

M E M O R A N D U M

Date: March 16, 2007
To: Water Right File 23-11335
From: eretelle
Re: permit review

Non-Trust Area
No WD - groundwater

No protests
No overlaps

Recommend approval as suggested by IDWR Eastern.

RECEIVED

PURCHASE AND SALE AGREEMENT
(Amended and Restated)

MAR 16 2007

DEPARTMENT OF WATER RESOURCES

THIS PURCHASE AND SALE AGREEMENT (this "Agreement") dated the _____ day of _____, 2006, is entered into by **JOHN A. PAPPAS and ANN H. PAPPAS**, not individually, but as trustees of **THE PAPPAS TRUST** dated August 29, 1996 of 5554 Littlebow Rd., Rancho Palos Verdes, CA 90275, hereinafter referred to as "Seller," and **PALISADES CREEK RANCH, LLC**, an Idaho limited liability company, whose mailing address is 25173, 3645 No. Pines Way, #104, Wilson, WY 83014-9129, hereinafter referred to as "Buyer."

Seller and Buyer have previously entered into a certain RE-24 Vacant Land Real Estate Purchase and Sale Agreement and Receipt for Earnest Money dated July 14, 2006, ("the Original Contract"). Pursuant to Paragraph 1 of the Original Contract the parties were to identify the property to be purchased. Buyer has caused the property to be surveyed and additional acreage is to be added to the original one hundred eighty (180) acres contemplated by the parties. Therefore, the parties are executing this Agreement to clarify the legal description of the property to be purchased and otherwise amend the Original Contract in certain respects. This Agreement amends and restates the Original Agreement in full and supersedes and replaces the same.

1. Agreement to Purchase and Sell.

1.1 Real Property. Seller hereby agrees to sell to Buyer and Buyer hereby agrees to purchase from Seller the following described real property. Said real property is hereinafter referred to as the "Property" or sometimes "the Real Property."

See Exhibit "A" attached hereto and by this reference incorporated herein.

SUBJECT TO:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.
2. Any facts, rights, interests or claims which are not shown by the public records but which could be

- ascertained by an inspection of said land or by making inquiry of persons in possession thereof.
3. Easements, claims of easement or encumbrances which are not shown by the public records, and of which Seller has no knowledge.
 4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments or any other facts which a correct survey would disclose, and which are not shown by the public records.
 5. Unpatented mining claims: reservations or exceptions in patents or in acts authorizing the issuance thereof: water rights, claims, or title to water.
 6. Canals and ditches.
 7. Any rights, interest or easements in favor of the public which exist or are claimed to exist over any part of said land covered by water.
 8. Permitted Exceptions as provided in Section 6 of this Agreement.
 9. Any easements in favor of William Holden, Jr. or his successors.

Together with all water rights, ditch rights, and appurtenances, whether represented by shares of stock or otherwise. Seller is the owner of certain shares stock in of Palisades Water Users, Incorporated ("Palisades Stock"). Pursuant to this Agreement. At Closing, Seller shall assign and transfer to Buyer two hundred thirty (230) shares of the Palisades Stock owned by Seller. The Palisades Stock shall be free and clear of all liens or encumbrances and all assessments, if any, thereon shall be paid and current through the Closing.

2. Purchase Price.

2.1 Amount. The purchase price for the Property is Two Million Four Hundred Ninety-two Thousand Nine Hundred Dollars and 00/100 (\$2,492,900.00), subject to any offsets, credits, or adjustments to be applied at Closing as provided herein. The purchase price due under this Agreement is hereinafter referred to as "the Purchase Price." The purchase and sale of the Property are intended by the parties to be a sale of all elements of the Property, and is not severable or divisible. The Purchase Price shall be paid as provided in this Section 2.

2.2 Deposits.

2.2.1 On or before the date which is three (3) business days after the Contract Date (as defined in Section 10.12), Buyer shall deliver a fully executed copy of this Agreement to Amerititle, Inc Idaho Falls, Idaho ("the Title Company"), at its office at Idaho Falls, Idaho. Buyer shall deposit with the Title Company the sum of Fifty Thousand Dollars and 00/100 (\$50,000.00) (the "Deposit") in the form of a cashier's check payable to the order of the Title Company, together with any subsequently accrued interest, shall be applied and credited toward the Purchase Price at the Closing.

2.2.2 If requested by Buyer, the Title Company shall place the Deposit in an interest-bearing account controlled by the Title Company with a FDIC-insured, financial institution in Idaho, and paying interest at a commercially available rate, for immediately withdrawable funds. All resulting accrued interest shall become part of the Deposit and shall be paid to whichever party becomes entitled to the Deposit under the provisions of this Agreement, whether or not the Deposit (including interest) shall be credited toward the Purchase Price at the Closing.

2.3 Payment at Closing. At the Closing, Buyer shall pay to Seller the balance of the Purchase Price, namely Two Million Four Hundred Forty-two Thousand Nine Hundred and 00/100 (\$2,442,900.00).

3. Closing Matters.

3.1 Closing. The Transaction contemplated by this Agreement shall close at the office of the Title Company on January 8, 2007 (the "Closing Date"), or the next business day if such date falls on a Saturday, Sunday or holiday, or on such other date as may be acceptable to all of the parties. The applicable date for closing is

hereinafter referred to as the "Closing Date." The closing which this Agreement contemplates will occur on the Closing Date is referred to herein as the "Closing."

3.2 Closing Through Escrow. The Closing shall occur through escrow, with the Title Company serving as escrow agent and closing agent for the parties. In connection with the Closing, each party shall deposit into escrow all of the documents and funds required of such party by this Agreement, for delivery when all conditions to the Closing have been met. In connection with the Closing, each of the parties or such party's attorney shall provide whatever instructions (not inconsistent with the provisions of this Agreement) to the Title Company such party deems necessary to enable or facilitate the Closing of the Transaction through escrow.

3.3 Closing Documents. On or before the Closing Date, the parties shall execute (if required by the nature of the material in question) and deliver to the Title Company each of the documents and other items listed below. Each such document or item shall be in form and substance reasonably satisfactory both to Seller and Buyer.

3.3.1 A Grant Deed ("the Deed") whereby Seller conveys to Buyer the Real Property in the form attached hereto as Exhibit "B" and by this referenced incorporated herein.

3.3.2 A Document of Assignment ("the Assignment"), or other appropriate document, whereby Seller conveys to Buyer the Palisades stock.

3.3.3 The parties shall execute Escrow Instructions to the Title Company reasonably acceptable to all parties. This Agreement together with such Escrow Instructions shall constitute the directions to the Title Company with regard to the escrow.

3.3.4 An affidavit or statement, signed by or on behalf of Seller, as contemplated and containing the information required by Section 1445 of the Internal Revenue Code, to the effect that Seller is not a foreign person or organization.

3.3.5 An assignment of all water right licenses, applications or permits and of all Notices of Claim filed by Seller in the Snake River Basin Adjudication, and a Change of Ownership Notice in such form as prescribed by the Idaho Department of Water Resources and the SRBA court.

3.3.6 Seller shall furnish to Buyer and to the Title Company such trust, partnership, and/or other such documents as may reasonably be required by Buyer's counsel or by the Title Company to establish the nature and composition of Seller, that Seller is validly formed and existing under the laws of the state of its creation, that Seller has full power and authority under applicable law to execute and deliver this Agreement, the Deed, the Assignments and the various documents required of Seller under this Agreement, and that the individual(s) acting on behalf of Seller in connection with the Closing are authorized to so act.

3.3.7 The parties agree to execute such additional documents as may be requested by their respective counsel which may be reasonably necessary to complete the Closing of the Transaction contemplated by this Agreement.

3.4 Delivery of Closing Documents. The Title Company shall record the Deed and shall distribute to the parties counterparts of the rest of the documents listed in Section 3.3, when the Title Company: (i) holds all of the documents listed in Section 3.3; (ii) is prepared to issue the Owner's Policy called for by Section 6 below; and (iii) holds for delivery to Seller all cash from Buyer required to complete the Closing of the Transaction contemplated by this Agreement.

3.5 Fees and Costs. Any escrow fee or other Closing-related fee charged by the Title Company (other than the premium for a standard title insurance policy or policies which shall be paid by Seller) shall be paid equally by Seller and Buyer regardless of whether or not the Closing is completed. Except as may be otherwise provided in this Agreement, all other closing costs shall be paid by the parties as is customary in Idaho Falls, Idaho. Each party shall bear the fees of any counsel representing such party on this transaction, except as otherwise provided in Section 10.4.

3.6 General Proration. In general, all credits or debit items to be prorated shall be prorated as of 12:01 a.m. on the Closing Date. Real estate taxes and special assessments, if any, shall be prorated as provided in Section 3.7 below.

3.7 Tax Proration. Ad valorem and similar taxes for the year of Closing with respect to the Property shall be prorated as of the Closing. If the Closing shall occur before the tax rate is fixed for the year of Closing, the apportionment of taxes shall be upon the basis of the taxes and assessments levied for the preceding year. After the Closing, when the tax rate is fixed for the year in which the Closing occurs, Seller and Buyer hereby agree, one to the other, to adjust the proration of taxes and, if

necessary, to refund or pay such sums as shall be necessary to effectuate such adjustment as of the Closing Date. Buyer shall be solely responsible for paying any and all supplemental real estate taxes or installments on special assessments that may arise from reappraisal due to the change of ownership of the Property at the Closing.

3.8 Utility Deposits. All utility deposits paid by Seller (regarding electricity, gas, water, telephone, sewer, etc.) shall remain the property of Seller. Buyer shall cooperate reasonably to ensure the prompt release of all such deposits to Seller.

3.9 Funds. All payments made by any party hereto at the Closing shall be in legal tender of the United States of America, paid in cash, by wire transfer of immediately available funds through the Federal Reserve System.

4. Buyer's Due Diligence Investigation and Conditions Precedent.

4.1 Conditions Precedent. Notwithstanding anything to the contrary in this Contract, Buyer shall not be obligated to purchase the Property unless by the Due Diligence Date which shall be January 8, 2007 (the end of the "Due Diligence Period") each of the following conditions precedent in subparagraphs 4.1.1 through 4.1.6 has been met or Buyer has waived said conditions in writing. Seller shall reasonably cooperate with Buyer in order to assist Buyer in Buyer obtaining approvals or satisfaction of other conditions stated in this Article 4.

4.1.1 The Property is zoned to Buyer's satisfaction and all studies, reports, permits, approvals and written agreements (including, but not limited to, subdivision approvals, site plan approvals, plat/parcel map approvals, boundary/lot line adjustments, and traffic studies), required by the appropriate public or governmental authorities to permit (i) the conveyance of the Property to Buyer in accordance with applicable law, and (ii), the development of th Property in accordance with Buyer's proposed plans have been finally adopted, all without conditions thereto which, in Buyer's sole opinion, would cause Buyer's proposed development of the Property to be economically unfeasible. During the Due Diligence Period buyer shall have the right to drill test water wells to determine the validity of the Property for development. If such wells are not be used, the ground shall be restored to its prior condition and the indemnification provisions of paragraph 4.1.4 below shall apply to such activities. In the event that Buyer has not obtained approval of Buyer's proposed plat or obtained any necessary permit for a bridge across Palisades Creek to access the Property by the Due

Diligence Date, the Seller agrees to extend the Due Diligence Date and the Closing Date for a period of sixty (60) days to obtain such approvals.

4.1.2 Title to the Property shall be good and marketable and shall be free and clear of all liens, encumbrances, easements, assessments, restrictions, tenancies (whether recorded or unrecorded) and other exceptions to title, except the lien of real property taxes not yet due and payable and those exceptions approved in writing by Buyer ("Permitted Exceptions"). Seller hereby represents and warrants (i) that there are no leases or other occupancy agreements affecting the Property or any portion thereof as of the date of this Contract, (ii) that between the date of this Contract and the earlier of the closing of escrow or the termination of this Contract, Seller shall not (A) sign any new lease or occupancy agreement affecting the Property or any portion thereof, or (B) sign any easement, covenant or restriction (or amendment to any existing easement, covenant or restriction) affecting the Property or any portion thereof (except to the extent required to delete such easement, covenant or restriction as an objectionable exception to title), and (iii) that Seller shall remove on or before closing all monetary liens and encumbrances affecting the Property except the lien of real property taxes not yet due and payable.

4.1.3 Seller shall have the right to examine the status of title to the Property in accordance with Article 6.

4.1.4 Buyer, at Buyer's expense, has obtained (if Buyer so chooses) surveys, soils tests, engineering studies, and environmental tests and audits (certified to Buyer and prepared in accordance with Buyer's requirements), which shall show the Property (i) to be free and clear of all hazardous materials and other environmental problems, and (ii) to be suitable, in Buyer's sole opinion, for Buyer's proposed development of the Property, including, without limitation, a determination by Buyer that means of (and rights for) vehicular ingress and egress to and from each portion of the Property to and from public roadways, utility availability and the physical conditions of the Property are such that Buyer's proposed development can be completed without incurring any extraordinary costs. If such conditions have not been satisfied by the Due Diligence Date Buyer shall notify Seller of the same. Thereupon this Agreement shall terminate, the Deposit shall be returned to Buyer and neither party shall be liable to the other.

4.1.5 All of Seller's representations and warranties under this Contract shall continue to be true and correct as of the date of closing.

4.1.6 In the event all of the conditions precedent set forth above have not been satisfied in Buyer's sole and absolute discretion, or waived in writing by Buyer by the Due Diligence Date Buyer may at any time thereafter, so long as sale conditions have not been satisfied or waived in writing by Buyer, terminate this Contract upon fifteen (15) days prior written notice to Seller, and this Contract shall terminate if the condition or conditions specified in said notice of termination have not been satisfied or waived in writing by Buyer prior to expiration of said fifteen (15) day period or the Closing Date, if earlier. In the event of any such termination of this Contract, both parties shall be released from any further obligations hereunder except for liabilities, actual or contingent, which arose prior to the date of termination, and all earnest money or Deposit paid by Buyer under the Contract shall be refunded to Buyer.

4.2 **As Is.** Without limiting the foregoing in any manner, Buyer acknowledges that, except as specifically provided to the contrary in Section 5.1, Seller has made no representations or warranties of any kind or nature whatsoever concerning the Property Conditions, and Buyer acknowledges that Buyer is relying solely upon Buyer's own investigation under this Section 4 in regard to all aspects of the property conditions. **BUYER ACKNOWLEDGES AND AGREES THAT BUYER HAS BEEN INFORMED AND UNDERSTANDS THAT EXCEPT AS OTHERWISE EXPRESSLY STATED IN THIS AGREEMENT AND THE DEED, SELLER MAKES NO WARRANTIES IN REGARD TO ANY OF THE PROPERTY, EXPRESS OR IMPLIED TO BUYER, EXCEPT ANY WARRANTIES OF TITLE THAT MAY BE OTHERWISE CONTAINED IN THIS AGREEMENT OR THE DEED. THERE IS NO WARRANTY GIVEN AS TO FITNESS FOR ANY PARTICULAR PURPOSE OR AS TO MERCHANTABILITY.**

5. Representations and Warranties.

5.1 **Seller's Representations and Warranties.** Seller represents and warrants to Buyer (and on the Closing Date shall be deemed to represent and warrant) as follows:

5.1.1 **Legal, Valid and Binding.** This Agreement and each other instrument or document executed or delivered in connection with this Agreement constitutes a legal, valid and binding obligation of Seller, enforceable against Seller in accordance with its respective terms.

5.1.2 **Maintenance of Property.** Seller will continue to maintain the Property in good condition and repair until the Closing.

5.1.3 Delivery of Possession. Except as otherwise disclosed herein, Seller will deliver possession of the Property to Buyer free of any leases, rental agreements, licenses or other rights of occupancy by any other person.

5.1.4 No Approval by Governmental Authority. No consent, approval, authorization, registration, qualification, designation, declaration or filing with any governmental authority is required in connection with the execution and delivery of this Agreement by Seller.

5.1.5 No Conflict. To the best of Seller's knowledge, the execution, delivery, and performance of this Agreement by Seller and the consummation of the Transaction contemplated herein will not: (i) result in a breach or acceleration of, or constitute a default or event of termination under the provisions of any agreement or instrument by which the Property is bound or affected; or (ii) constitute or result in the violation or breach by Seller of any judgment, order, writ, injunction or decree issued against or imposed upon Seller, or result in the violation of any applicable law, rule or regulation of any governmental authority.

5.1.6 No Lawsuits. To the best of Seller's knowledge, there are no actions, suits, proceedings or investigations pending, or to the best of Seller's knowledge, threatened, with respect to or in any manner affecting Seller's ownership of the Property or otherwise affecting any portion thereof, or which will become a cloud on the title to the Property or question the validity or enforceability of the Transaction contemplated herein. Notwithstanding anything to the contrary, it is understood by the parties that there are certain water rights which may be appurtenant to the Real Property or which have been claimed to be appurtenant to the Real Property. Each of said water rights, or claimed water rights is the subject of a pending and ongoing adjudication proceeding commenced in the Fifth Judicial District Court in Twin Falls, Idaho, in 1987 by the Idaho Department of Water Resources, and which is often referred to as the Snake River Basin Adjudication Proceeding (Athe SRBA"). Seller has attempted to comply with all legal responsibilities of holders of water rights in connection with the SRBA, but said adjudication proceeding has not been completed. Seller makes no warranties or further representations with respect to the status or validity of any of the water rights or claimed water rights, or the individual elements thereof, which may or may not ultimately be determined to be appurtenant to the Real Property in the SRBA. Buyer has conducted such investigation of each of said water rights or claimed water rights, and the respective status of each in the SRBA, together with all related matters, as Buyer deems reasonable and prudent, and Buyer is relying

upon the results of such investigations and Buyer's own understanding of the description, validity and status of each such water right or claimed water right in connection with Buyer's purchase of the Real Property, and not upon any warranty or representation with respect thereto which may be claimed to have been made by Seller. Notwithstanding the foregoing, Seller agrees to provide Buyer with any information of which Seller is aware concerning the nature of any existing dispute, action or threatened action concerning the water rights or claimed water rights, or the ability to deliver same to the Property.

5.1.7 Property Documents. To the best of Seller's knowledge, none of the Property Information to be made available to Buyer pursuant to Section 4.5 is materially incorrect or misleading. Seller shall not intentionally withhold any of the Property Information described in Section 4.5.

5.1.8 Maintenance of Property. Seller will continue to maintain the Property in good condition and repair until the Closing.

5.1.9 Delivery of Possession. Except as otherwise disclosed herein, Seller will deliver possession of the Property to Buyer free of any leases, rental agreements, licenses or other rights of occupancy by any other person. Seller has granted no easements, encumbrances, or rights to third parties, and is aware of no claims of right in or to the Property other than those of record.

5.1.10 Utilities. Seller represents that electrical, power and telephone lines are located in the county road right-of-way of Palisades Creek Road.

5.2 Buyer's Representations and Warranties. Buyer (and any permitted assignee of Buyer) represents and warrants to Seller (and on the Closing Date shall be deemed to represent and warrant) as follows:

5.2.1 Full Power and Authority. Buyer, if other than a natural person, is duly organized, validly existing and in good standing under the laws of the state of its organization, and has the full power and authority to execute and deliver this Agreement and to perform and carry out all covenants and obligations to be performed and carried out by Buyer hereunder.

5.2.2 Legal, Valid and Binding. This Agreement constitutes the legal, valid and binding obligations of Buyer enforceable against Buyer in accordance with its respective terms.

5.2.3 No Approval by Governmental Authority. No consent, approval, authorization, registration, qualification, designation, declaration or filing with any governmental authority is required in connection with the execution and delivery of this Agreement by Buyer.

5.2.4 No Conflict. To the best of Buyer's knowledge, the execution, delivery and performance of this Agreement by Buyer and the consummation of the Transaction contemplated herein will not constitute or result in the violation or breach by Buyer of any judgment, order, writ, injunction or decree issued against or imposed upon Buyer or result in the violation of any applicable law, rule or regulation of any governmental authority.

5.2.5 No Lawsuits. To the best of Buyer's knowledge, there are no actions, suits, proceedings or investigations pending, or threatened against Buyer, which question or threaten the validity or enforceability of the Transaction contemplated herein.

6. Title Insurance.

6.1 Title Commitment. Within fifteen (15) days after the Contract Date, Seller shall obtain, at the Seller's sole cost and expense, and deliver to Buyer current Commitments for Title Insurance (hereinafter the "Commitments") relating to the Property. Buyer shall, within ten (10) days after Buyer receives the Commitments, give written notice to Seller specifying any and each title exception contained in the Commitments, which would materially impair or prohibit Buyer's use of the Property (hereinafter the "Material Title Defect"), and Seller shall notify Buyer within ten (10) days after Seller's receipt of such respective notices whether or not Seller will remove or cure such Material Title Defect (if Seller fails to provide such notice such failure shall be deemed to be an election not to cure such Material Title Defect), provided, however, that if Seller elects not to remove or cure a Material Title Defect, then Buyer shall elect to: (i) waive each objection to a Material Title Defect and accept the Material Title Defect as a Permitted Encumbrance, as provided in Section 6.2 hereof, without adjustment to the Purchase Price for such Material Title Defect; or (ii) terminate this Agreement, in which event the Initial Deposit shall be immediately refunded to Buyer. If Seller notifies Buyer that a Material Title Defect objected to by Buyer will not be discharged or cured prior to or at the Closing, then Buyer must make Buyer's election as provided above by giving written notice to Seller within ten (10) days after Buyer's receipt of such notice. In the event Buyer fails to make Buyer's

election after Buyer's timely receipt of Seller's notice that a Material Title Defect will not be cured prior to or at the Closing, Buyer shall be deemed to have waived Buyer's objection to the Material Title Defect and to have accepted the Material Title Defect as a "Permitted Encumbrance" in accordance with the provisions of Section 6.2 hereof. Notwithstanding the foregoing, any existing loans against the Property arising through the voluntary agreement of Seller, and which may be discharged or removed by the disbursement of any portion of the Purchase Price by Seller at the Closing must be removed at the Closing, without the need for Buyer's objection as set forth above.

6.2 Permitted Encumbrances. As used in this Agreement, the term "Permitted Encumbrances" shall mean: (i) Real Property taxes and assessments for the year in which the Closing occurs and all periods thereafter; (ii) any taxes, impositions, or assessments resulting from a change in the use or tax status of the Property effectuated by Buyer, whether or not relating to periods prior to the Closing; (iii) all covenants, conditions, restrictions, easements, rights-of-way, encroachments, encumbrances, title exceptions, and other matters disclosed in the Commitments except for such Material Title Defects as to which Buyer timely objects in writing, as provided in Section 6 hereof, and does not thereafter waive such objection; (iv) all covenants, conditions, restrictions, easements, rights-of-way, shortages in area, encroachments, encumbrances, title exceptions, and other matters affecting the Property such as would be disclosed or discoverable by Buyer making a complete and thorough inspection and survey (conforming to minimum ALTA/ACSM standards) of the Property at the time of the Closing except for such Material Title Defects disclosed by such survey as to which Buyer timely objects in writing as provided in Section 6 hereof and does not thereafter waive such objection; and (v) any mechanics or materialmen's or other similar liens or claims and other matters arising through the acts or omissions of Buyer or Buyer's successor(s) in interest.

6.3 Title Insurance Policy at Closing. At the Closing, Seller shall pay the premium cost that would be charged for so-called "standard coverage" ALTA Owner's Policies of Title Insurance issued pursuant to the Title Commitments, in the amount of the Purchase Price. Buyer shall pay: (i) the cost of any customary and commercially available endorsements to the Owner's Policies that Buyer may reasonably require, and (ii) the additional cost of procuring so-called "extended coverage" in the Owner's Policies, but the availability of any special endorsements or additional coverage over and above those provided through extended coverage shall not be a condition to Buyer's obligation to complete the Closing pursuant to this Agreement. Seller agrees to execute and deliver to the Title Company such customary affidavits and indemnities as reasonably required by the Title Company to enable the

Title Company to provide extended form coverage for the Property free and clear of third-party rights, claims, or encumbrances.

6.4 Excepted Properties. The Exhibit "A" description of the Property encompasses and excludes several small properties and surrounding vacant land (to be retained by Seller) alongside Palisades Creek Road. Buyer shall have the right (as part of Buyer's Due Diligence) to inspect the status of title to this excepted area to assure there are no encroachments or easements extending onto the Property from this excluded area. The abandonment or vacation of such old access road (and replacement by a new access to those parcels and homes which new road is encompassed within the land excluded from the description of the Property or the Option Property) is a condition of Closing. Thereby no owner of property outside the description of the Property or the Option Property (described in Article 11) shall have any right of access to the Property or the Option Property or the ability to utilize or cross the Property or the Option Property.

7. Delivery of Possession and Risk of Loss.

7.1 Possession and Risk of Loss. Possession of the Property shall be delivered to Buyer at the time of the Closing. If prior to the Closing any material damage to the Real Property occurs through fire or other casualty or Seller receives notice of intent to condemn any part of the Real Property, Seller shall notify Buyer in writing of the state of affairs in question. In the case of damage through fire or other casualty, Seller in Seller's notice to Buyer either shall provide Buyer with a general description of the hazard insurance coverage, if any, that Seller has in effect with respect to such damage (including information as to any deductible that may apply in connection with such insurance coverage) or shall provide Buyer with a copy of the insurance policy, if any, that Seller has in effect with respect to such damage.

7.2 Damage Exceeding \$100,000.00. If the reasonably estimated cost of repair necessitated by the casualty or the reasonably estimated value of that part of the Real Property intended to be condemned (and/or the diminution in value of the remainder of the Real Property that would result from such condemnation) exceeds One Hundred Thousand Dollars (\$100,000.00), Buyer shall have ten (10) days after such notice from Seller within which to terminate Buyer's obligations to purchase the Property, by written notice to Seller. If Buyer thus terminates Buyer's obligation to purchase, the Deposit shall be returned to Buyer, this Agreement shall terminate, and the insurance proceeds shall belong to Seller. If Buyer fails to so terminate, Buyer shall be deemed to have waived any right Buyer might have had to do so. Buyer then

shall not be entitled to avoid purchasing the Property by reason of the damage or condemnation occurring prior to the Closing Date. In such event the proceeds from hazard insurance carried by Seller or proceeds from condemnation shall be used for restoration of the Property. Any such proceeds not expended for such restoration prior to transfer of possession shall be paid to Buyer upon transfer (less any reasonable expenses to Seller incident to the collection of said proceeds).

7.3 Damage Less Than \$100,000.00. In the event material damage of less than One Hundred Thousand Dollars (\$100,000.00) has occurred to the Real Property through fire or other casualty, then at the Closing, Seller shall give to Buyer a credit in an amount equal to: (i) the lesser of (a) the cost of repair necessitated by the casualty, as reasonably estimated and agreed to by the parties, or (b) the deductible that applies to such damage under any hazard insurance that Seller had in effect and that actually covered the casualty in question and was in fact used to repair or restore the Property, or (c) One Hundred Thousand Dollars (\$100,000.00); less (ii) any reasonable expenses paid by Seller to the Closing Date for the protection, restoration, or repairing of the Real Property.

8. Default.

8.1 Buyer's Default. If Buyer defaults in Buyer's obligation to purchase the Property or if Buyer elects not to complete the purchase of the Property pursuant to the due diligence provisions set forth in Section 4 for reasons other than Defective Property Conditions or if the Closing fails to occur in a timely fashion for any reason except Buyer's election to terminate this Agreement by reason of a Material Title Defect pursuant to Section 6.1 or a default by Seller in any of Seller's obligations under this Agreement, Seller shall have the right to specifically enforce this Agreement, or to terminate Buyer's rights under this Agreement and to receive the Deposits as liquidated damages for such default or failure. Except for Seller's rights to specific performance, Seller's right to obtain the Deposits, and Seller's rights under Section 10.4. hereof, neither party shall have any further claim or cause of action against the other by reason of the failure of the Closing to occur under the aforesaid circumstances. The Deposits as liquidated damages shall be remitted to Seller in accordance with the following procedures:

8.1.1 Seller may give written notice ("Seller's Notice") to the Title Company and to Buyer that Seller is entitled to receive and demands to receive the Deposit.

8.1.2 At the expiration of ten (10) days from the date of its receipt of Seller's Notice ("Seller's Notice Period"), the Title Company shall remit the Deposit to Seller unless, within Seller's Notice Period Buyer has given written notice ("Buyer's Notice") to the Title Company that Seller is not entitled to receive the Deposit and that the Deposit should not be paid over to Seller.

8.1.3 Upon receipt of Buyer's Notice, the Title Company shall notify Seller that the Title Company has received conflicting directions from Buyer.

8.1.4 Thereafter, the Title Company shall continue to hold the Deposit, pending either the Title Company's receipt of joint instructions from Buyer and Seller as to the disposition to be made of the Deposit or resolution of the matter by a court having jurisdiction of the matter.

8.2 **Liquidated Damages.** The parties agree that the liquidated damages referred to above constitute a reasonable sum considering all of the circumstances existing on the Contract Date, including the relationship of the size of the Deposit to the range of harm to Seller that reasonably could be anticipated and the expectation that proving actual damages would or might be costly, impractical, and extremely difficult. Each party agrees to the liquidated damage provision contained in Section 8.1 and confirms the accuracy of the statements made in this Section 8.2, the fact that each party was represented by legal counsel or another representative of such party's choosing in connection with the negotiation of this Agreement, and that each party fully understands the consequences of this liquidated damages provision at the time this Agreement is executed.

8.3 **Seller's Default.** If Seller defaults on any pre-Closing obligation under this Agreement or fails to perform as provided herein, Buyer shall, before exercising any remedy therefor, give Seller written notice of such default and allow Seller ten (10) days within which to cure the same. If Seller fails to cure such default within ten (10) days after Buyer's notice of such default, Buyer shall have the right and option to either (i) terminate this Agreement, in which event Buyer shall have the right to immediately receive back the Deposit and to recover any damages incurred by Buyer, or (ii) continue this Agreement in effect pending Buyer's action for specific performance and/or damages and any and all other legal and equitable remedies available under Idaho law.

9. **Notices.** All notices required or permitted to be given under this Agreement shall be in writing and shall be given by personal delivery

overnight courier service, or by deposit in the United States mail, certified mail, return receipt requested, postage prepaid, addressed to Seller and Buyer at the addresses set forth below their respective signatures on the last page of this Agreement or at such other address as a party may designate by notice similarly given. Notice shall be deemed given and received on the date on which the notice is actually received, whether notice is given by personal delivery, overnight courier or by mail.

Copies of any notice given to Seller shall also be given to:

Charles Homer, Esq.
P. O. Box 50130
Idaho Falls, ID 83405

Copies of any notice given to Buyer shall also be given to:

Scott P. Eskelson, Esq.
P.O. Box 3189
Idaho Falls, Idaho 83402

10. Miscellaneous.

10.1 Waivers. No waiver of any of the provisions of this Agreement shall constitute a waiver of any other provision, whether or not similar, nor shall any waiver be a continuing waiver. Except as expressly provided in this Agreement, no waiver shall be binding unless executed in writing by the party making the waiver. Any party may waive any provision of this Agreement intended for such party's sole benefit; however, unless otherwise provided for herein, such waiver shall in no way excuse the other party from the performance of any of such party's other obligations under this Agreement.

10.2 Construction. This Agreement shall be interpreted according to Idaho law, and shall be construed as a whole and in accordance with its fair meaning and without regard to, or taking into account, any presumption or other rule of law requiring construction against the party preparing this Agreement or any part hereof.

10.3 Time. Time is of the essence of this Agreement.

10.4 Attorney Fees. If any action is brought by either party in respect to such party's rights under this Agreement, the prevailing party shall be entitled to reasonable attorney fees and court costs as determined by the court.

10.5 Binding Effect. This Agreement and all instruments or documents entered into pursuant hereto are binding upon and shall inure to the benefit of the parties and their respective successors and assigns.

10.6 Further Assurances and Documentation. Each party agrees in good faith to take such further actions and execute such further documents as may be reasonably necessary or appropriate to fully carry out the intent and purpose of this Agreement. The access road to the Property to be constructed by Buyer shall be a public road or Buyer will otherwise grant to Seller the right to use the road constructed for access to the Option Property defined in Paragraph 11.1.

10.7 Time Periods. If the time for the performance of any obligation under this Agreement expires on a Saturday, Sunday or legal holiday, the time for performance shall be extended to the next succeeding day which is not a Saturday, Sunday or legal holiday.

10.8 Headings. The headings of this Agreement are for purposes of reference only and shall not limit or define the meaning of any provision of this Agreement.

10.9 Entire Agreement. This Agreement, together with all exhibits referred to herein, which are incorporated herein and made a part hereof by this reference, constitute the entire agreement between the parties pertaining to the subject matter contained in this Agreement. No supplement, modification or amendment of this Agreement shall be binding unless in writing and executed by Buyer and Seller. All Exhibits referred to herein are incorporated herein and made part hereof.

10.10 Survival. Each of the terms and provisions of this Agreement which are not expressly incorporated into the Deed, or which are not satisfied by the execution and delivery of the Deed, or which by their nature require the parties to perform certain acts subsequent to the Closing, including, without limitation, all representations and warranties set forth herein, shall survive the Closing.

10.11 Brokerage Fees. Any brokerage fees due from Seller or Buyer to any agent or broker shall be paid pursuant to a separate agreement and are not governed by the terms hereof.

10.12 Definition of Contract Date. The term "Contract Date" as used in this Agreement refers to the date on which Buyer and Seller have each actually executed this Agreement. If Buyer and Seller do not execute this Agreement on the same date, the Contract Date shall be the date on which this Agreement is executed by the second of Buyer and Seller to sign. The Contract Date may or may not coincide with the reference date appearing on the cover page or on the first page of this Agreement.

10.13 Counterparts; Acceptance by Fax. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one of the same instrument, with the same effect as if all parties had signed the same signature page. Any signature page of this Agreement may be detached from any counterpart of this Agreement and reattached to any other counterpart thereof. Facsimile transmission of any signed counterpart of this Agreement and retransmission of any signed facsimile transmission, shall be the same as delivery of an original counterpart of this Agreement.

11. Special Terms and Conditions.

11.1 Option. At the Closing Seller and Buyer are to enter into a separate option agreement ("the Option") for the purchase of additional land owned by Seller consisting of approximately ninety and 3/10ths acres (90.3) ("the Option Property"). The Option shall be in the form of **Exhibit "C"** attached hereto and by this reference incorporated herein. The purchase price for the Option Property shall be Two Million Seven Thousand One Hundred Dollars and 00/100 (\$2,007,100.00) and the terms of the Option shall expire on September 1, 2008. The execution and delivery of the Option is a condition precedent to the obligations of both Buyer and Seller to close herein. There shall be attached to the Option itself the form of agreement describing the terms for purchase of Option Property ("the Option Purchase Agreement").

12. Knowledge. For all purposes of this Agreement, a person or party signing this Agreement has knowledge of a fact or circumstance if such person or party has actual present knowledge. No person comprising part of Seller has any

obligation (i) to examine the completeness or accuracy of such person's present knowledge or (ii) to refresh such person's knowledge.

IN WITNESS WHEREOF, the undersigned have duly executed this Agreement as of the date first set forth above.

SELLER:

THE PAPPAS TRUST

By: _____
JOHN A. PAPPAS, Trustee

By: _____
ANN H. PAPPAS, Trustee

BUYER:

PALISADES CREEK RANCH, LLC

By: _____
JOHN CARDIS, Manager

STATE OF IDAHO)
) ss.
County of _____)

On the _____ day of _____, 2006, before me, the undersigned, a Notary Public, in and for the State of Idaho, personally appeared **JOHN A. PAPPAS and ANN H. PAPPAS**, known or identified to me to be the persons whose names are subscribed to the within instrument as trustees of **THE PAPPAS TRUST** and acknowledged to me that they executed the same as such trustees.

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

(seal)

Notary Public for Idaho
Residing at Idaho
My commission expires: _____

STATE OF IDAHO)
) ss.
County of _____)

On the _____ day of _____, 2006, before me, the undersigned, a Notary Public, in and for the State of Idaho, personally appeared JOHN CARDIS, known or identified to me to be one of the Managers of **PALISADES CREEK RANCH, LLC**, an Idaho limited liability company, and the Manager or one of the Managers who subscribed said company name to the foregoing instrument, and acknowledged to me that he executed the same in said company name.

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

(seal)

Notary Public for Idaho
Residing at Idaho
My commission expires: _____

S:\Wendy's\MyFiles\SPB-Clients\4962\PappasRanch\PurchaseAndSaleAgreement.wpd

EXHIBIT "A"

Part of Section 25 and part of the NE1/4 SE1/4 Section 26, Township 1 North, Range 44 East, B.M., Bonneville County, Idaho described as:

Commencing at the Southeast corner of said Section 25 running thence along the section line N89°59'20"W 3946.71 feet more or less to the Southwest corner of the East 1/2 of the Southwest 1/4 of said Section 25; thence along the West line of said East 1/2 of the Southwest 1/4 N00°06'32"W 1323.13 feet more or less to the Southeast corner of the Northwest 1/4 of the Southwest 1/4; thence along the South line of said Northwest 1/4 of the Southwest 1/4 N89°59'31"W 1315.95 feet more or less to the Southwest corner of said Northwest 1/4 of the Southwest 1/4 of said Section 25; thence along the South line of the Northeast 1/4 of the Southeast 1/4 of Section 26 S89°48'14"W 777.37 feet; thence N16°12'43"E 208.75 feet to a point on the Northwesterly bank of Palisades Creek; thence N21°42'51"W 158.0 feet to a point in an existing fence line; thence along said fence line N21°42'51"W 448 feet more or less to the Southerly line of Palisades Creek Road; thence N21°42'51"W to the Northerly line of said Palisades Creek Road; thence Northeasterly along said Palisades Creek Road to the North line of said Northeast 1/4 of the Southeast 1/4 of Section 26; thence East to the Easterly line of said Palisades creek road; thence Northeasterly along said Easterly line to a point that is N00°07'31"W 607.85 feet more or less and S89°52'29"W 93.27 feet more or less from the East 1/4 corner of Section 26; thence S65°00'31"E 929.18 feet more or less; thence S07°26'48"W 217.94 feet more or less to the North line of the Southwest 1/4 of Section 25; thence along said North line S89°59'40"E 596.33 feet to the Northeast corner of the Northwest 1/4 of the Southwest 1/4 of Section 25; thence S77°00'57"E 1737.81 feet; thence S45°01'26"E 3192.59 feet to the POINT OF COMMENCEMENT.

Spring

EXCEPTING THEREFROM: Beginning at a point on the East boundary line of the Palisades Creek Road, being a point 845 feet East of the Northwest corner of the Northeast 1/4 of the Southeast 1/4 of said Section 26; running thence in a Southwesterly direction along the South line of said Palisades Creek Road a distance of 205 feet; thence in a Northeasterly direction to a point on the North line of the Northeast 1/4 of the Southeast 1/4 of said Section 26, which is 65 feet East of the Point of Beginning; running thence West 65 feet to the POINT OF BEGINNING.

GRANT DEED

THIS INDENTURE is made this _____ day of _____, 2007, by JOHN A. PAPPAS and ANN H. PAPPAS, not individually, but as trustees of THE PAPPAS TRUST dated August 29, 1996, of _____ County, State of California, "Grantor," and PALISADES CREEK RANCH, LLC, an Idaho limited liability company, whose mailing address is 25173, 3645 No. Pines Way, #104, Wilson, WY 83014-9129, "Grantee."

WITNESSETH, that Grantor, for and in consideration of the sum of Ten Dollars (\$10.00) lawful money of the United States of America, and other good and valuable consideration, to Grantor in hand paid by Grantee, the receipt whereof is hereby acknowledged, has granted, and by these presents does grant and confirm unto Grantee, and to Grantee's heirs and assigns forever, all of the following described property in the County of Bonneville, State of Idaho, to-wit:

See Exhibit "A" attached hereto and by this reference incorporated herein.

SUBJECT TO:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.
2. Any facts, rights, interests or claims which are not shown by the public records but which could be ascertained by an inspection of said land or by making inquiry of persons in possession thereof.
3. Easements, claims of easement or encumbrances which are not shown by the public records, and of which Seller has no knowledge.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments or any other facts which a correct survey would disclose, and which are not shown by the public records.

EXHIBIT "B"

5. Unpatented mining claims: reservations or exceptions in patents or in acts authorizing the issuance thereof: water rights, claims, or title to water.
6. Canals and ditches.
7. Any rights, interest or easements in favor of the public which exist or are claimed to exist over any part of said land covered by water.
8. Permitted exceptions as described in the agreement to which this form is an Exhibit.
9. Any easements in favor of William Holden, Jr. or his successors.

TOGETHER with the tenements, hereditaments and appurtenances thereunto belonging or in anywise appertaining, and any reversions, any remainders, and rents, issues and profits therefrom; and all estate, right, title and interest in and to said property, as well in law as in equity, of Grantor.

TO HAVE AND TO HOLD, the premises and the appurtenances unto Grantee, and to Grantee's heirs and assigns forever.

In construing this deed and where the context so requires, the singular includes the plural.

IN WITNESS WHEREOF, Grantor has executed the within instrument the day and year first above written.

THE PAPPAS TRUST

By: _____
JOHN A. PAPPAS, Trustee

By: _____
ANN H. PAPPAS, Trustee

EXHIBIT "A"

Part of Section 25 and part of the NE1/4 SE1/4 Section 26, Township 1 North, Range 44 East, B.M., Bonneville County, Idaho described as:

Commencing at the Southeast corner of said Section 25 running thence along the section line N89°59'20"W 3946.71 feet more or less to the Southwest corner of the East 1/2 of the Southwest 1/4 of said Section 25; thence along the West line of said East 1/2 of the Southwest 1/4 N00°06'32"W 1323.13 feet more or less to the Southeast corner of the Northwest 1/4 of the Southwest 1/4; thence along the South line of said Northwest 1/4 of the Southwest 1/4 N89°59'31"W 1315.95 feet more or less to the Southwest corner of said Northwest 1/4 of the Southwest 1/4 of said Section 25; thence along the South line of the Northeast 1/4 of the Southeast 1/4 of Section 26 S89°48'14"W 777.37 feet; thence N16°12'43"E 208.75 feet to a point on the Northwesterly bank of Palisades Creek; thence N21°42'51"W 158.0 feet to a point in an existing fence line; thence along said fence line N21°42'51"W 448 feet more or less to the Southerly line of Palisades Creek Road; thence N21°42'51"W to the Northerly line of said Palisades Creek Road; thence Northeasterly along said Palisades Creek Road to the North line of said Northeast 1/4 of the Southeast 1/4 of Section 26; thence East to the Easterly line of said Palisades creek road; thence Northeasterly along said Easterly line to a point that is N00°07'31"W 607.85 feet more or less and S89°52'29"W 93.27 feet more or less from the East 1/4 corner of Section 26; thence S65°00'31"E 929.18 feet more or less; thence S07°26'48"W 217.94 feet more or less to the North line of the Southwest 1/4 of Section 25; thence along said North line S89°59'40"E 596.33 feet to the Northeast corner of the Northwest 1/4 of the Southwest 1/4 of Section 25; thence S77°00'57"E 1737.81 feet; thence S45°01'26"E 3192.59 feet to the POINT OF COMMENCEMENT.

Spring

EXCEPTING THEREFROM: Beginning at a point on the East boundary line of the Palisades Creek Road, being a point 845 feet East of the Northwest corner of the Northeast 1/4 of the Southeast 1/4 of said Section 26; running thence in a Southwesterly direction along the South line of said Palisades Creek Road a distance of 205 feet; thence in a Northeasterly direction to a point on the North line of the Northeast 1/4 of the Southeast 1/4 of said Section 26, which is 65 feet East of the Point of Beginning; running thence West 65 feet to the POINT OF BEGINNING.

obligation (i) to examine the completeness or accuracy of such person's present knowledge or (ii) to refresh such person's knowledge.

IN WITNESS WHEREOF, the undersigned have duly executed this Agreement as of the date first set forth above.

SELLER:

THE PAPPAS TRUST

By: [Signature]
JOHN A. PAPPAS, Trustee

By: [Signature]
ANN H. PAPPAS, Trustee

BUYER:

PALISADES CREEK RANCH, LLC

By: _____
JOHN CARDIS, Manager

STATE OF IDAHO)
) ss.
County of _____)

On the _____ day of _____, 2006, before me, the undersigned, a Notary Public, in and for the State of Idaho, personally appeared JOHN A. PAPPAS and ANN H. PAPPAS, known or identified to me to be the persons whose names are subscribed to the within instrument as trustees of THE PAPPAS TRUST and acknowledged to me that they executed the same as such trustees.

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

(seal)

Notary Public for Idaho
Residing at Idaho
My commission expires: _____

11. Special Terms and Conditions.

11.1 Option. At the Closing Seller and Buyer are to enter into a separate option agreement ("the Option") for the purchase of additional land owned by Seller consisting of approximately ninety-eight acres (98) ("the Option Property"). The Option shall be in the form of **Exhibit "C"** attached hereto and by this reference incorporated herein. The purchase price for the Option Property shall be One Million Nine Hundred Sixty Thousand Five Hundred Dollars and 00/100 (\$1,960,500.00) and the terms of the Option shall expire on September 1, 2008. The execution and delivery of the Option is a condition precedent to the obligations of both Buyer and Seller to close herein. There shall be attached to the Option itself the form of agreement describing the terms for purchase of Option Property ("the Option Purchase Agreement").

12. Knowledge. For all purposes of this Agreement, a person or party signing this Agreement has knowledge of a fact or circumstance if such person or party has actual present knowledge. No person comprising part of Seller has any obligation (i) to examine the completeness or accuracy of such person's present knowledge or (ii) to refresh such person's knowledge.

IN WITNESS WHEREOF, the undersigned have duly executed this Agreement as of the date first set forth above.

SELLER:

THE PAPPAS TRUST

By: _____
JOHN A. PAPPAS, Trustee

By: _____
ANN H. PAPPAS, Trustee

BUYER:

PALISADES CREEK RANCH, LLC

By:  _____
JOHN CARDIS, Manager

OPTION TO PURCHASE

THIS AGREEMENT ("this Agreement") is made and entered into as of this day of _____, 2007, by and between JOHN A. PAPPAS and ANN H. PAPPAS, not individually, but as trustees of THE PAPPAS TRUST dated August 29, 1996, hereinafter referred to as "Grantor" and PALISADES CREEK RANCH, LLC, an Idaho limited liability company, hereinafter referred to as "Holder".

A. Grantor is the owner of a tract of land described as follows, ("the Option Property"):

See Exhibit "A" attached hereto and by this reference incorporated herein.

B. Grantor has agreed to provide to Holder an option ("the Option") to purchase the Option Property in accordance with the terms and conditions of this Agreement.

NOW THEREFORE, in consideration of the mutual covenants set forth herein and for other good and valuable consideration, the parties agree as follows:

1. **The Option.** Holder is hereby granted the Option to purchase the Option Property upon the terms set forth herein. The option fee ("the Option Fee") shall be One Hundred Dollars and 00/100 (\$100.00) payable upon execution of this Agreement. If the Option is exercised, the Option Fee shall be credited against the Option Price stated below.

2. **Time.** The Option may be exercised at any time beginning upon the date of this Agreement and ending September 1, 2008 ("the Term"). The Option may be exercised at any time during the Term.

3. **Exercise.** The Holder shall give notice of exercise to the Grantor ("Notice of Exercise") in writing addressed to the Grantor at the address stated herein, or such other address as the Grantor may designate.

EXHIBIT "C"

4. **Option Price.** The price at which the Holder may purchase the Option Property ("the Option Price") shall be Two Million Seven Thousand One Hundred Dollars and 00/100 (\$2,007,100.00) .

5. **Contract.** Within three (3) days after delivery of the Notice of Exercise, Grantor and Holder shall enter an agreement for the sale of the Option Property ("the Sale Agreement"). The Sale Agreement shall be in the form attached hereto as Exhibit "B" and by this reference incorporated herein. The Sale Agreement thereafter shall govern the terms upon which Holder shall acquire the Option Property.

6. **Assignment.** The Option shall not be assigned without the prior written consent of the Grantor which may be granted or withheld in Grantor's sole discretion.

7. **Specific Enforcement.** This Agreement may be specifically enforced.

8. **Successors and Assigns.** This Agreement shall inure to the benefit of and be binding upon the heirs, successors and assigns of the parties hereto.

9. **Enforcement Costs.** In the event it is necessary to enforce the terms of this Agreement, the prevailing party shall be entitled to recover its costs of enforcement, including reasonable attorney fees.

10. **Non-Merger.** The terms of this Agreement shall survive its execution and recording and shall not be deemed merged into any other deed or instrument.

11. **Entire Agreement.** This Agreement, including Exhibits, constitutes the entire agreement between the parties with respect to the subject matter herein.

12. **Notice.** The parties agree that a notice of this Agreement shall be recorded to provide record notice of the Option granted herein.

13. **Investigation.** During the Term of the Option Holder shall have the right to inspect the condition and title of the Option Property to ensure Holder's satisfaction of the same. During such time Holder shall have the right to enter upon the Option Property to make such investigations in a manner similar to the investigations made during Holder's purchase of the adjoining property from the Grantor.

IN WITNESS WHEREOF, the parties have hereunto set their hands the day and year first above written.

THE PAPPAS TRUST

PALISADES CREEK RANCHES, LLC

By: _____

By: _____

JOHN A. PAPPAS, Trustee

JOHN CARDIS, Manager

By: _____

ANN H. PAPPAS, Trustee

ADDRESS: 25173

3645 No. Pines Way, #104

Wilson, WY 83014-9129

**ADDRESS: 5554 Littlebow Rd.
Ranch Palos Verdes, CA 90275**

STATE OF IDAHO)

) ss.

County of _____)

On the _____ day of _____, 2006, before me, the undersigned, a Notary Public, in and for the State of Idaho, personally appeared **JOHN A. PAPPAS** and **ANN H. PAPPAS**, known or identified to me to be the persons whose names are subscribed to the within instrument as trustees of **THE PAPPAS TRUST** and acknowledged to me that they executed the same as such trustees.

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 Idaho

(seal)

My commission expires: _____

STATE OF IDAHO)

) ss.

County of _____)

On the _____ day of _____, 2006, before me, the undersigned, a Notary Public, in and for the State of Idaho, personally appeared JOHN CARDIS, known or identified to me to be one of the Managers of **PALISADES CREEK RANCH, LLC**, an Idaho limited liability company, and the Manager or one of the Managers who subscribed said company name to the foregoing instrument, and acknowledged to me that he executed the same in said company name.

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

(seal)

Notary Public for Idaho

Residing at Idaho

My commission expires: _____

PurchaseOption.wpd

EXHIBIT "A"
(Option Parcel)

Part of Section 25 and part of the SE1/4 NE1/4 Section 26, Township 1 North, Range 44 East, B.M., Bonneville County, Idaho described as:

Beginning at a point that is N89°59'40"W 2256.12 feet from the at the E1/4 corner of said Section 25 and running thence S00°03'32"E 390.30 feet; thence N77°00'57"W 1737.81 feet; thence N89°59'40"W 596.33 feet; thence N07°26'48"E 217.94 feet; thence N65°05'31"W 935.55 feet more or less to the Easterly line of Palisades Creek Road; thence Northeasterly along said Easterly line to a point that is N15°27'30"E 885.44 feet from the West ¼ corner of said Section 25; thence N89°30'54"E 267.86 feet; thence S42°22'48"E 209.00 feet; thence N43°30'52"E 564.03 feet; S89°12'53"E 211.39 feet; thence N00°34'46"E 246.38 feet; thence N89°54'30"E 66.82 feet; thence S00°06'31"E 30.89 feet; thence S89°59'50"E 769.81 feet; thence N10°08'00"E 141.33 feet; thence N14°22'40"E 105.54 feet; thence N30°44'43"E 70.02 feet; thence N82°31'46"E 643.05 feet; thence S13°16'48"W 269.41 feet; thence S62°45'13"E 544.82 feet; thence S54°34'49"E 141.66 feet; thence S17°56'48"W 1093.26 feet; thence S00°03'32"E 74.60 feet to the point of beginning.

SUBJECT TO: existing easements of record.

Parcel contains 90.3 acres more or less

PURCHASE AND SALE AGREEMENT

THIS PURCHASE AND SALE AGREEMENT (this "Agreement") dated the _____ day of _____, 2006, is entered into by **JOHN A. PAPPAS and ANN H. PAPPAS**, not individually, but as trustees of **THE PAPPAS TRUST** dated August 29, 1996 of 5554 Littlebow Rd., Rancho Palos Verdes, CA 90275, hereinafter referred to as "Seller," and **PALISADES CREEK RANCH, LLC**, an Idaho limited liability company, whose mailing address is 25173, 3645 No. Pines Way, #104, Wilson, WY 83014-9129, hereinafter referred to as "Buyer," who agree as follows:

1. Agreement to Purchase and Sell.

1.1 **Real Property.** Seller hereby agrees to sell to Buyer and Buyer hereby agrees to purchase from Seller the following described real property. Said real property is hereinafter referred to as the "Property" or sometimes "the Real Property."

See Exhibit "A" attached hereto and by this reference incorporated herein.

SUBJECT TO:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.
2. Any facts, rights, interests or claims which are not shown by the public records but which could be ascertained by an inspection of said land or by making inquiry of persons in possession thereof.
3. Easements, claims of easement or encumbrances which are not shown by the public records, and of which Seller has no knowledge.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments or any other facts which a correct survey would disclose, and which are not shown by the public records.

EXHIBIT "B" TO OPTION