

OFFER 1m

Pine-Strawberry Water Improvement District (Buyer) purchases Milk Ranch well (with 7,000 sq feet of land and piping) from Milk Ranch, LLC (Seller) under the following terms and conditions:

Terms of final contract

P.S.W.I.D and Seller will enter into a more detailed agreement in which:

1. P.S.W.I.D purchases the well and with 7,000 sq feet of land for \$400,000.
2. The well is sold "As is". Seller and Buyer agree that the Milk Ranch Well will be sold in its then existing condition (AS IS) and Seller makes no warranty to Buyer, either express or implied, as to the condition of the Milk Ranch Well.
3. Hook ups: During the next 15 years, P.S.W.I.D will make available to sellers -- 50 residential water meter hook ups and 2 commercial water meter hook ups free and clear of all costs. Milk Ranch LLC will purchase and install all pipes leading up to the meter and all pipes running from the meter. Water meter hookups are to be conveyed to Milk Ranch, LLC or its principles. Water meter hook ups may be used anywhere in the Pine-Strawberry Water Improvement District. Water meter hookups are assignable and transferable, so long as Milk Ranch, LLC or its principles has ownership interest in property being serviced by the meter (or Milk Ranch, LLC or its principles had ownership interest in property being serviced by the meter and sold that interest to the party that will use the meter). Availability of water meter hook ups for Sellers are not subject to any moratoriums.
4. Escrow
 1. The parties will submit this agreement to Pioneer title.
 2. PSWID will pay to have the land surveyed.
 3. The close of escrow will be considered the official sale date.
5. Financing
 1. PSWID will make their best and conscientious effort to obtain financing for the well purchase.
 2. In the event that financing is not available, Buyer will make quarterly "interest only" payments of \$6,000 (which is 6% annual of the \$400,000) for up to five years. After five years the \$400,000 is due in a balloon payment.

Ray Pugel

Milk Ranch LLC by Ray Pugel

[Signature]

Pine-Strawberry Water Improvement District

By CHAIRMAN

August 4, 2010

Date

1-20-11

Date