

**STARTING
LEFT
SIDE OF
FILE**

State of Idaho
Department of Water Resources
Permit to Appropriate Water

NO. 96-09302

Priority: September 13, 2006

Maximum Diversion Rate: 0.15 CFS

This is to certify, that WALTER E SULLIVAN
803 WHITETAIL DR
SANDPOINT ID 83864

has applied for a permit to appropriate water from:

Source: UNNAMED STREAM**Tributary:** NORTH FORK GROUSE CREEK

and a permit is APPROVED for development of water as follows:

<u>BENEFICIAL USE</u>	<u>PERIOD OF USE</u>	<u>RATE OF DIVERSION</u>
IRRIGATION	04/01 to 10/31	0.06 CFS
POWER	01/01 to 12/31	0.09 CFS

LOCATION OF POINT OF DIVERSION:

UNNAMED STREAM NE¼ SW¼ Sec. 17, Twp 59N, Rge 01E, B.M. BONNER County

PLACE OF USE: IRRIGATION

Twp Rge Sec	NE				NW				SW				SE				Totals
	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	
59N 01E 17									2.0								2.0

Total Acres: 2

PLACE OF USE: POWER

Twp Rge Sec	NE				NW				SW				SE				Totals
	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	
59N 01E 17									X								

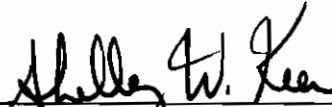
CONDITIONS OF APPROVAL

1. Proof of application of water to beneficial use shall be submitted on or before **May 01, 2008**.
2. Subject to all prior water rights.
3. The right holder shall install a measuring device that can be used to determine the instantaneous rate of flow of water through the system, or the right holder shall provide to the department a flow rate measurement or computation made by a certified water right examiner in accordance with actual system design and operation.
4. This right does not constitute Idaho Public Utilities Commission or Federal Energy Regulatory Commission approval that may be required.
5. This right is subject to the provisions of Sections 42-205 through 42-210, Idaho Code, restricting the sale, transfer, assignment, or mortgage of this right. Failure to comply with these provisions is cause for immediate cancellation of this right.

State of Idaho
Department of Water Resources
Permit to Appropriate Water
NO. 96-09302

6. The water right acquired under this permit for hydropower purposes shall be junior and subordinate to all rights to the use of water, other than hydropower, within the State of Idaho that are initiated later in time than the priority of this permit and shall not give rise to any right or claim against future rights to the use of water, other than hydropower, within the State of Idaho initiated later in time than the priority of this permit.
7. The Director retains jurisdiction of this right in order to limit the use of water for hydropower generation purposes to a specific term of years as required by Section 42-203B(7), Idaho Code.
8. This right when combined with all other rights shall provide no more than 0.03 cfs per acre nor more than 3.0 afa per acre at the field headgate for irrigation of the lands above.
9. Use of water under this right for power purposes shall be non-consumptive.
10. Water shall not be diverted for irrigation use under this right when flows in Grouse Creek are below established minimum flow amounts.

This permit is issued pursuant to the provisions of Section 42-204, Idaho Code. Witness the signature of the Director, affixed at Boise, this 8th day of May, 2007.


for DAVID R. TUTTILL, JR., Interim Director

RECEIVED
FORM 202
12/99 SEP 13 2006

IDWR/North

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES
APPLICATION FOR PERMIT
To appropriate the public waters of the State of Idaho

Ident. No. 96-9302

1. Name of Applicant WALTER E. SULLIVAN Phone 208 255 6836
Mailing address 803 WHITTAIL DRIVE SANDPOINT ID. 83864
2. Source of water supply UNNAMED STREAM which is a tributary of N. FORK OF GROUSE CREEK
3. Location of point of diversion is Township 59N Range 7E Sec. 17, in the NE $\frac{1}{4}$,
SWNE $\frac{1}{4}$, SW $\frac{1}{4}$, Govt. Lot _____, B.M., BANNER County;
additional points of diversion if any:

4. Water will be used for the following purposes:

Amount .09 cfs for HYDRO ELECTRIC purposes from JAN 1 to DEC 31 (both dates inclusive)
(cfs or acre-feet per annum)
Amount 1.5 cfs for IRRIGATION purposes from 4-1 to 10-31 (both dates inclusive)
(cfs or acre-feet per annum)
Amount _____ for _____ purposes from _____ to _____ (both dates inclusive)
(cfs or acre-feet per annum)
Amount _____ for _____ purposes from _____ to _____ (both dates inclusive)
(cfs or acre-feet per annum)
Amount _____ for _____ purposes from _____ to _____ (both dates inclusive)
(cfs or acre-feet per annum)
Amount _____ for _____ purposes from _____ to _____ (both dates inclusive)
(cfs or acre-feet per annum)

5. Total quantity to be appropriated is (a) 0.15 cfs and/or (b) _____
cubic feet per second acre feet per annum

6. Proposed diverting works:

a. Describe type and size of devices used to divert water from the source _____

b. Height of storage dam _____ feet; active reservoir capacity _____ acre-feet; total
reservoir capacity _____ acre-feet

c. Proposed well diameter is _____ inches; proposed depth of well is _____ feet

d. Is ground water with a temperature of greater than 85°F being sought? NO

e. If well is already drilled, when? _____; Drilling firm _____

Well was drilled for (well owner) _____; Drilling Permit No. _____

7. Time required for completion of works and application of water to proposed beneficial use is 1 years (minimum 1 year)

8. Description of proposed uses (if irrigation only, go to item 9):

a. Hydropower; show total feet of head and proposed capacity in kW. 242 FT .36 KW

b. Stockwatering; list number and kind of livestock. _____

c. Municipal; show name of municipality. _____

d. Domestic; show number of households. 3

e. Other; describe fully. _____

9. Description of place of use:

a. If water is for irrigation, indicate acreage in each subdivision in the tabulation below.

b. If water is used for other purposes, place a symbol of the use (example: D for Domestic) in the corresponding place of use below. See instructions for standard symbols.

TWP	RGE	SEC	NE				NW				SW				SE				TOTALS
			NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	
59N	1E	17									2	3							52 60.1
											P								

Total number of acres to be irrigated 52 60.1

10. Describe any other water rights used for the same purposes as described above.

11. a. Who owns the property at the point of diversion? WALTER E. SULLIVAN

b. Who owns the land to be irrigated or place of use? WALTER E. SULLIVAN

c. If the property is owned by a person other than the applicant, describe the arrangement enabling the applicant to make this filing:

12. Remarks: ALL OVER FLOW RETURNS TO N. FORK OF GROUSE CREEK

13. **MAP OF PROPOSED PROJECT REQUIRED** - Attach an 8½"x11" map clearly identifying the proposed point of diversion, place of use, section #, township & range. (A photocopy of a USGS 7.5 minute topographic quadrangle map is preferred.)

BE IT KNOWN that the undersigned hereby makes this application for permit to appropriate the public waters of the State of Idaho as herein set forth.

Walter E. Sullivan

Signature of Applicant (and title, if applicable)

Received by 9/13/06 Date cm Time 12:05p Preliminary check by AD17883
 Fee \$ 100.00 Received by cm # AD17883 Date 9-13-06
 Publication prepared by dp Date 9/26/06 Published in Banner-Collins Bee 10/5+12/06
 Publication approved dp Date 10/16/06

96-9302



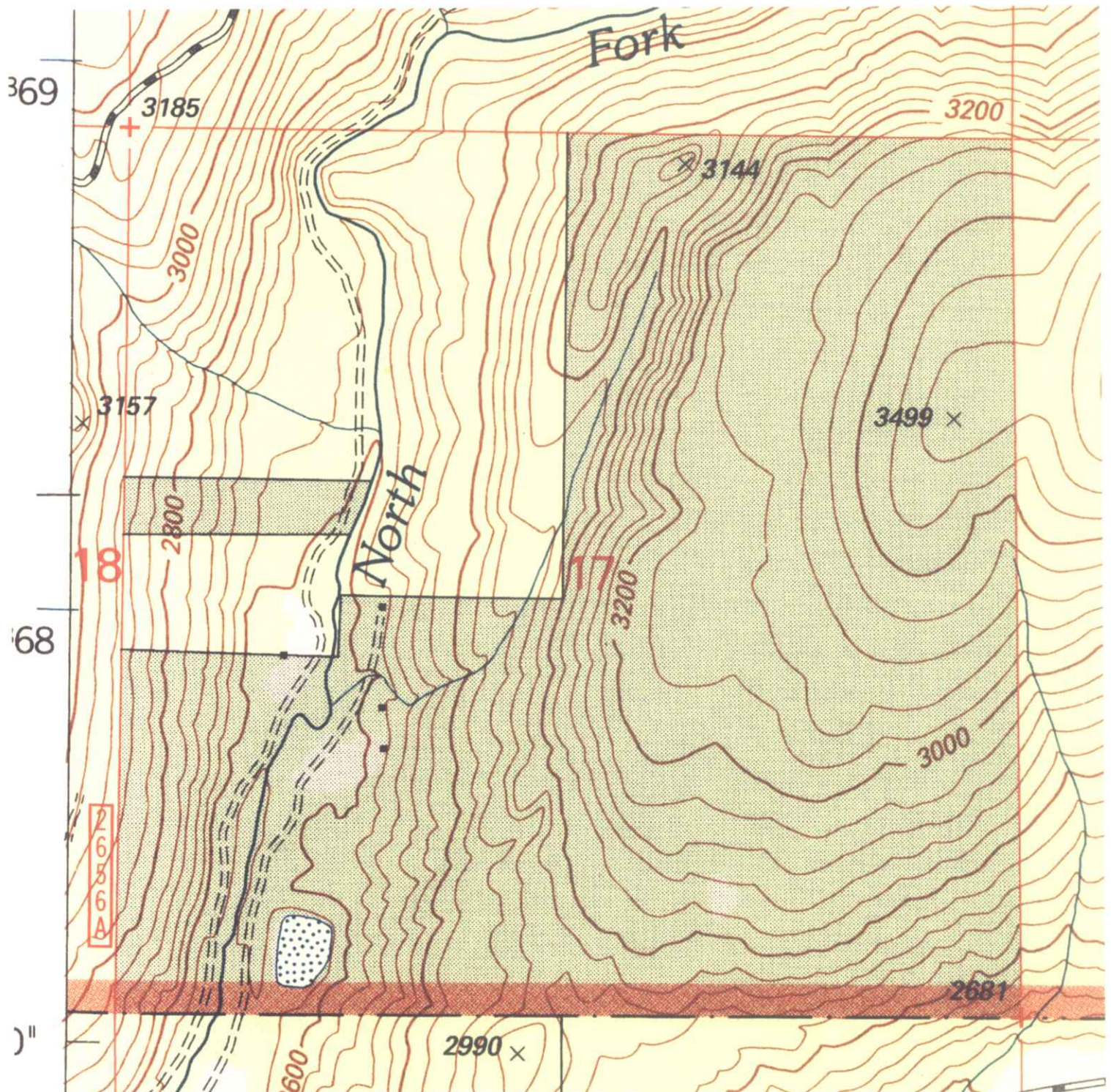
0.07 0 0.07 0.14 Miles

-  Bonner taxlots
-  GCDB59N01E GCDB
-  Pou.shp
-  Pod.shp
-  Administrative BasinsAdminbas.shp



Walter E. Sullivan
803 Whitetail Drive
Sandpoint Idaho 83864

Section 17 Township 59 N Range R 1E B.M. Bonner County
Unnamed Stream which is a tributary of N. Fork of Grouse Creek



COUNTY TREASURERS AFFIDAVIT

I hereby certify that the required taxes on the herein platted land have been fully paid.

Dated this 14th day of August, 1983

Edith L. King
Banner County Treasurer

COUNTY SURVEYORS AFFIDAVIT

I hereby certify that I have examined the within plat of GROUSE VALLEY ADDITION TO BONNER COUNTY, IDAHO, and determine the computations sufficiently to determine that it complies with the laws relating to the filing of plats.

Dated July 29, 1983

Signed *W. J. Stark*
Banner County Surveyor

GROUSE VALLEY

ADDITION TO BONNER COUNTY, IDAHO
IN SEC. 17, TWP. 99N., R. 1E.B.M.

Scale 1" = 200'

SURVEYORS CERTIFICATE
I hereby certify that the within plat of GROUSE VALLEY ADDITION TO BONNER COUNTY, IDAHO is correct and the metes and bounds description of the same are correct, that the survey for said plat was completed on that all lot corners and markers shown herein have been established on the ground, and that this map is a true and accurate record of the survey and field work performed by me.
Dated July 17, 1983

Signed *Donald W. Stark*
Banner County Surveyor

OWNERS CERTIFICATE

KNOW ALL MEN BY THESE PRESENTS: That William James Stark and Carolyn C. Stark, husband and wife hereby certify that they are the owners of the land shown within the boundaries of the plat shown herein and that they have caused the same to be laid off into lots and blocks and roadways, sold plat to be known as GROUSE VALLEY ADDITION TO BONNER COUNTY, IDAHO, the same being a parcel of land lying within the South 1/2 of the NW 1/4 and the North 1/2 of the SW 1/4 of Sec. 17, Twp. 99N., R. 1E.B.M. in Bonner County, Idaho described as follows: Beginning at the 1/4 Cor. between Secs. 17 and 18, Twp. 99N., R. 1E.B.M., said corner being the initial point of this plat and this description, thence S.0°04'45"E. 132.38' along the West line of said Sec. 17, thence S.89°42'55"E. 263.10' along the South line of the SW 1/4 of said Sec. 17, thence N.0°04'3"E. along the North and South line of said Sec. 17, 1330.00', thence M.89°42'55"W. 130.18' to the thread of the North fork of Grouse Creek, thence N.10°14'18"E. along the thread of said creek S.45.50', thence N.89°42'55"W. 1633.78' to the West line of said Sec. 17, thence S.0°04'15"E. along the West line of said Sec. 17, 347.42' to the initial point.
Each of the lots shown herein shall contain all the land lying between its idealized attendant is the thread of the North fork of Grouse Creek.
The roadways shown herein are hereby dedicated to the public.
IN WITNESS WHEREOF William James Stark and Carolyn C. Stark, husband and wife have signed their signatures to be attested this 22nd day of July, 1983.

William James Stark
Banner County Clerk

ACKNOWLEDGEMENT

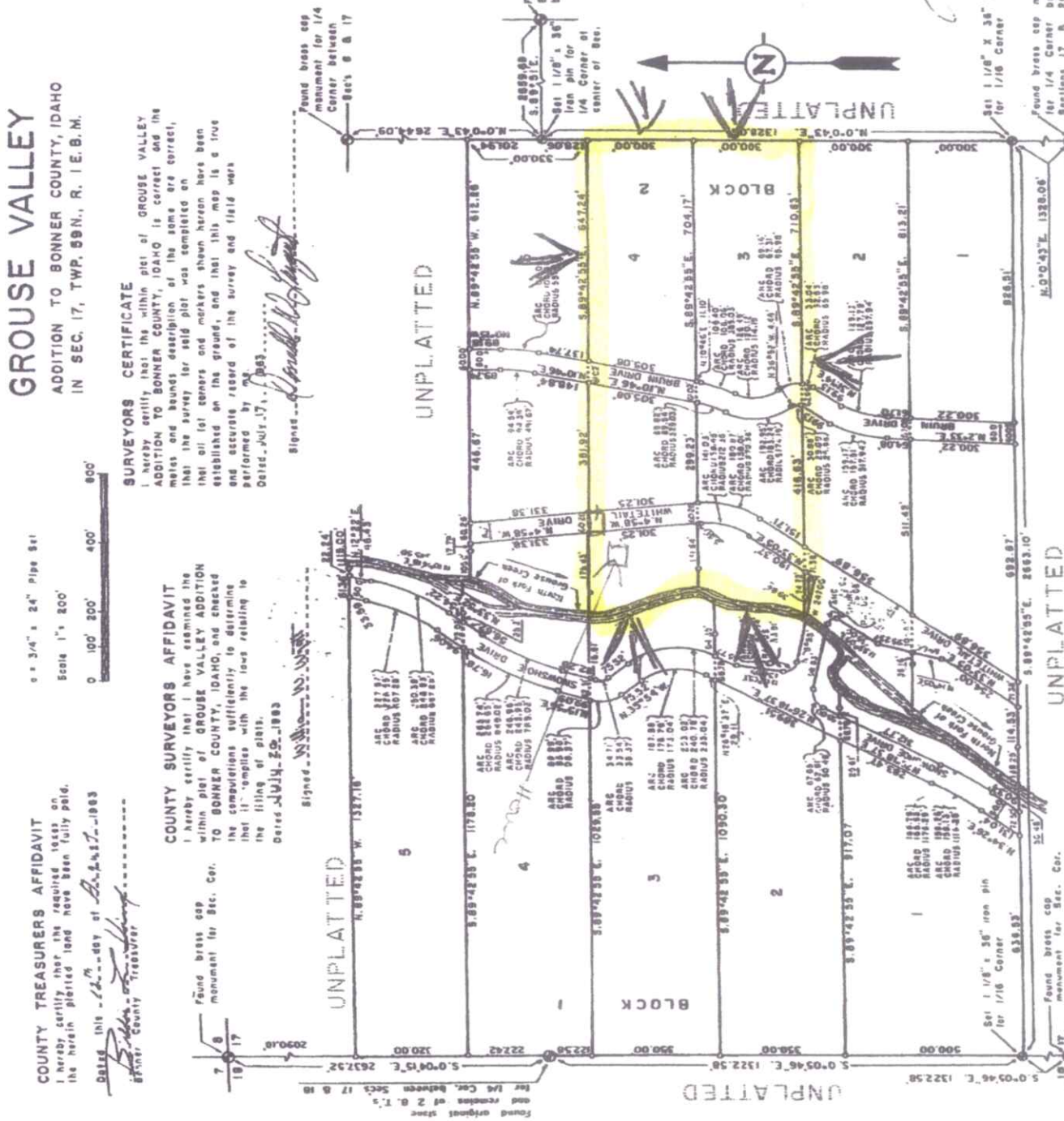
STATE OF COLORADO, COUNTY OF DENVER
On this 22nd day of July, 1983
before me personally appeared William James Stark and Carolyn C. Stark, known to me to be the persons who executed freely and voluntarily the foregoing Owners Certificate for the uses and purposes stated therein.

William James Stark
Banner County Clerk
My commission expires
June 14, 1984

COUNTY COMMISSIONERS

Accepted and approved by the Board of County Commissioners of Bonner County, Idaho,
this 12th day of August, 1983
Edith L. King
Banner County Treasurer

Filed for record August 12, 1983 at 1:14 PM
Request of *William James Stark*
Sergeant at Arms, Bonner County Recorder
Book No. 22 of Plats, Page 14



STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES

AFFIDAVIT FOR WATER RIGHTS TO BE USED FOR POWER PURPOSES

A. Establishment of Residency: (Complete either 1, or 2).

1. Individual Applicant or Individual Members of a Partnership:

I, WALTER E. SULLIVAN of SAND POINT,
(name) (city)

County of BONNER, State of Idaho, being duly sworn, do hereby
certify that I am a bona fide resident of the State of Idaho.

2. Corporation:

I, _____ of _____,
(name) (city)

County of _____, State of Idaho, being duly sworn, depose and
say: That I am the designated registered agent of the _____

_____ : that as such I am in charge of the registered office of the said
(name of corporation)

corporation as required by Section 30-1-12, Idaho Code, at _____
(city)

Idaho, wherein are kept the corporate records required by Section 30-1-52, Idaho Code: and that _____

_____ is a corporation qualified to do business in the State of Idaho under the laws
(name of corporation)
of the State of Idaho.

B. Ownership of Facilities: (To be completed for hydropower projects only)

The hydropower facility to be developed pursuant to the attached Application for Permit:

(check one)

- ☒ Will not utilize existing man-made irrigation facilities such as a dam or a canal.
☐ Will utilize existing man-made irrigation facilities such as a dam or a canal, and permission of the owner is documented in an affidavit attached hereto.
☐ Will utilize existing man-made irrigation facilities such as a dam or a canal, and the owner is the signee of this affidavit.

Walter E Sullivan
Applicant

STATE OF IDAHO)
County of Bonner)ss

On this 13 day of Sept, 2006, personally appeared before me the signer(s) of
the _____ who duly acknowledged to me that he (she) (they) executed the same.



Shalena Smith
Notary Public residing at Sandpoint

My commission expires: 6-29-2012

SCANNED
JUL 31 2007

**NOW
STARTING
RIGHT
SIDE OF
FILE**



State of Idaho

DEPARTMENT OF WATER RESOURCES

322 East Front Street • P.O. Box 83720 • Boise, Idaho 83720-0098

Phone: (208) 287-4800 • Fax: (208) 287-6700 • Web Site: www.idwr.idaho.gov

May 9, 2007

C. L. "BUTCH" OTTER
Governor

DAVID R. TUTHILL, JR.
Interim Director

WALTER E SULLIVAN
803 WHITETAIL DR
SANDPOINT ID 83864

RE: Permit No. 96-9302

Permit Approval Notice

Dear Permit Holder:

The Department of Water Resources has issued the enclosed permit authorizing you to establish a new water right. Please be sure to thoroughly review the conditions of approval and remarks listed on your permit.

The permit is a PRELIMINARY ORDER issued by the Department pursuant to Section 67-5243, Idaho Code. It can and will become a final order without further action by the Department unless a party petitions for reconsideration or files an exception and/or brief within fourteen (14) days of the service date as described in the enclosed information sheet.

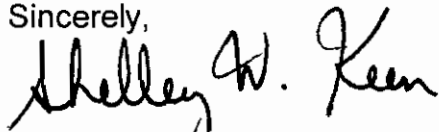
Enclosed is a form entitled 'Instructions for Proof of Beneficial Use.' Please read the instructions carefully since you must take further action to develop this permit into a licensed water right. Also enclosed is a form entitled 'Proof of Beneficial Use.' If your project is already completed, you should complete and submit this form immediately.

Please note that a separate stream channel alteration permit must be obtained from the Department prior to any activity in the stream channel other than construction or maintenance of the diversion structure for your water right(s). Applications for stream channel alteration permits must be filed at least sixty days prior to the commencement of work in the stream.

Also, please note that water right owners are required to report any change of water right ownership and/or mailing address to the Department within 120 days of the change. Failure to report these changes could result in a \$100 late filing fee. Contact any office of the Department or visit the Department's homepage on the Internet to obtain the proper forms and instructions.

If you have any questions, please contact me at 208-287-4947.

Sincerely,

A handwritten signature in black ink that reads "Shelley W. Keen". The signature is written in a cursive style with a large, stylized "S" and "K".

Shelley W. Keen, Acting Section Manager
Water Right Permits Section

Enclosure(s)

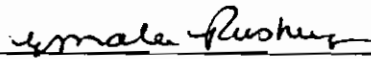
CERTIFICATE OF SERVICE

I hereby certify that on May 9, 2007 I mailed a true and correct copy, postage prepaid, of the foregoing PRELIMINARY ORDER (Approved Permit) to the person listed below:

RE: WATER RIGHT NO.

96-9302

**WALTER E SULLIVAN
803 WHITETAIL DR
SANDPOINT ID 83864**

A handwritten signature in cursive script, reading "Emalee Rushing", is written over a horizontal line.

**Emalee Rushing
Technical Records Specialist**

Statement of Available Procedures and Applicable Time Limits

RESPONDING TO PRELIMINARY ORDERS ISSUED BY THE IDAHO DEPARTMENT OF WATER RESOURCES (To be used in connection with actions when a hearing was not held)

(Required by Rule of Procedure 730.02)

The accompanying order or approved document is a "**Preliminary Order**" issued by the department pursuant to section 67-5243, Idaho Code. **It can and will become a final order without further action of the Department of Water Resources ("department") unless a party petitions for reconsideration, files an exception and brief, or requests a hearing as further described below:**

PETITION FOR RECONSIDERATION

Any party may file a petition for reconsideration of a preliminary order with the department within fourteen (14) days of the service date of this order. **Note: the petition must be received by the department within this fourteen (14) day period.** The department will act on a petition for reconsideration within twenty-one (21) days of its receipt, or the petition will be considered denied by operation of law. See Section 67-5243(3) Idaho Code.

EXCEPTIONS AND BRIEFS

Within fourteen (14) days after (a) the service date of a preliminary order, (b) the service date of a denial of a petition for reconsideration from this preliminary order, or (c) the failure within twenty-one (21) days to grant or deny a petition for reconsideration from this preliminary order, any party may in writing support or take exceptions to any part of a preliminary order and may file briefs in support of the party's position on any issue in the proceeding with the Director. Otherwise, this preliminary order will become a final order of the agency.

REQUEST FOR HEARING

Unless a right to a hearing before the Department or the Water Resource Board is otherwise provided by statute, any person aggrieved by any final decision, determination, order or action of the Director of the Department and who has not previously been afforded an opportunity for a hearing on the matter may request a hearing pursuant to section 42-1701A(3), Idaho Code. A written petition contesting the action of the Director and requesting a hearing shall be filed within fifteen (15) days after receipt of the denial or conditional approval.

ORAL ARGUMENT

If the Director grants a petition to review the preliminary order, the Director shall allow all parties an opportunity to file briefs in support of or taking exceptions to the preliminary order and may schedule oral argument in the matter before issuing a final order. If oral arguments are to be heard, the Director will within a reasonable time period notify each party of the place, date and hour for the argument of the case. Unless the Director orders otherwise, all oral arguments will be heard in Boise, Idaho.

CERTIFICATE OF SERVICE

All exceptions, briefs, requests for oral argument and any other matters filed with the Director in connection with the preliminary order shall be served on all other parties to the proceedings in accordance with IDAPA Rules 37.01.01302 and 37.01.01303 (Rules of Procedure 302 and 303).

FINAL ORDER

The Director will issue a final order within fifty-six (56) days of receipt of the written briefs, oral argument or response to briefs, whichever is later, unless waived by the parties or for good cause shown. The Director may remand the matter for further evidentiary hearings if further factual development of the record is necessary before issuing a final order. The department will serve a copy of the final order on all parties of record.

Section 67-5246(5), Idaho Code, provides as follows:

Unless a different date is stated in a final order, the order is effective fourteen (14) days after its issuance if a party has not filed a petition for reconsideration. If a party has filed a petition for reconsideration with the agency head, the final order becomes effective when:

- (a) the petition for reconsideration is disposed of; or
- (b) the petition is deemed denied because the agency head did not dispose of the petition within twenty-one (21) days.

APPEAL OF FINAL ORDER TO DISTRICT COURT

Pursuant to sections 67-5270 and 67-5272, Idaho Code, if this preliminary order becomes final, any party aggrieved by the final order or orders previously issued in this case may appeal the final order and all previously issued orders in this case to district court by filing a petition in the district court of the county in which:

- i. A hearing was held,
- ii. The final agency action was taken,
- iii. The party seeking review of the order resides, or
- iv. The real property or personal property that was the subject of the agency action is located.

The appeal must be filed within twenty-eight (28) days of this preliminary order becoming final. See section 67-5273, Idaho Code. The filing of an appeal to district court does not itself stay the effectiveness or enforcement of the order under appeal.

M E M O R A N D U M

Date: May 08, 2007
To: Water Right File 96-9302
From: eretelle
Re: MSF on Grouse Creek

At the USGS gauge on Grouse Creek, the period of record is September 1958-September 1982. Unfortunately, 2 un-gauged tributaries join Grouse Creek between the unnamed stream and the USGS gauge, so it is difficult to determine how much water the unnamed stream contributes to the Grouse Creek MSF.

M E M O R A N D U M

Date: February 06, 2007
To: Water Right File 96-9302
From: eretelle
Re: permit review

no WD or moratorium
Min Stream Flow in Grouse Creek 96-7980

No protests
Overlaps 1 acre of irrigation from 96-8558 (which needs an ownership change)

Recommend approval as suggested by IDWR Northern

AFFIDAVIT OF PUBLICATION

RECEIVED
OCT 16 2006
IDWR/North

STATE OF IDAHO)
) ss.
County of Bonner)

Sherilyn Fries, being first duly sworn on oath, deposes and states:

1. I am a citizen of the United States of America, over the age of 18 years, a resident of Bonner County, Idaho, and am not a party to the proceedings referred to in the attached Notice of App.
My business address is P.O. Box 159, Sandpoint, Idaho.

2. I am the Bookkeeper of the Bonner County Daily Bee, a newspaper of general publication in Bonner County, Idaho;

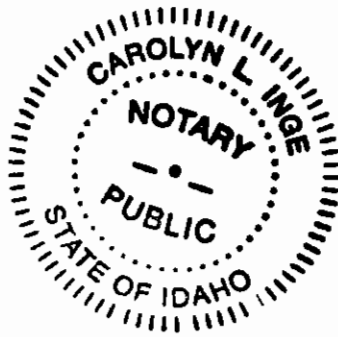
3. Said newspaper has been continuously and uninterruptedly published in Bonner County, Idaho during a period of 12 months prior to the first publication of said Notice, and thereafter.

4. The attached Notice was published in the regular and entire issue of the Bonner County Daily Bee for a period of 2 consecutive weeks, commencing on the 5 day of Oct, 2006, and ending on the 12 day of Oct, 2006.

Sherilyn Fries

SUBSCRIBED AND SWORN to before me, the undersigned Notary Public, this 12 day of Oct, 2006.

Carolyn L. Inge
Notary Public
Residing at: Sandpoint
Comm. Exp.: 8/12



for review for legal

RECEIVED

OCT 16 2006

IDWR/North

LEGAL NOTICE

The following application(s) have been filed to appropriate the public waters of the State of Idaho:

96-9302

WALTER E. SULLIVAN
803 WHITETAIL DR
SANDPOINT ID 83864

Point(s) of Diversion NESW S17 T59N R01E BONNER County
Source UNNAMED STREAM - Tributary To N FORK GROUSE CREEK
Use: IRRIGATION 04/01 To 10/31 0.06 CFS
Use: POWER 01/01 To 12/31 0.09 CFS
Total Diversion: 0.15 CFS

Date Filed: 09/13/2006
Place Of Use: POWER T59N R01E S17 NESW
Place Of Use: IRRIGATION T59N R01E S17 NESW
Number of Acres 2
96-9303

GEORGE L. ROLOFSON
3908 BUNCOMBE DR
GREENBORO NC 27407

Point(s) of Diversion L2 (NESE) S2 T56N R01E BONNER County
Source PEND OREILLE LAKE - Tributary To PEND OREILLE RIVER
Use: DOMESTIC 01/01 To 12/31 0.04 CFS
Total Diversion: 0.04 CFS

Date Filed: 09/18/2006
Place Of Use: DOMESTIC - T56N R01E S2 NESE Lot 2
Remark: Domestic use is for 1 home.

Permits will be subject to all prior water rights. Protests may be submitted based on the criteria of Sec 42-203A, Idaho Code.

Any protest against the approval of this application must be filed with the Director, Dept. of Water Resource, Northern Region, 7600 Mineral Drive, Suite 100, Coeur D'Alene ID 83815 together with a protest fee of \$25.00 for each application on or before 10/23/2006. The protestant must also send a copy of the protest to the applicant.

KARL J DREHER, Director

Legal SNP#8165
October 5, 12, 2006

*See reverse for
a. P. David*

The following application(s) have been filed to appropriate the public waters of the State of Idaho:

96-9302

WALTER E. SULLIVAN
803 WHITETAIL DR
SANDPOINT ID 83864

Point(s) of Diversion NESW S17 T59N R01E BONNER County
Source UNNAMED STREAM - Tributary To N FORK GROUSE CREEK
Use: IRRIGATION 04/01 To 10/31 0.06 CFS
Use: POWER 01/01 To 12/31 0.09 CFS
Total Diversion: 0.15 CFS

Date Filed: 09/13/2006

Place Of Use: POWER T59N R01E S17 NESW

Place Of Use: IRRIGATION T59N R01E S17 NESW

Number of Acres 2

96-9303

GEORGE L. ROLOFSON
3908 BUNCOMBE DR
GREENBORO NC 27407

Point(s) of Diversion L2 (NESE) S2 T56N R01E BONNER County
Source PEND OREILLE LAKE - Tributary To PEND OREILLE RIVER
Use: DOMESTIC 01/01 To 12/31 0.04 CFS
Total Diversion: 0.04 CFS

Date Filed: 09/18/2006

Place Of Use: DOMESTIC - T56N R01E S2 NESE Lot 2

Remark: Domestic use is for 1 home.

Permits will be subject to all prior water rights. Protests may be submitted based on the criteria of Sec 42-203A, Idaho Code.

Any protest against the approval of this application must be filed with the Director, Dept. of Water Resource, Northern Region, 7600 Mineral Drive, Suite 100, Coeur D'Alene ID 83815 together with a protest fee of \$25.00 for each application on or before 10/23/2006. The protestant must also send a copy of the protest to the applicant.

KARL J DREHER, Director Published on Oct. 5 & 12, 2006



State of Idaho

DEPARTMENT OF WATER RESOURCES

Northern Region, 7600 Mineral Drive, Suite 100, Coeur d'Alene, Idaho 83815

Phone: (208) 762-2800 FAX: (208) 762-2819 www.idwr.idaho.gov

JAMES E. RISCH
Governor

KARL J. DREHER
Director

September 26, 2006

SHERI JONES
LEGAL NOTICE DEPARTMENT
BONNER COUNTY DAILY BEE
PO BOX 159
SANDPOINT ID 83864

*Please FAX proof copy before this goes to press, to 762-2819
Thanks, Dianne*

RE: Water Right No. 96-9302 and 9303

Dear Sheri:

Enclosed you will find a notice which we wish to have published in your newspaper on the dates indicated, October 5 and 12, 2006, (once a week for two consecutive weekly issues). If you cannot publish the notice on the proposed dates, please contact us immediately.

An affidavit of publication must be submitted to the Department along with the publication bill. Please send the affidavit and bill to this office before 10/23/2006. **[NOTE our new address and phone information on this letterhead].**

Your cooperation is GREATLY appreciated, as always.

Thank you,
Sincerely
Dianne

Dianne Ball
Administrative Assistant

Ball, Dianne

From: Ball, Dianne
Sent: Tuesday, September 26, 2006 2:52 PM
To: Legal Notices-Bonner Co Daily Bee (E-mail)
Subject: Legal notice for publication on October 5 and 12, 2006 WR Nos. 96-9302 and 96-9303

Good afternoon, Sheri,

Enclosed is our cover letter requesting publication of a legal notice on October 5 and 12, 2006. Attached you will also find the legal notice for publication.

If you have ANY questions, please call me at 208-762-2800.

ALSO - PLEASE FAX A PROOF COPY PRIOR TO PUBLICATION FOR LAST MINUTE ACCURACY CHECK - to my attention at our new FAX number - **208-762-2819**.

Thank you very much for all your help.

It's always a pleasure to work with you!!!

Dianne

*Dianne Ball
Administrative Assistant
Idaho Dept of Water Resources
7600 Mineral Drive Suite 100
Coeur d'Alene, ID 83815
Phone (208)762-2800 FAX (208)762-2819*



CoverLetter
9-26-06 BCDB e-ma.



LegalNotice
9-26-06 BCDB e-ma.



State of Idaho

DEPARTMENT OF WATER RESOURCES

Northern Region, 7600 Mineral Drive, Suite 100, Coeur d'Alene, Idaho 83815

Phone: (208) 762-2800

Fax: (208) 762-2819

Web Site: www.idwr.idaho.gov

JAMES E. RISCH
Governor

KARL J. DREHER
Director

September 26, 2006

WALTER E. SULLIVAN
803 WHITETAIL DR
SANDPOINT ID 83864

RE: Application for Permit No 96-9302

Dear Applicant(s):

The Department of Water Resources acknowledges receipt of your water right application. Please refer to the above referenced number in all future correspondence regarding this application.

A legal notice of the application has been prepared and is scheduled for publication in the Bonner County Daily Bee on October 5 and 12, 2006. Submittal of protests to this application will be allowed for a period ending ten days after the second publication.

If the application is protested you will be sent a copy of the protest(s). All protests must be resolved before the application can be considered for approval. If the protest(s) cannot be resolved voluntarily, the Department will conduct a conference and/or hearing on the matter.

If the application is not protested, it will be forwarded to our State Office in Boise for final processing. The State Office will notify you of any action taken on the application and will send you a copy of the permit if approved. A typical processing time for an unprotested application is about eight to twelve weeks.

Please feel free to contact this office if you have any questions.

Sincerely,

Keith E. Franklin
Senior Water Resource Agent

Enclosure(s) – Receipt No. N017883 for your records



State of Idaho

DEPARTMENT OF WATER RESOURCES

Northern Region, 7600 Mineral Drive, Suite 100, Coeur d'Alene, Idaho 83815

Phone: (208) 762-2800

Fax: (208) 762-2819

Web Site: www.idwr.idaho.gov

September 20, 2006

JAMES E. RISCH
Governor

KARL J. DREHER
Director

MARY TERRA-BERNS
IDAHO DEPARTMENT OF FISH & GAME
2750 KATHLEEN AVE
COEUR D ALENE ID 83815

FAXED TO MARY 9/20/2006
8 pages total

Re: Water Permit Application No. 96-9302

Dear Mary:

The Department of Water Resources is seeking written comment and/or recommendations from your agency regarding the above referenced water right application. A copy of the application follows for your reference.

We are sending this to you for your comments, and would appreciate receiving your comments by no later than **October 20, 2006**. If we do not hear from you by that date, we will assume that no comment from you means you have no objection to, concerns about, or conditions pertaining to the issuance of this permit.

You may send comments by regular mail to the address above, by **FAX to 762-2819**, or by e-mail to Keith.Franklin@idwr.idaho.gov, or to me, Dianne.Ball@idwr.idaho.gov.

Please contact this office if you have any questions regarding the application.

Sincerely,

Dianne Ball
Administrative Assistant

1

Walter E. Sullivan

**803 Whitetail Drive
Sandpoint Idaho 83864**

September 12, 2006

RE: Affidavit for water rights to be used for power purposes.

To Whom It May Concern:

Description of type and size of devices used to divert water form the source. A 4 inch PVC conduit with screen on the pickup side of the conduit and placed in a holding pond, approximately 2000 gallons. Holding pond has an 8 inch overflow pipe that is unabated in its return to the unnamed stream. The 4 inch conduit is reduced in size to a 3 inch and the final 100 foot of the line is a 2 inch conduit. There is a shutoff valve at the pickup point and in turn there is a 2 inch cutoff valve in the hydro house. The hydro house divides the water usage, one line for hydro electric, one line for domestic use and one for the irrigation.

ABSTRACT OF THE
SULLIVAN TRUST
DATED DECEMBER 4, 1992

CERTIFICATION OF TRUST

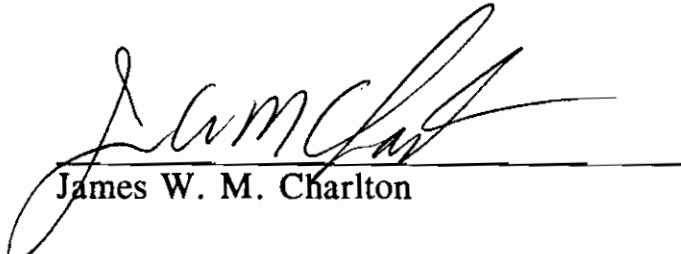
I, James W. M. Charlton, hereby declare:

That I am an active member of the State Bar of California;

That the attached pages of the SULLIVAN TRUST agreement designating KATHERINE WILLIAMS SULLIVAN as trustee, reciting the powers of the trustee and the trustor, depicting the trustor's signature, and acknowledging the signature are true and correct copies of the original.

I declare under penalty of perjury the foregoing statements are true and correct.

Dated: DECEMBER 4, 1992



James W. M. Charlton

Law Offices of James Charlton
1007 W. Ave M-14, Suite A
Palmdale, CA 93551

DECLARATION OF TRUST

This declaration of trust is made by KATHERINE WILLIAMS SULLIVAN as of DECEMBER 4, 1992.

ARTICLE I

APPOINTMENTS AND NAME OF TRUST

- 1.1 NAME: This trust shall be known as the "SULLIVAN TRUST dated DECEMBER 4, 1992."
- 1.2 TRUSTOR: KATHERINE WILLIAMS SULLIVAN is the trustor of this trust.
- 1.3 MARITAL STATUS: Trustor is not married.
- 1.4 TRUSTEES: Trustor appoints the following as trustee(s) of this trust:
 - First Appointment: KATHERINE WILLIAMS SULLIVAN.
 - Second Appointment: WALTER EMERSON SULLIVAN, JR.
 - Third Appointment: CATHERINE ANNE SULLIVAN.
- 1.4.1 KATHERINE WILLIAMS SULLIVAN shall serve as the first trustee. When KATHERINE WILLIAMS SULLIVAN ceases to act, the successor appointee(s) shall serve in the order appointed.
- 1.4.2 If no successor trustee is designated to act in the event of the death, incapacity or resignation of the trustee then acting, or no successor trustee accepts the office, the trustee then acting may appoint a successor trustee. If no such appointment is made, the majority of the adult beneficiaries entitled to distribution from this trust may appoint a successor trustee. If there are no adult beneficiaries then entitled to distribution from this trust, or said adult beneficiaries are not then legally competent to so act, a successor trustee shall be appointed by a court of competent jurisdiction.
- 1.4.3 The successor trustee shall be reimbursed for all actual expenses incurred in relation to the administration of the trust. The successor

trustee shall be entitled to reasonable compensation for his or her services.

1.4.4 Where the trustee is a corporate trustee, the trustee shall be entitled to reasonable compensation for its services in accordance with its then existing fee schedule and as revised from time to time.

1.4.5 The Trustee may resign as Trustee of the Trust effective upon thirty (30) days written notice either to the other Trustees, if any, or to all known, current income beneficiaries.

1.5 **BENEFICIARIES:** Trustor shall be the initial beneficiary of this trust. Successor beneficiaries are those persons designated in Article 2.

1.6 **CHILDREN:** KATHERINE WILLIAMS SULLIVAN has ONE child. His name is:

WALTER EMERSON SULLIVAN, JR. (Born: 5/22/49).

1.7 **CREATION OF TRUST AND ASSIGNMENT OF ASSETS:** KATHERINE WILLIAMS SULLIVAN, trustor, hereby grants, transfers, assigns and delivers to KATHERINE WILLIAMS SULLIVAN, trustee of the SULLIVAN TRUST dated DECEMBER 4, 1992, the following assets:

1.7.1 All jewelry, clothing, household furniture and furnishings, personal automobiles, motor homes, mobile homes, boats and other tangible articles of personal property, together with any insurance on such property, as well as insurance on any other assets owned by the trust;

1.7.2 Promissory notes, amounts owing to trustor, stocks, bonds, securities, interests in general or limited partnerships, contents of safe deposit boxes, claims under pending lawsuits, and other choses in action; and

1.7.3 Any other assets held by trustor which otherwise would be subject to probate.

1.7.4 These assets, together with any other property which may become subject to this trust, including assets which require formal documents of transfer, shall constitute the trust estate of this trust and shall be held, administered and distributed by the trustee as provided by all the

terms and conditions in this Trust unless otherwise specifically provided herein. Trustor requests that any person dealing with the trustee recognize this assignment without further documentation.

- 1.8 **WAIVER OF BOND:** No bond shall be required of any person named in this instrument as trustee, or of any person appointed as the trustee in the manner specified in this instrument, for the faithful performance of his or her duty as trustee.

oOo

ARTICLE 3

TRUSTOR'S POWERS

- 3.1 **POWER TO AMEND AND REVOKE:** During the lifetime of the trustor, this trust may be amended or revoked in whole or in part by an instrument in writing, signed by the trustor and delivered to the trustee.
- 3.2 **POWER TO CHANGE TRUSTEE:** During the lifetime of the trustor, the trustor may change the trustee or successor trustee of this trust by an instrument in writing, signed by the trustor and delivered to the trustee.
- 3.3 **ADDITIONS TO TRUST:** Any additional property acceptable to the trustee may be transferred to this trust. The property shall be subject to the terms of this trust.
- 3.4 **SPECIAL GIFTS:** The trustor may from time to time indicate a desire that special gifts be made from the trust estate upon the trustor's death. If the trustor has made known the trustor's desire in a writing referring to or attached to this trust, the trustee shall distribute the special gifts, free of trust, upon the death of the trustor. The gift shall be effective only if the writing is dated and signed by the trustor.
- 3.5 **POWER TO MAKE ASSETS PRODUCTIVE:** During the trustor's lifetime, he or she shall have the power to require the trustee to make all or part of the principal of the trust productive or to convert promptly any unproductive part into productive property. This power shall be exercised by the trustor in a written instrument delivered to the trustee.

oOo

ARTICLE 4

TRUSTEE'S POWERS

- 4.1 **TRUSTEE:** "Trustee" means the then acting Trustee or Trustees, whether original or successor, individual or corporate, regardless of gender.
- 4.2 **MANAGEMENT OF TRUST PROPERTY:** With respect to the trust property, except as otherwise specifically provided in this trust, the trustee shall have all powers now or hereafter conferred upon trustees by applicable state law, and also those powers appropriate to the orderly and effective administration of the trust. Any expenditure involved in the exercise of the trustee's powers shall be borne by the trust estate. Such powers shall include, but not be limited to, the following powers with respect to the assets in the trust estate:
- 4.2.1 To manage, operate, control, sell, convey, divide, convert or allot the trust property, and to sell upon deferred payments; to lease for terms within or extending beyond the duration of the trust for any purpose including exploration for and removal of gas, oil or other minerals; to enter into covenants and agreements relating to the property so leased or any improvements which may be erected on such property; and to enter into community oil leases.
- 4.2.2 To abandon or retain underproductive property, and to invest and reinvest the trust funds in such property as the trustee, in the exercise of reasonable business judgment, may deem advisable, whether or not the property is of the character specifically permitted by law for the investment of trust funds, including stock of the trustee and investments in any common trust fund now or hereafter established by the trustee.
- 4.2.3 To retain nonproductive assets at the direction of the trustor or current income beneficiaries of the trust, or, in the exercise of reasonable business judgment by the trustee, to abandon nonproductive assets.
- 4.2.4 To borrow money for any purpose; to place, replace, renew or extend any encumbrance upon any trust property by mortgage, deed of trust, pledge or otherwise, regardless of the purpose of any such action,

provided, however, that upon the trustor's death, this power shall be limited to a trust purpose.

- 4.2.5 To establish lines of credit and to guarantee any and all loans made to the trustor or to a corporation of which the trustor is a shareholder or officer, regardless of the purpose of the loan.
- 4.2.6 To participate in voting trusts, pooling agreements, foreclosures, reorganizations, consolidations, mergers and liquidations and, in connection therewith, to deposit securities with and transfer title and delegate discretions to any protective or other committee as the trustee may deem advisable.
- 4.2.7 To acquire or dispose of an asset, for cash or on credit, at public or private sale; and to exchange, partition, change the character of or abandon a trust asset or any interest therein.
- 4.2.8 To make improvements, alterations or ordinary or extraordinary repairs of buildings or other trust property; to demolish any improvements; and to raze existing or erect new party walls or buildings.
- 4.2.9 To subdivide, develop or dedicate land to public use; to make or obtain the vacation of plats and adjust boundaries; to adjust differences in valuation on exchange or partition by giving or receiving consideration; to dedicate easements for public use without consideration; and to create restrictions, easements or other servitudes.
- 4.2.10 To grant an option involving disposition of a trust asset, or to take an option for the acquisition of any asset.
- 4.2.11 To vote a security, in person or by general or limited proxy.
- 4.2.12 To pay calls, assessments and any other sums chargeable or accruing against or on account of securities.
- 4.2.13 To sell or to exercise or not exercise, as the trustee may deem advisable, any subscription, conversion or other rights or options which may at any time attach to, belong to or be given

to the holders of any stocks, bonds, securities or other instruments in the trust estate.

- 4.2.14 To sell short; to invest in warrants; to invest in options of all kinds, including but not limited to the purchase or sale of options of all kinds, the purchase of put and call options, the writing (selling) of put and call options, and the selling of naked put and call options; to engage in covered call writing; to engage in option spreading and all types of option trading; and to engage in speculative investments of every type.
- 4.2.15 To buy, sell and trade in securities of any nature on margin or otherwise, including short sales and contracts for the future delivery of commodities; to maintain and operate margin accounts and other accounts with brokers; and to pledge any securities held or purchased by the trust to brokers as security for loans and advances made to the trust.
- 4.2.16 To hold a security in the name of a nominee or in any other form without disclosure of the trust, so that title to the security may pass by delivery, but the trustee shall be liable for any act of the nominee in connection with the security so held.
- 4.2.17 To insure the assets of the trust against damage or loss, and the trustee against liability with respect to third persons.
- 4.2.18 To advance money for the protection of the trust and for all expenses, losses and liabilities sustained in the administration of the trust or because of the holding or ownership of any trust assets, for which advances, with any interest thereon, the trustee shall have a lien on the trust assets as against the beneficiaries.
- 4.2.19 To pay or contest any claim; to settle a claim by or against the trust by compromise, arbitration or otherwise; to release, in whole or in part, any claim belonging to the trust to the extent that the claim is uncollectible; and to institute, compromise and defend actions and proceedings.
- 4.2.20 To commence or defend litigation with respect to the trust or any property of the trust estate as trustee may deem advisable

and to employ such counsel as the trustee shall deem advisable for that purpose.

- 4.2.21 To enforce any mortgage, deed of trust or pledge and, at any sale under any mortgage, deed of trust or pledge, to bid and purchase, at the expense of the trust, any property subject to any such security instrument.
 - 4.2.22 To pay taxes, assessments, reasonable compensation of the trustee and other reasonable expenses incurred in the collection, care, administration and protection of the trust.
 - 4.2.23 To continue or participate in any business or other enterprise and to effect incorporation, dissolution or other change in the form of organization of the business or enterprise.
 - 4.2.24 To pay the debts of the trustor, the cost of any final illnesses of the trustor, and the cost of the trustor's funeral and final disposition, and to authorize any actions necessary to arrange for the trustor's funeral and final disposition.
- 4.3 **POWER TO APPOINT AGENT:** The trustee shall have the power to appoint a general or special agent to act on the trustee's behalf. Any power of attorney the trustee creates pursuant to this power shall cease when the appointing trustee ceases to act as trustee.
- 4.4 **BROAD POWERS OF DISTRIBUTION:** After the death of the trustor, upon any division or partial or final distribution of the trust estate, the successor trustee shall have the power to partition, allot and distribute the trust estate in undivided interests or in kind, or partly in money and partly in kind, at valuations determined by the trustee, and to sell such property as the trustee, in the trustee's discretion, considers necessary to make such division or distribution. In making any division or partial or final distribution of the trust estate, the trustee shall be under no obligation to make a pro rata division or to distribute the same assets to beneficiaries similarly situated. Rather, the trustee may in the trustee's discretion make non pro rata divisions between trusts or shares and non pro rata distributions to beneficiaries as long as the respective assets allocated to separate trusts or shares or the distributions to beneficiaries have equivalent or proportionate fair market value. The income tax basis of assets allocated or distributed non pro rata need not be equivalent and may vary to a greater or

lesser amount, as determined by the trustee in the trustee's discretion, and no adjustment need be made to compensate for any difference in basis.

- 4.5 **APPLY FOR GOVERNMENT ASSISTANCE:** The trustee shall have the power to deal with governmental agencies. To make applications for, receive and administer any of the following benefits, if applicable: Medi-Cal, Social Security, Medicare, Medicaid, Supplemental Security Income, In-Home Support Services, and any other government resources and community support services available to the elderly; such as the California Department on Aging, Federal Older Americans Act, Nursing Home Ombudsman, "Senior Day Care" programs, and senior centers.
- 4.6 **POWER TO OBTAIN BENEFITS UNDER WELFARE & INSTITUTIONS CODE SECTION 14006.2:** The trustee shall have the power to explore and implement Medi-Cal planning strategies and options and to plan and accomplish asset preservation in the event the trustor needs long-term health and nursing care. Such planning shall include, but is not necessarily limited to, the power and authority to: (1) make home improvements and additions to the trustor's family residence; (2) pay off partly or in full the encumbrance, if any, on the trustor's family residence; (3) purchase a family residence, if the trustor does not own one; (4) purchase a more expensive family residence; (5) make gifts of assets for estate planning purposes.
- 4.7 **AUTHORITY TO DIVIDE TRUST:** If any trust established hereunder may be subject to the federal generation-skipping tax, the trustee may divide that trust into two separate trusts of equal or unequal value, but on the same terms and with the same beneficiaries, so that the transferor's exemption may be allocated to one of the trusts to the exclusion of the other, or disproportionately between them.
- 4.8 **ACTION BY MAJORITY OF TRUSTEES:** Action may be taken by a majority of the trustees then acting and does not require unanimous consent. All documents including, but not limited to, those documents creating an interest in real property or transferring real property may be executed by signature of a majority of the trustees and shall be effective without requiring the signatures of all trustees.
- 4.9 **SPECIAL INSTRUCTIONS CONCERNING S CORPORATION STOCK:** Notwithstanding any other provision of this Trust, if any Trust or share contains both S corporation stock and other assets, the Trustee shall subdivide the Trust into separate shares so that for each beneficiary there is

a separate Trust share that contains the S corporation stock allocated to that beneficiary and a separate share for the other assets allocated to that beneficiary. It is the Trustor's intent to qualify the Trust containing the S corporate stock as a Qualified Subchapter S Trust ("Sub S Trust") under Section 1361 of the Internal Revenue Code.

- 4.9.1 The Sub S Trust is to be a separate Trust and to be administered, managed and distributed according to these provisions in order to protect the Qualified S Corporation Trust status.
- 4.9.2 Each Sub S Trust must have only one income beneficiary and such income beneficiary must be either a citizen or resident of the United States.
- 4.9.3 During the income beneficiary's lifetime, the income beneficiary shall be the exclusive recipient of income and principal distributions from the Trust. All income distributions will be made not less than annually to such beneficiary.
- 4.9.4 The Sub S Trust income beneficiary's income interest shall end on the earlier of the beneficiary's death or the Trust's termination under the same terms as set forth for the other Trusts or shares established for the income beneficiary.
- 4.9.5 If the Trust partially terminates by its terms during the income beneficiary's life, the Trustee shall distribute all the Sub S Trust's undistributed assets to that beneficiary forthwith and free of trust at the time of the first partial distribution.
- 4.9.6 The income beneficiary must timely make the Qualified Subchapter S Trust election in accordance with Treasury Regulation Section 1.1361-1(a)(3).
- 4.9.7 If there are Trusts or other shares established with more than one beneficiary, the Trustee shall follow the provisions of this instruction as to each beneficiary then living so as to create the separate Sub S Trusts for each such beneficiary and assets other than the S Corporation stock shall be retained and administered as otherwise set forth herein.

- 4.10 PERPETUITIES SAVINGS CLAUSE: Unless terminated earlier in accordance with other provisions of this trust, any trust hereby created or created by the exercise of any power hereunder shall terminate 21 years after the death of the last survivor of the following: (1) the trustor; (2) all the issue of the trustor who are living at the death of the trustor; and (3) all named beneficiaries who are living at the death of the trustor. Upon such termination, the trust estate, and any accumulations thereon, shall be distributed to those persons and in the same proportions as the income of the trust is then being paid.
- 4.11 TRUSTEE'S DUTIES: Where the trustee is not a trustor, the trustee has the duty to act as a fiduciary to the beneficiaries of this trust and the trustee shall administer the trust with the care, skill, prudence and diligence under the circumstances then prevailing and shall take into account the general economic conditions and the anticipated needs of the trust and its beneficiaries with the aim to accomplish the purposes of the trust as set forth in this declaration and to protect the beneficiaries of this trust.

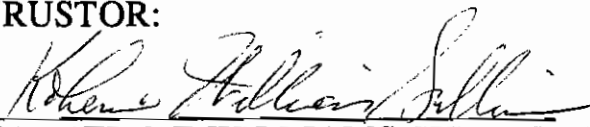
oOo

EXECUTION OF TRUST INSTRUMENT

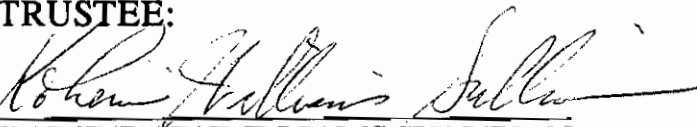
KATHERINE WILLIAMS SULLIVAN has read the foregoing Declaration of Trust. It correctly states the terms and conditions under which the trust estate is to be held, managed and distributed by the trustees. The Trustor approves the Declaration of Trust in all particulars and requests the Trustee to execute it. The Trustee agrees to be bound by the terms of this trust.

The Trustor and the Trustee execute this Declaration of Trust effective as of DECEMBER 4, 1992.

TRUSTOR:

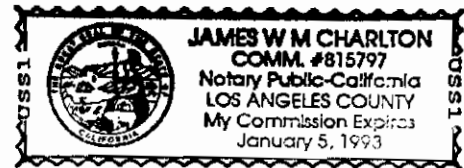

KATHERINE WILLIAMS SULLIVAN

TRUSTEE:


KATHERINE WILLIAMS SULLIVAN

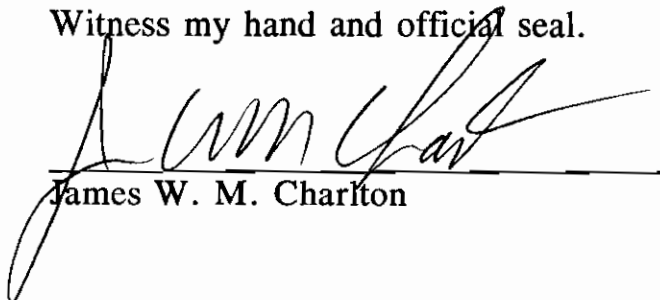
ACKNOWLEDGMENT

State of California)
) ss.
County of Los Angeles)



On DECEMBER 4, 1992 before me, James W. M. Charlton, a notary, personally appeared KATHERINE WILLIAMS SULLIVAN, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that KATHERINE WILLIAMS SULLIVAN executed the same in KATHERINE WILLIAMS SULLIVAN'S authorized capacity, and that by KATHERINE WILLIAMS SULLIVAN'S signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

Witness my hand and official seal.


James W. M. Charlton _____ Notary Public

AFTER RECORDING MAIL TO:
THE GRANTEE



655020

INSTRUMENT NO. 00039083

WARRANTY DEED

For Value Received DON F. FARRAR and TRACEY M. FARRAR, Husband and Wife, the grantor(s), do(es) hereby grant, bargain, sell and convey unto JAMES W. M. CHARLTON TRUSTEE, OF THE SULLIVAN TRUST DATED DEC. 4, 1992, the grantee(s) whose current address is 1007 WEST AVE. M-14, STE A, PALMDALE, CA 93551, the following described premises, in BONNER County Idaho, to wit:

PARCEL 1:

Lot 3, Block 2, GROUSE VALLEY ADDITION, according to the plat thereof, recorded in Book 2 of Plats, Page 100, records of Bonner County, Idaho.

PARCEL 2:

Lot 4, Block 2 of GROUSE VALLEY ADDITION, according to the plat thereof, recorded in Book 2 of Plats, Page 100, records of Bonner County, Idaho.

TO HAVE AND TO HOLD the said premises, with their appurtenances unto the said Grantee(s), their heirs and assigns forever. And the said Grantor(s) do(es) hereby covenant to and with the said Grantee(s), that he/she/they is/are the owner(s) in fee simple of said premises; that they are free from all encumbrances except those matters shown on the Exceptions Exhibit attached hereto and made a part hereof, and that he/she/they will warrant and defend the same from all lawful claims whatsoever.

Dated: JUNE __, 2004

DON F. FARRAR

TRACEY M. FARRAR

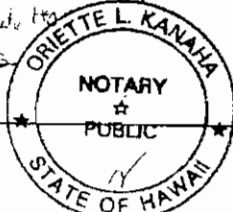
STATE OF Hawaii } SS
COUNTY OF It's Blue

On this 24th day of JUNE, 2004, before me, the undersigned, a Notary Public in and for the said State, personally appeared DON F. FARRAR and TRACEY M. FARRAR known or identified to me to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they 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 in and for said County and State

Residing at: Waimanalo, HI
Commission Exp.: 06/30/05



RECORDING DATA:

SANDPOINT TITLE INSURANCE
FILED BY
2004 JUL 19 10 34 41

NOTARY 28

EXCEPTIONS EXHIBIT**SUBJECT TO:**

GENERAL TAXES FOR THE YEAR 2004.

ANY QUESTION THAT MAY ARISE DUE TO THE SHIFTING AND CHANGING IN THE COURSE OF GROUSE CREEK.

EASEMENTS AND RESTRICTIONS CONTAINED ON THE FACE OF THE PLAT.

EASEMENT AND CONDITIONS CONTAINED THEREIN:

RECORDED: JUNE 4, 1984

INSTRUMENT NO: 287162

IN FAVOR OF: IDAHO PINE TIMBER ASSOCIATES

FOR: A PERPETUAL EASEMENT FOR INGRESS AND EGRESS FOR FOREST MANAGEMENT PURPOSES

AFFECTS: PARCEL 2

EASEMENT AND CONDITIONS CONTAINED THEREIN:

RECORDED: JUNE 21, 1984

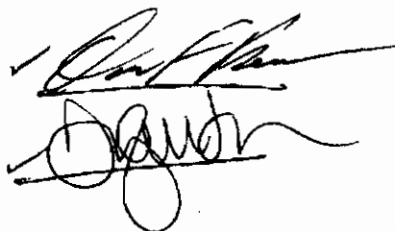
INSTRUMENT NO: 288059

BOOK/PAGE: 112 OF MISCELLANEOUS/PAGE 521

IN FAVOR OF: IDAHO PINE TIMBER ASSOCIATES

FOR: A PERPETUAL EASEMENT FOR INGRESS AND EGRESS FOR FOREST MANAGEMENT PURPOSES

AFFECTS: PARCEL 1



Transnation Title Insurance Company

January 3, 2005

**TO: JAMES CHARLTON
1007 WEST AVE. M-14 STE A
PALMDALE, CA 93551**

RE: 00039083

SELLER: DON F. FARRAR and TRACEY M. FARRAR

BUYER: JAMES W. M. CHARLTON TRUSTEE

BORROWER: JAMES W. M. CHARLTON TRUSTEE

LENDER:

Enclosed herewith please find the original final title policy and/or endorsement regarding the above-captioned transaction.

If you have any questions, please call our office and refer to the above order number.

Thank you!!

Enclosure(s)

OWNER'S POLICY OF TITLE INSURANCE

Issued by **Transnation Title Insurance Company**

POLICY NUMBER

A 52-0047357



Transnation Title Insurance Company is a member of the LandAmerica family of title insurance underwriters.

SUBJECT TO THE EXCLUSIONS FROM COVERAGE, THE EXCEPTIONS FROM COVERAGE CONTAINED IN SCHEDULE B AND THE CONDITIONS AND STIPULATIONS, TRANSNATION TITLE INSURANCE COMPANY, an Arizona corporation, herein called the Company, insures, as of Date of Policy shown in Schedule A, against loss or damage, not exceeding the Amount of Insurance stated in Schedule A, sustained or incurred by the insured by reason of:

1. Title to the estate or interest described in Schedule A being vested other than as stated therein;
2. Any defect in or lien or encumbrance on the title;
3. Unmarketability of the title;
4. Lack of a right of access to and from the land.

The Company will also pay the costs, attorneys' fees and expenses incurred in defense of the title, as insured, but only to the extent provided in the Conditions and Stipulations.

IN WITNESS WHEREOF, TRANSNATION TITLE INSURANCE COMPANY has caused its corporate name and seal to be hereunto affixed by its duly authorized officers, the Policy to become valid when countersigned by an authorized officer or agent of the Company.

TRANSNATION TITLE INSURANCE COMPANY

Attest:

Wm. Chadwick Perrine

Secretary



By:

Janet A. Albert

President

SANDPOINT TITLE INSURANCE

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
(b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
(a) created, suffered, assumed or agreed to by the insured claimant;
(b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
(c) resulting in no loss or damage to the insured claimant;
(d) attaching or created subsequent to Date of Policy; or
(e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the estate or interest insured by this policy.
4. Any claim, which arises out of the transaction vesting in the Insured the estate or interest insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that is based on:
(a) the transaction creating the estate or interest insured by this policy being deemed a fraudulent conveyance or fraudulent transfer; or
(b) the transaction creating the estate or interest insured by this policy being deemed a preferential transfer except where the preferential transfer results from the failure:
(i) to timely record the instrument of transfer; or
(ii) of such recordation to impart notice to a purchaser for value or a judgment or lien creditor.



Transnation Title Insurance Company

Sandpoint Title Insurance, Inc.

Agent for
Transnation Title Insurance Company
OWNER'S TITLE INSURANCE POLICY

Schedule A

File Number 00039083
Date of Policy: 07/19/2004 at 3:42 p.m.

Policy Number: A52-0047357
Amount of Insurance \$179,900.00
Premium: \$1,352.00 Shows Credit: ☐

1. Name of Insured:

JAMES W.M. CHARLTON

2. The estate or interest in the land which is covered by this Policy is:

fee simple

3. Title to the estate or interest in the land is vested in:

JAMES W. M. CHARLTON TRUSTEE, OF THE SULLIVAN TRUST DATED DEC. 4, 1992

4. The land referred to in this Policy is described as follows:

PARCEL 1:

Lot 3, Block 2, GROUSE VALLEY ADDITIONn, according to the plat thereof, recorded in Book 2 of Plats, Page 100, records of Bonner County, Idaho.

PARCEL 2:

Lot 4, Block 2 of GROUSE VALLEY ADDITION, according to the plat thereof, recorded in Book 2 of Plats, Page 100, records of Bonner County, Idaho.

Sandpoint Title Insurance, Inc.

By: _____

[Signature]
Authorized Officer of Agent

This policy is invalid unless the insuring provisions and Schedules A and B are attached.



OWNER'S TITLE INSURANCE POLICY
Transnation Title Insurance Company

SCHEDULE B

File Number: 00039083

Policy No. A52-0047357

This Policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

1. Encroachments, overlaps, boundary disputes, shortage in area, or any other matters which would be disclosed by an accurate survey and inspection of the premises.
2. Easements or claims of easements not shown by the public records.
3. Unpatented mining claims; reservations or exceptions in patents or in acts authorizing the issuance thereof; water rights, claims or title to water.
4. GENERAL TAXES FOR THE YEAR 2004, A LIEN IN THE PROCESS OF ASSESSMENT, NOT YET DUE OR PAYABLE.
5. ANY QUESTION THAT MAY ARISE DUE TO THE SHIFTING AND CHANGING IN THE COURSE OF GROUSE CREEK.
6. EASEMENTS AND RESTRICTIONS CONTAINED ON THE FACE OF THE PLAT.
7. EASEMENT AND CONDITIONS CONTAINED THEREIN:
RECORDED: JUNE 4, 1984
INSTRUMENT NO: 287162
IN FAVOR OF: IDAHO PINE TIMBER ASSOCIATES
FOR: A PERPETUAL EASEMENT FOR INGRESS AND EGRESS FOR FOREST MANAGEMENT PURPOSES
AFFECTS: PARCEL 2
8. EASEMENT AND CONDITIONS CONTAINED THEREIN:
RECORDED: JUNE 21, 1984
INSTRUMENT NO: 288059
BOOK/PAGE: 112 OF MISCELLANEOUS/PAGE 521
IN FAVOR OF: IDAHO PINE TIMBER ASSOCIATES
FOR: A PERPETUAL EASEMENT FOR INGRESS AND EGRESS FOR FOREST MANAGEMENT PURPOSES
AFFECTS: PARCEL 1

END OF SCHEDULE B

This policy is invalid unless the insuring provisions and Schedules A and B are attached.