415.00	942.22	472.78	178,712.38
112	15-Feb-11	1,415.00	939.73	475.27	178,237.11
113	15-Mar-11	1,415.00	937.23	477.77	177,759.34
114	15-Apr-11	1,415.00	934.72	480.28	177,279.06
115	15-May-11	1,415.00	932.19	482.81	176,796.25
116	15-Jun-11	1,415.00	929.65	485.35	176,310.90
117	15-Jul-11	1,415.00	927.10	487.90	175,823.00
118	15-Aug-11	1,415.00	924.54	490.46	175,332.54
119	15-Sep-11	1,415.00	921.96	493.04	174,839.50
120	15-Oct-11	1,415.00	919.36	495.64	174,343.86
121	15-Nov-11	1,415.00	916.76	498.24	173,845.62
122	15-Dec-11	1,415.00	914.14	500.86	173,344.76
2011 Totals		16,980.00	11,139.60	5,840.40	
123	15-Jan-12	1,415.00	911.50	503.50	172,841.26
124	15-Feb-12	1,415.00	908.86	506.14	172,335.12
125	15-Mar-12	1,415.00	906.20	508.80	171,826.32
126	15-Apr-12	1,415.00	903.52	511.48	171,314.84
127	15-May-12	1,415.00	900.83	514.17	170,800.67
128	15-Jun-12	1,415.00	898.13	516.87	170,283.80
129	15-Jul-12	1,415.00	895.41	519.59	169,764.21
130	15-Aug-12	1,415.00	892.68	522.32	169,241.89
131	15-Sep-12	1,415.00	889.93	525.07	168,716.82
132	15-Oct-12	1,415.00	887.17	527.83	168,188.99
133	15-Nov-12	1,415.00	884.39	530.61	167,658.38
134	15-Dec-12	1,415.00	881.60	533.40	167,124.98
2012 Totals		16,980.00	10,760.22	6,219.78	