

Grimm, Angie

From: Ed Squires [ed@hydrologicinc.net]
Sent: Monday, August 25, 2008 9:01 AM
To: Grimm, Angie
Subject: 8-25-2008 Nagel Water Right Transfer
Attachments: 8-25-2008 Nagel Purchase and Sale Agreement With Idaho Youth Ranch.pdf

Hydro Logic, Inc.

1002 W. Franklin St. Boise, ID 83702 (208) 342-8369 Fax: (208) 342-3100 Cell: (208) 631-6781

Angie,

Attached is the Purchase and Sale Agreement whereby Nagel transferred the property (donated) to the Idaho Youth Ranch. On page 4., 10., (a) you will see where the "buyer" was made to understand that no water rights were appurtenant to the property (having been previously conveyed to Nagel). Please let me know if this is sufficient for your processing.

Also, the small outlier of property in the NW NW is not part of the place of use for purposes of this transfer.

Please let me know if you require additional information.

Ed

8/25/2008

PURCHASE AND SALE AGREEMENT

THIS PURCHASE AND SALE AGREEMENT (this "Agreement") is made by and between **TITLEONE EXCHANGE COMPANY**, an Idaho corporation ("Seller"), **NAGEL BEVERAGE CO.**, an Idaho corporation ("Nagel"), and **THE IDAHO YOUTH RANCH, INC.**, an Idaho nonprofit corporation, or an entity related thereto, ("Buyer").

PREFATORY STATEMENT

Seller desires to sell to Buyer, and Buyer desires to purchase from Seller, certain real property and improvements owned by Seller on the terms and subject to the conditions set forth herein, which property and improvements are held by Seller as an exchange facilitator for Nagel.

AGREEMENT

NOW, THEREFORE, in consideration of the covenants and conditions contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller, Nagel, and Buyer agree as follows:

1. **Property.** Seller shall sell to Buyer, and Buyer shall purchase from Seller, all that certain real property (collectively, the "Property"), including all rights and appurtenances thereto owned by Seller, comprising the approximately 8.83 acres of improved real property having a street address of 5465 Irving St., Boise, Idaho, and more particularly described in **Exhibit A** attached hereto, including the following existing improvements: an approximately 2,730 sq. ft. front office, 86,880 sq. ft. warehouse, 8,120 sq. ft. two-story office, 14,534 sq. ft. service building, 11,000 sq. ft. open-storage, and two-acre park with sprinkler system, together with the telephone, mechanical (HVAC) and security systems currently in place and plumbing and electrical fixtures typically included as a part of the real property in transactions such as is contemplated by this Agreement.

2. **Purchase Price.** The purchase price for the Property shall be Four Million Six Hundred Thousand and No/100's Dollars (\$4,600,000.00) (the "Purchase Price"), to be paid in full by Buyer at the Closing (hereinafter defined) in cash or by wired funds or cashier's check, subject to applicable prorations and credits.

3. **Earnest Money.** Within three (3) business days after the Effective Date (hereinafter defined), Buyer shall deliver and deposit with TitleOne Corporation (Attn: Ken Franklin), 1101 River Street, Suite 201, Boise, Idaho 83702, phone: (208) 424-8511, fax: (208) 424-0049, e-mail: kfranklin@titleonecorp.com ("Escrow Agent"), the sum of One Hundred Thousand and No/100's Dollars (\$100,000.00) (the "Earnest Money"). Such funds shall be held by Escrow Agent in an interest-bearing account acceptable to Seller and Buyer, with all interest earned thereon accruing as an increment to the Earnest Money. The Earnest Money shall be disbursed in accordance with the terms and conditions of this Agreement or as otherwise jointly directed in writing by Buyer and Seller; provided, however, if this Agreement

is terminated in accordance with Sections 4, 13, or 18, below, the Earnest Money and all interest thereon shall be returned to Buyer promptly upon the return of all the Nagel Information (hereinafter defined). Buyer shall receive a credit against the Purchase Price at the Closing for the full amount of the Earnest Money, including all interest accrued thereon, paid to Seller.

4. **Due Diligence By Buyer.** Buyer shall have ninety (90) days after the Effective Date to conduct Buyer's due diligence with respect to the Property (the "Due Diligence Period"). Seller agrees to fully cooperate with Buyer and its engineers and agents to facilitate their obtaining such reasonable access to the Property during the Due Diligence Period as Buyer may request in order to conduct any inspections, tests, and studies, including review of the title commitment, with respect to the Property that Buyer may elect to undertake; provided, however, Buyer shall be liable for all damages that may result to the Property caused thereby and shall indemnify, defend, and hold harmless Seller and Nagel with respect to any liability to third parties arising out of Buyer's activities on or with respect to the Property. During the Due Diligence Period, Buyer shall have the right, in its sole and absolute discretion, to terminate this Agreement and obtain a return of the Earnest Money.

5. **Nagel Information.** Unless otherwise specified in this Agreement, within seven (7) business days after the Effective Date Nagel shall provide a true and correct copy of each of those items reflected in **Exhibit B** appended hereto (collectively, the "Nagel Information"), together with any other documents or other information in the possession of Nagel or its agents pertaining to the Property that Buyer may hereafter reasonably request in writing. In addition, Seller shall provide Buyer with a commitment for the Title Policy (hereinafter defined) as soon as possible, and, in any event, not later than ten (10) business days following the Effective Date, with copies of all recorded documents affecting the Property.

6. **Title.** Seller shall provide Buyer with a standard-coverage ALTA owner's title insurance policy of Fidelity National Title Insurance Company at the Closing (the "Title Policy"), which shall be in the amount of the Purchase Price. The Title Policy shall insure fee simple title to the real property described in Exhibit A in the name of Buyer to be good and indefeasible, subject to the terms of the policy and such exceptions as set forth in the commitment for title insurance.

7. **Seller Warranties.** Seller hereby represents and warrants to Buyer, as of the date of this Agreement and without further writing as of the Closing, as follows:

(a) Seller is a corporation duly organized and validly existing under the laws of the State of Idaho, has all requisite power and authority to carry on its business and enter into this Agreement, and the execution of this Agreement, which has been duly authorized and is enforceable against Seller in accordance with its terms, will not violate or breach any agreement to which Seller is a party.

(b) Seller holds fee simple title to the Property.

(c) Seller shall execute such documentation and take such further actions as necessary to effect the transaction contemplated by this Agreement.

(d) Seller is not a foreign person or entity pursuant to the Foreign Investment in Real Property Tax Act or the Tax Reform Act of 1984.

8. Nagel Warranties. Nagel hereby represents and warrants to Buyer, as of the date of this Agreement and without further writing as of the Closing, as follows:

(a) Nagel is a corporation duly organized and validly existing under the laws of the State of Idaho, has all requisite power and authority to carry on its business and enter into this Agreement, and the execution of this Agreement, which has been duly authorized and is enforceable against Nagel in accordance with its terms, will not violate or breach any agreement to which Nagel is a party.

(b) There is no action or proceeding threatened or filed with respect to the Property, and Nagel has not received any notice of violation from any governmental agency with respect to the Property.

(c) Except to the extent as may be disclosed in any environmental reports provided to Buyer as part of the Nagel Information, to Nagel's best knowledge there are no hazardous materials located on the Property in violation of any governmental regulation, and Nagel has not received any administrative order or notice with respect to any contemplated hazardous-materials investigation concerning the Property. (As used herein, the term "hazardous materials" means any hazardous substance or hazardous waste as may have been defined under the Resource Conservation Recovery Act of 1976, the Comprehensive Environmental Response Compensation and Liability Act of 1980, and materials that have been designated as hazardous or toxic in any federal regulation or regulation of the State of Idaho.)

(d) As of the Closing the Property will be free and clear of any financial encumbrances or liens other than those assumed by Buyer, including any inchoate mechanic's and materialmen's liens, and will be serviced by utilities that provide for water, sewer, electrical, telephone, and other utilities that are normal and customary for the area.

(e) The Nagel Information provided to Buyer shall, to the best of Nagel's knowledge, be true, correct, and complete in all material respects, except to the extent as may be disclosed by Seller in writing.

(f) Nagel shall execute such documentation and take such further actions as necessary to effect the transaction contemplated by this Agreement.

(g) There are no unrecorded leases, licenses, or other use agreements affecting the Property which will survive the Closing.

(h) Following the Effective Date, Nagel shall maintain the Property in substantially the same condition as existed upon the Effective Date. Prior to Closing, without the prior written consent of Buyer (which may be granted or withheld in Buyer's sole discretion), Seller shall not: (i) enter into any contract or agreement which will be binding on Buyer or the Property after the Closing; or (ii) enter into any lease or sublease for the Real Property; or (iii)

enter into any agreement or contract to sell, transfer, convey, dispose or exchange the Property or any portion thereof or interest therein.

9. Buyer's Warranties. Buyer hereby represents and warrants to Seller and Nagel as of the date of this Agreement and without further writing as of the Closing, as follows:

(a) Buyer is a nonprofit corporation duly organized and validly existing under the laws of the State of Idaho, has all requisite power and authority to carry on its charitable operations and enter into this Agreement, and the execution of this Agreement, which has been duly authorized and is enforceable against Buyer in accordance with its terms, will not violate or breach any agreement to which Buyer is a party.

(b) Buyer is purchasing the Property in an "AS IS/WHERE IS" condition, without warranties of any kind or extent whatsoever, including with respect to the area of the Property and the constructed improvements, except as otherwise expressly set forth in this Agreement.

(c) Buyer shall execute such documentation and take such further actions as necessary to effect the transaction contemplated by this Agreement.

10. Additional Understandings. The purchase and sale of the Property is subject to the following additional understandings and terms:

(a) There are no water rights appurtenant to the Property, all such rights having previously been conveyed.

(b) Other than the existing mechanical (HVAC), sprinkler, telephone, and security systems, and plumbing and electrical fixtures typically included as a part of the real property in transactions such as is contemplated by this Agreement, all machinery, equipment, fixtures, and personal property that has been removed from the Property as of the Closing shall remain the sole property of Nagel.

(c) Nagel shall be solely responsible for completing, including paying all costs incurred in connection therewith, prior to the Closing: (i) the remediation and removal of the fuel system located on the Property, (ii) the remediation and abandonment of the water well located on the Property; (iii) the remediation and repair of the sewer drain in the production area, (iv) the replacement of the main electrical service from Irving St. to the building, and (v) the inspection and repair of all plumbing, electrical and mechanical systems, all of which shall be completed to the reasonable satisfaction of Buyer.

(d) For so long as Buyer owns and holds the Property for charitable purposes, the Property shall be operated under the name "Nagel Center for the Idaho Youth Ranch" or a similar name approved by Nagel.

(e) Upon the expiration of the Due Diligence Period, and prior to the Closing, if Buyer has not elected to terminate this Agreement, Buyer shall be permitted access to the warehouse space described herein above for the purpose of setting up the same for its

contemplated use, including, but not limited to, the installation of pallet racking, provided that if the transaction shall not close by reason of Buyer's default, Buyer shall, within ten (10) business days thereafter, remove all such improvements from the Property and otherwise restore the Property to the condition it was in prior to commencing the use thereof. Buyer shall be liable for all damages that may result to the Property caused thereby and shall indemnify, defend, and hold harmless Seller and Nagel with respect to any liability to third parties arising out of Buyer's activities on or with respect to the Property.

(f) Prior to Closing, Nagel shall, at its expense, clean the interiors of the buildings on the Property, including, but not limited to cleaning the carpets therein.

11. Closing. The "Closing" is the time at which the Purchase Price is paid, all documents requested by Escrow Agent are delivered, as applicable, by Escrow Agent to Buyer and Seller, and the deed for the Property is recorded. The Closing shall occur at the offices of the Escrow Agent, who shall also serve as the closing agent, on a date selected by Buyer occurring not later than Thursday, August 31, 2006.

(a) **Seller's Obligations.** Seller shall execute, as applicable, and deliver the following to Escrow Agent: an executed and notarized special warranty deed conveying the Property to Buyer, in form and substance complying with any applicable statutory requirements in the form attached hereto as **Exhibit C**, an affidavit that Seller is a nonforeign person, and such other documents as may be required by Escrow Agent to complete this transaction.

(b) **Buyer's Obligations.** Buyer shall execute, as applicable, and deliver the following to Escrow Agent: such amount of cash as necessary to close the transaction in accordance with the terms of this Agreement and such other documents as may be required by Escrow Agent to complete this transaction.

(c) **Escrow Agent's Duties.** This Agreement, together with such supplemental escrow instructions as may be prepared and required by Escrow Agent, shall constitute the escrow instructions to be adhered to by Escrow Agent, and a fully executed copy of this Agreement shall be deposited with Escrow Agent for such purpose. The Escrow Agent shall receive all documents submitted by Buyer and Seller, review the same, and receive and disburse funds in accordance with this Agreement and the closing statement prepared by Escrow Agent in advance of the Closing and approved by Buyer and Seller. After all documents have been delivered by both Buyer and Seller and the Purchase Price has been delivered, Escrow Agent shall record the deed to the Property, disburse the applicable cash proceeds to Seller, deliver the Title Policy to Buyer, and deliver all other appropriate documents to Buyer and Seller.

(d) **Closing Costs.** The Escrow Agent's fee shall be shared equally by Buyer and Seller, each paying one-half of the cost. Seller shall pay for the Title Policy, and Buyer shall pay for all recording fees, all costs associated with Buyer's due diligence inspections and investigations, and any extended title insurance coverages or endorsements Buyer may elect to acquire. Each party shall pay for its own attorney's fees and costs or for any other

professionals retained by them except as provided above. The following items shall be prorated as of the date of the Closing by Escrow Agent: all real and personal property ad valorem taxes, any other assessments made against the Property, and any utility charges burdening the Property. All prorable taxes and assessments shall be prorated based on the prior year's taxes and assessments; provided, however, that if actual taxes and assessments for the year in which Closing takes place shall be greater than the prior year's taxes and assessments, the prorations provided for herein shall be adjusted and Nagel shall pay to Buyer the difference within ten (10) business days after Buyer delivers a statement thereof to Nagel.

12. Brokers/Agents. Each party hereto represents and warrants to the other, both as of the date of this Agreement and without further writing as of the Closing, that there are no real estate agents or brokers involved that are owed a commission or finder's fee in connection with this transaction and agrees to indemnify, defend, and hold harmless the other parties with respect to any claim made for any commission or finder's fee arising out of the warranting party's conduct.

13. Default and Remedies. In the event any party fails to strictly comply with the terms and conditions of this Agreement, that party shall be in default of this Agreement. The nondefaulting party may send a notice of default with a ten (10) business-day period to cure. If the default is not cured within such period, then the defaulting party shall have the remedies set forth below.

(a) Seller's Remedies. If Buyer defaults and fails to cure, Seller may terminate this Agreement and retain the Earnest Money as liquidated damages, and not as a penalty, in full satisfaction of Seller's claim. The parties acknowledge and agree that since it would be extremely difficult to determine the actual amount of Seller's damages arising out of a breach by Buyer, the amount of the liquidated damages herein provided constitutes a fair estimate of those damages, which the parties have agreed upon in a good-faith effort to make damages certain. Except for any damages that may be incurred arising out of any investigations, tests, and studies with respect to the Property that Buyer may elect to undertake, or any damages incurred arising out of Buyer's breach of its warranty set forth in Section 12, above, or to the limited extent otherwise provided in Subsection (c), below, the liquidated damages provided herein for the breach of this Agreement shall be Seller's sole remedy.

(b) Buyer's Remedies. If Seller or Nagel defaults and fails to cure, Buyer may terminate this Agreement and receive back the Earnest Money or waive such default and proceed to the Closing, in which case Buyer may enforce this Agreement through specific performance and, in view of the limitation on Buyer's remedies as set forth herein, Seller acknowledges and agrees that specific performance is an appropriate remedy in the event of Seller's default. Except for any damages incurred arising out of Seller's breach of its warranty set forth in Section 12, above, or to the limited extent otherwise provided in Subsection (c), below, the remedies provided herein for the breach of this Agreement shall be Buyer's sole remedy.

(c) Interpleader. In the event Seller or Buyer becomes entitled to the Earnest Money after a default (or in the event Buyer elects to terminate this Agreement pursuant

to the provisions of Paragraph 4, above), the parties shall deliver a letter of instruction to Escrow Agent directing disbursement of said amounts to the party entitled thereto. If either Seller or Buyer fails to sign or deliver an instruction letter within three (3) days of such request, Escrow Agent may interplead any such funds it holds, and the prevailing party shall be entitled to not only any such amount so deposited with the court but also any lost interest, attorney's fees, and costs it reasonably incurs with respect thereto.

14. Integration and Modification. This Agreement constitutes the final and entire expression of the parties, supersedes all prior agreements, letters, and understandings, either oral or written, regarding the Property, and may only be amended by a written agreement signed by both parties and deposited with Escrow Agent.

15. Assignment/Binding Effect. This Agreement is binding upon and shall inure to the benefit of Seller, Nagel, and Buyer and all respective successors and assigns.

16. Survival of Warranties and Covenants. All warranties and covenants of Seller, Nagel, and Buyer expressly set forth in this Agreement shall survive the Closing and shall not by merger or otherwise be extinguished upon the delivery or recording of the deed conveying the Property to Buyer.

17. Notice. Any notice given hereunder shall be in writing. Notice shall be made by any of the following: (a) depositing the same in United States mail, postage prepaid, registered or certified, addressed to the party notified with return receipt requested, (b) delivery to a party in person or to an agent of such party, or (c) by overnight courier, together with a copy in each instance by fax or e-mail. All notices shall be deemed effective upon delivery. Notice shall be given at the following addresses:

Seller: Bo Davies, President
TitleOne Exchange Company
1101 River Street, Suite 201
Boise, Idaho 83702
Phone: (208) 424-8511
Fax: (208) 424-0049
E-mail: bdavies@titleonecorp.com

Nagel: Vance Miller
Nagel Beverage Co.
5465 Irving Street
Boise, Idaho 83706
Phone: (208) 376-2361
Fax: (208) 376-2796
E-mail: vmiller@nagelbev.com

with a copy to: Robert Burns, Esq.
Moffatt, Thomas, Barrett, Rock & Fields, Chtd.
101 S. Capitol Boulevard, 10th Floor
Post Office Box 829
Boise, Idaho 83701
Phone: (208) 385-5412
Fax: (208) 385-5384
E-mail: rbb@moffatt.com

Buyer: Mike Jones, President/CEO
Idaho Youth Ranch
7025 Emerald Street
Boise, Idaho 83704
Phone: (208) 377-2613
Fax: (208) 377-2819
E-mail: mjones@youthranch.org

with a copy to: Stephen A. Bradbury, Esq.
Williams Bradbury, PC
1015 W. Hays
Boise, Idaho 83702
Phone: (208) 344-6633
Fax: (208) 344-0077
E-mail: steve@williamsbradbury.com

The above addresses may be changed by either party by giving written notice in the manner set forth above.

18. Damage to the Property. Should the improvements on the Property be damaged by fire or other casualty prior to the Closing, Seller and Nagel shall immediately notify Buyer. Within fifteen (15) days of notice, Buyer may terminate this Agreement and receive back the Earnest Money. In the event a notice of termination is not received by Seller within said fifteen (15) day period, Buyer shall complete the transaction, and Seller and Nagel shall assign to Buyer all of their right and interest in and to any insurance proceeds or any other recovery proceeds in connection with the fire or other casualty. Seller and Nagel shall take such necessary actions as may be required to effectively transfer all of the insurance rights to Buyer, but in no event shall Seller or Nagel be required to incur additional expense beyond paying or assigning to Buyer the insurance proceeds under the applicable policy or policies of insurance.

19. Time. Time is of the essence in all things pertaining to the performance of this Agreement, subject to the notice and cure provisions set forth in Section 13, above.

20. Further Assurances. If the execution of any other documents or the taking of any other actions are necessary to effect the terms of this Agreement, each party agrees to undertake and complete that which may be necessary to carry out the intent hereof.

21. Invalid Provisions. If any part of this Agreement is held to be invalid or unenforceable, such provision shall thereupon be modified to the minimum extent necessary to make it or its application valid and enforceable, and the invalidity or lack of enforceability of one or more provision shall not affect the remainder of this Agreement.

22. Counterpart Execution. This Agreement may be executed in counterparts, each of which shall be a fully executed original and all of which together shall constitute one and the same instrument.

23. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Idaho.

24. Effective Date. The "Effective Date" shall be the date that Escrow Agent receives and receipts this Agreement. The execution of this Agreement by Seller shall constitute an offer to sell the Property on the terms and conditions stated above and must be accepted by Buyer delivering to Escrow Agent (a) three (3) executed originals hereof not later than April 17, 2006, and (b) the Earnest Money in accordance with the requirements of Section 3, above. In the event that this Agreement is not accepted in the manner specified herein, this Agreement shall be null and void.

IN WITNESS WHEREOF, this Agreement has been duly executed by the parties hereto on the respective dates opposite each party's signature.

SELLER:

TITLEONE EXCHANGE COMPANY,
an Idaho corporation

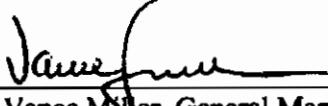
DATE: April 13, 2006

By 
Bo Davies, President

NAGEL:

NAGEL BEVERAGE CO.,
an Idaho corporation

DATE: April 13, 2006

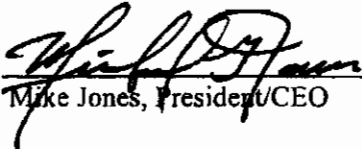
By: 
Vance Miller, General Manager

BUYER:

THE IDAHO YOUTH RANCH, INC.,
an Idaho nonprofit corporation

DATE: April 14, 2006

By: _____

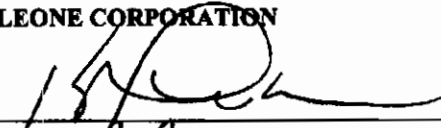

Mike Jones, President/CEO

ACKNOWLEDGMENT OF ESCROW AGENT

Effective upon its execution below, TitleOne Corporation acknowledges receipt of three executed originals of this Purchase and Sale Agreement and agrees to be bound by the terms hereof.

TITLEONE CORPORATION

DATE: April 13, 2006

By: 

Its: D.P.

EXHIBIT A

(Legal Description of the Property)

Lots 1 and 4 in Block 28 of Scotts Third Subdivision, according to the plat thereof, filed in Book 2 of Plats at Page 58, records of Ada County, Idaho.

AND

The East one-half of the vacated alley running North and South through said Block 28, vacated by an Order Vacating Streets recorded September 13, 1957 in Book 34 of Miscellaneous Records at Pages 518 and 519, records of Ada County, Idaho.

AND

The Westerly 622 feet of the unopened and unused alley between Lots 1 and 4 of Block 28 of Scotts Third Subdivision as said alley was officially platted and dedicated pursuant to the official plat of said Scotts Third Subdivision on file in the office of the Recorder of Ada County, Idaho, vacated by Ordinance No. 3261 recorded January 18, 1972 as Instrument No. 794215, records of Ada County, Idaho.

EXCEPTING THEREFROM

The East 5 feet of Lots 1 and 4 in Block 28 of Scotts Third Subdivision, according to the plat thereof, filed in Book 2 of Plats at Page 58, records of Ada County, Idaho.

EXHIBIT B

(Listing of Nagel Information)

1. Any existing surveys, architectural drawings, engineering studies or requirements, and topographical maps in Nagel's possession pertaining to the Property.
2. Copies of the floor plans and site plans with respect to the Property.
3. Copies of any warranties for the improvements or the sprinkler, telephone, or security systems included as a part of the Property.
4. A copy of any soils, asbestos, or hazardous waste reports in Nagel's possession pertaining to the Property.
5. A copy of all certificates of occupancy and building inspection approvals pertaining to the Property.
6. A copy of any documentation received from the Idaho Department of Environmental Quality certifying or evidencing the remediation and removal of the fuel system located on the Property (to be provided promptly following Nagel's receipt of same).
7. A copy of any documentation received from the Idaho Department of Water Resources certifying or evidencing the remediation and abandonment of the water well located on the Property (to be provided promptly following Nagel's receipt of same).
8. A copy of the most current appraisal of the Property and any new appraisal obtained by Nagel (to be delivered to Buyer within five days of its receipt by Nagel).
9. A copy of any Environmental Reports pertaining to the Property obtained by Nagel (to be delivered to Buyer within five days of its receipt by Nagel).

EXHIBIT C

(Form of Special Warranty Deed)

Space Above For Recorder's Use)

SPECIAL WARRANTY DEED

FOR VALUE RECEIVED, **TITLEONE EXCHANGE COMPANY**, an Idaho corporation ("Grantor"), does hereby grant, transfer, sell, and convey unto **THE IDAHO YOUTH RANCH, INC.**, an Idaho nonprofit corporation ("Grantee"), whose address is 7025 Emerald Street, Boise, Idaho 83704, the following described premises located in Ada County, Idaho:

See Exhibit A attached hereto and incorporated herein by reference;

together with all rents, remainders, and reversions, and all appurtenances and hereditaments, issues and profits, improvements and fixtures, easements, and all other rights thereunto appertaining (collectively "appurtenances").

TO HAVE AND TO HOLD said premises with their appurtenances unto said Grantee, its successors and assigns forever; and said Grantor does hereby covenant to and with said Grantee that Grantor is the owner in fee simple absolute of said premises; that said premises are free from all encumbrances except current year taxes, levies, and assessments, restrictions, licenses, agreements, easements of record, and easements visible upon the premises; and that Grantor will warrant and defend the premises from all other claims and demands whatsoever arising by, through, or under Grantor, but not otherwise.

IN WITNESS WHEREOF, Grantor has caused this Special Warranty Deed to be executed, delivered, and made effective as of the ____ day of _____ 2006.

GRANTOR:

TITLEONE EXCHANGE COMPANY,
an Idaho corporation

By _____
Bo Davies, President

STATE OF IDAHO)
) ss.
County of Ada)

On this _____ day of _____, 2006, before me _____,
personally appeared **BO DAVIES** known or identified to me (or proved to me on the oath of
_____) to be the president, or vice-president, or secretary or
assistant secretary, of **TITLEONE EXCHANGE COMPANY**, an Idaho corporation, the corporation
that executed the instrument or the person who executed the instrument on behalf of said
corporation, and acknowledged to me that such corporation executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official
seal the day and year in this certificate first above written.

NOTARY PUBLIC FOR IDAHO
Residing at _____
My Commission Expires _____