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Assessor's Parcel Number: 1219-36-001-006

Recording Requested By:

Name: Gardnerville Water Company

Address: 1394 Highway 395 North

City/State/Zip Gardnerville, Nevada 89410

Real Property Transfer Tax: \_\_\_\_\_

REQUESTED BY  
Gardnerville Town Water  
IN OFFICIAL RECORDS OF  
DOUGLAS CO., NEVADA

2004 JAN 20 AM 9:27

WERNER CHRISTEN  
RECORDER

22<sup>00</sup> PAID to DEPUTY

Water Right Purchase and Sale Agreement  
(Title of Document)

This page added to provide additional information required by NRS 111.312 Sections 1-2. (Additional recording fee applies)

*This cover page must be typed or legibly hand printed.*

C:\bc docs\Cover page for recording

0602311

BK0104PG05522

**WATER RIGHT PURCHASE AND SALE AGREEMENT**

THIS AGREEMENT is entered into this 19 day of Jan, 2004, by and between JEFFREY A. CARLTON and MARCIA CARLTON, husband and wife (hereinafter referred to as "Purchaser"), and GARDNERVILLE TOWN WATER COMPANY, INC., dba GARDNERVILLE WATER COMPANY, 1394 Highway 395, Gardnerville, Nevada, 89410 (hereinafter referred to as "Seller"), on the following facts, terms, and conditions:

RECITALS

- A. Seller is the record holder of 2.02 acre feet of quasi-municipal ground water rights, being a portion of Permit No. 60612, with a total pro-rata diversion rate of 0.0126 CFS, herein referred to as the "Water Rights."
- B. Seller desires to sell to Purchaser and Purchaser desires to purchase from Seller the Water Rights.

NOW, THEREFORE, for good and valuable consideration, and in consideration of the promises contained herein, the parties hereby agree as follows:

1. **PURCHASE AND SALE.** Purchaser will purchase from Seller the Water Rights that Seller owns and is legally able to transfer to Purchaser. Although Seller intends to transfer the Water Rights identified above it may, at any time prior to delivery of the deed, substitute other rights, if such substitution is deemed necessary by Seller.
2. **PRICE.** The price of the Water Rights will be Three Thousand Five Hundred Dollars (\$3,500.00) per acre foot, for a total price of Seven Thousand Seventy Dollars (\$7,070.00).

3. CONDITIONS. This Purchase and Sale Agreement is conditioned upon the following:

a. In addition to the amount paid pursuant to Paragraph 2, *supra*, Purchaser will reimburse Seller all costs and fees incurred by Seller related to the sale and transfer of the Water Rights, including but not limited to Seller's engineering and attorney's fees, if any, at the time of sale, not to exceed \$500.00. Purchaser will be responsible for its own attorney's fees and engineering fees, if any. Unless Seller's engineering and attorney's fees exceed \$500.00, the parties contemplate that Seller's net proceeds from the sale will be \$7,070.00.

b. Purchaser will pay Seller \$7,070.00 within thirty (30) days from this Agreement, at which time Seller will deliver to Purchaser an executed and acknowledged deed in the form attached hereto as **Exhibit 1**. Purchaser will at the same time also deliver \$500 for Seller's attorney and engineering fees identified in paragraph 3.a., *supra*. Seller will reimburse the unused portion of said \$500, if any.

c. Purchaser agrees that the Water Rights shall not be resold or brokered to a third party for a period not to exceed forty-eight (48) months from the date the deed is recorded. The Water Rights shall not be transferred out of the Carson Valley Basin at any time. Neither the point of diversion nor the place of use shall be within the Seller's existing service area as same is defined on the date of this agreement. These restrictions may be included in the Deed and shall survive escrow.

d. It is anticipated that the Water Rights will be relinquished to the State of Nevada, or a political subdivision thereof, which shall be permitted by Seller, and which shall not be deemed a violation of Paragraph 3.c., *supra*.

4. COMMISSIONS. Both parties confirm that no commissions have been earned or are due or payable to any person or entity as a result of this transaction. In the event any broker, agent, person or entity asserts any claim against Seller for any commission or fee, Purchaser agrees to, and will, defend Seller against any such claim(s), and will indemnify and hold Seller harmless therefrom.

5. TRANSFER OF WATER RIGHTS. Purchaser will undertake all action necessary to transfer the Water Rights owned by Seller to Purchaser, and to obtain confirmation and approval by the State Engineer of said transfer, if necessary. Seller and Purchaser will both proceed diligently with all actions required so that the transfer of title and the purchase money will be concluded within the time frames set forth herein.

6. STATUS OF PROPERTY SOLD. Purchaser is aware that following the close of escrow it will be Purchaser's responsibility to prove up the beneficial use of the Water Rights as required by Nevada law. Purchaser is satisfied as to the legal status and viability of the Water Rights. Purchaser represents that it is satisfied that the Water Rights are suitable and appropriate for Purchaser's intended use thereof.

7. TITLE COMPANY AND INSURANCE. No escrow will be had, unless desired by Purchaser. If so, escrow will be opened at Stewart Title Company in Minden, Nevada, and Purchaser will be responsible for all such costs. No title insurance has been or will be issued on said Water Rights unless acquired by Purchaser.

8. PURCHASER'S COSTS. Purchaser agrees to pay all expenses, fees and costs, including but not limited to: recordation of the deed, transfer taxes, all items incurred by Purchaser or on its behalf, including, but not limited to all fees payable to any governmental entity relating to the transfer of the Water Rights, and all escrow fees, if any. The parties

anticipate that Seller will incur no taxes, costs, fees or expenses of any kind related to this transaction.

9. JURISDICTION. This Agreement is made in and shall be governed by and interpreted according to the laws of the State of Nevada. Venue of any action shall be in Douglas County, State of Nevada.

10. TERMINATION OF AGREEMENT. In the event that Seller is unable to transfer clear and marketable title of the Water Rights identified or as substituted, then this Agreement and all rights and obligations of the parties hereunder shall terminate.


11. TIME OF ESSENCE. Time is of the essence of this Agreement and of all of its provisions.


12. AGREEMENT DRAFTED JOINTLY. This Agreement has been drafted through the joint effort of the parties, and shall be construed fairly and not for or against either party.

13. ENTIRE AGREEMENT. This Agreement constitutes the entire agreement of the parties, and supercedes any prior oral or written agreements, representations, or understandings between them.

IN WITNESS WHEREOF, the parties have executed this Agreement on the date first set forth above.

Purchasers:

  
\_\_\_\_\_  
Jeffrey A. Carlton

  
\_\_\_\_\_  
Marcia Carlton

Seller:

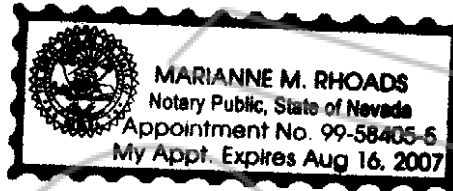
GARDNERVILLE TOWN WATER COMPANY,  
INC.

By:   
\_\_\_\_\_  
Dennis Wills, Chairman of the Board

STATE OF NEVADA        )  
                                  ) ss.  
COUNTY OF DOUGLAS    )

On 19 January, 2004, before me, a notary public, personally appeared DENNIS WILLS, personally known (or proved) to me to be the person whose name is subscribed to the above instrument who acknowledged that he executed the instrument.

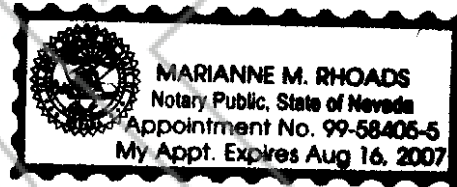
Marianne M. Rhoads  
Notary Public



STATE OF NEVADA        )  
                                  ) ss.  
COUNTY OF DOUGLAS    )

On 19 January, 2004, before me, a notary public, personally appeared Jeffrey A. Carlton, personally known (or proved) to me to be the person whose name is subscribed to the above instrument who acknowledged that she executed the instrument.

Marianne M. Rhoads  
Notary Public



STATE OF NEVADA        )  
                                  ) ss.  
COUNTY OF DOUGLAS    )

On 19 January, 2004, before me, a notary public, personally appeared Marcia Carlton, personally known (or proved) to me to be the person whose name is subscribed to the above instrument who acknowledged that she executed the instrument.

Marianne M. Rhoads  
Notary Public

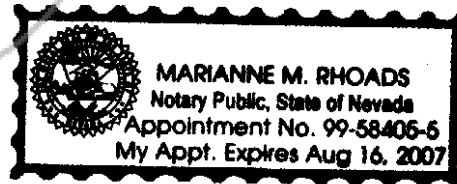


EXHIBIT 1

0602311  
BK 0104 PG 05528

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0602311  
BK 0104 PG 05528

When recorded, mail to the Grantee as follows:

APN:  
RPTT:

**GRANT, BARGAIN AND SALE DEED**

THIS INDENTURE, made this 19<sup>th</sup> day of January, 2004, by and between GARDNERVILLE TOWN WATER COMPANY, INC., hereinafter referred to as "GRANTOR," and JEFFREY A. CARLTON and MARCIA CARLTON, husband and wife, as joint tenants, hereinafter referred to as "GRANTEE."

WITNESSETH:

That GRANTOR, in consideration of TEN DOLLARS (\$10.00), lawful money of the United States, and other good and valuable consideration to it in hand paid by the GRANTEE, the receipt of which is hereby acknowledged, does by these presents grant, bargain, and sell to the GRANTEE, and to its successors and assigns forever, all of its right, title and interest in and to those certain water rights appurtenant to real property, lying and situate in Douglas County, state of Nevada, more particularly described as follows:

All right, title and interest in 2.02 acre feet of quasi-municipal ground water rights, being a portion of Permit No. 60612, with a pro-rata diversion rate of 0.0126 CFS.

TOGETHER with all and singular the tenements, hereditaments and appurtenances thereunto belonging or in anywise appertaining, and any reversion or reversions, remainder or remainders, rents, issues or profits thereof so long as said water rights are used in the Carson Valley Basin as such is defined on the date of this deed, and further so long as said rights are not brokered or



transferred to a third party within 48 months of the date set forth above.

TO HAVE AND TO HOLD all and singular the said rights together with the appurtenances, unto the said GRANTEE, and to its successors and assigns forever.

IN WITNESS WHEREOF, the GRANTOR has set its hand on the day and year first above written.

GARDNERVILLE TOWN WATER COMPANY, INC.

By: *Dennis Wills*  
DENNIS WILLS, Chairman

STATE OF NEVADA     )  
                                  ) ss.  
COUNTY OF DOUGLAS    )

On this 19<sup>th</sup> day of January, 2004, before me, a notary public in and for the State of Nevada, personally appeared DENNIS WILLS personally known (or proved) to me to be the person who executed the above instrument, who acknowledged to me that he is the Chairman of GARDNERVILLE TOWN WATER COMPANY, GRANTOR herein, and who further acknowledged to me that he executed the foregoing instrument on behalf of said entity.

*Marianne M. Rhoads*  
Notary Public

