



Control Number: 49442



Item Number: 1

Addendum StartPage: 0



49442

# Application for Sale, Transfer, or Merger of a Retail Public Utility

Pursuant to Texas Water Code § 13.301 and 16 Texas Administrative Code § 24.109

APR 12 PM 1:00  
PUBLIC UTILITY COMMISSION  
FILING CLERK

## Sale, Transfer, or Merger (STM) Application Instructions

- I. **COMPLETE:** In order for the Commission to find the application sufficient for filing, the Applicant should:
  - i. Provide an answer to every question and submit any required attachment applicable to the STM request (i.e., agreements or contracts).
  - ii. Use attachments or additional pages to answer questions as necessary. If you use attachments or additional pages, reference their inclusion in the form.
  - iii. Provide all mapping information as detailed in Part G: Mapping & Affidavits.
- II. **FILE:** Seven (7) copies of the completed application with numbered attachments. One copy should be filed with no permanent binding, staples, tabs, or separators; and 7 copies of the portable electronic storage medium containing the digital mapping data.
  - i. **SEND TO:** Public Utility Commission of Texas, Attention: Filing Clerk, 1701 N. Congress Avenue, P.O. Box 13326, Austin, Texas 78711-3326 (**NOTE: Electronic documents may be sent in advance of the paper copy, however they will not be processed and added to the Commission's on-line Interchange until the paper copy is received and file-stamped in Central Records.**)
- III. The application will be assigned a docket number, and an administrative law judge (ALJ) will issue an order requiring Commission Staff to file a recommendation on whether the application is sufficient. The ALJ will issue an order after Staff's recommendation has been filed:
  - i. **DEFICIENT (Administratively Incomplete):** Applicants will be ordered to provide information to cure the deficiencies by a certain date, usually 30 days from ALJ's order. ***Application is not accepted for filing.***
  - ii. **SUFFICIENT (Administratively Complete):** Applicants will be ordered by the ALJ to give appropriate notice of the application using the notice prepared by Commission Staff. ***Application is accepted for filing.***
- IV. Once the Applicants issue notice, a copy of the actual notice sent and an affidavit attesting to notice should be filed in the docket assigned to the application. Recipients of notice may request a hearing on the merits.  
**HEARING ON THE MERITS:** An affected party may request a hearing within 30 days of notice. In this event, the application may be referred to the State Office of Administrative Hearings (SOAH) to complete this request.
- V. **TRANSACTION TO PROCEED:** at any time following the provision of notice, or prior to 120 days from the last date that proper notice was given, Commission Staff will file a recommendation for the transaction to proceed as proposed or recommend that the STM be referred to SOAH for further investigation. The Applicants will be required to file an update in the docket to the ALJ every 30 days following the approval of the transaction. The transaction must be completed within six (6) months from the ALJ's order (Note: The Applicants may request an extension to the 6 month provision for good cause).
- VI. **FILE:** Seven (7) copies of completed transaction documents and documentation addressing the transfer or disposition of any outstanding deposits. After receiving all required documents from the Applicants, the application will be granted a procedural schedule for final processing. The Applicants are requested to consent in writing to the proposed maps and certificates, or tariff if applicable.
- VII. **FINAL ORDER:** The ALJ will issue a final order issuing or amending the applicable CCNs.

### FAQ:

#### ***Who can use this form?***

Any retail public utility that provides water or wastewater service in Texas.

#### ***Who is required to use this form?***

A retail public utility that is an investor owned utility (IOU) or a water supply corporation (WSC) prior to any STM of a water or sewer system, or utility, or prior to the transfer of a portion of a certificated service area.

### Terms

**Transferor:** Seller

**Transferee:** Purchaser

**CCN:** Certificate of Convenience and Necessity

**STM:** Sale, Transfer, or Merger

**IOU:** Investor Owned Utility

## Application Summary

**Transferor:** Legend Bank, Inc.

*(selling entity)*

**CCN No.s:** 20658

☐ Sale
 ☒ Transfer
 ☐ Merger
 ☐ Consolidation
 ☐ Lease/Rental

**Transferee:** Ray Harlow

*(acquiring entity)*

**CCN No.s:** 20658

☐ Water
 ☒ Sewer
 ☐ All CCN
 ☐ Portion CCN
 ☐ Facilities transfer

**County(ies):** Angelina

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### Please mark the items included in this filing

<input checked="" type="checkbox"/> Contract, Lease, Purchase, or Sale Agreement	Part A: Question 1
<input checked="" type="checkbox"/> Tariff including Rate Schedule	Part B: Question 4
<input type="checkbox"/> List of Customer Deposits	Part B: Question 5
<input type="checkbox"/> Partnership Agreement	Part C: Question 7
<input type="checkbox"/> Articles of Incorporation and By-Laws (WSC)	Part C: Question 7
<input type="checkbox"/> Certificate of Account Status	Part C: Question 7
<input type="checkbox"/> Financial Audit	Part C: Question 10
<input checked="" type="checkbox"/> Application Attachment A & B	Part C: Question 10
<input type="checkbox"/> Disclosure of Affiliated Interests	Part C: Question 10
<input type="checkbox"/> Capital Improvement Plan	Part C: Question 10
<input checked="" type="checkbox"/> List of Assets to be Transferred	Part D: 11.B
<input type="checkbox"/> Developer Contribution Contracts or Agreements	Part D: 11.D
<input type="checkbox"/> Enforcement Action Correspondence	Part E: Question 18 (Part D: Q12)
<input type="checkbox"/> TCEQ Compliance Correspondence	Part F: Question 22
<input type="checkbox"/> TCEQ Engineering Approvals	Part F: Question 24
<input type="checkbox"/> Purchased Water Supply or Treatment Agreement	Part F: Question 26
<input checked="" type="checkbox"/> Detailed (large scale) Map	Part G: Question 29
<input checked="" type="checkbox"/> General Location (small scale) Map	Part G: Question 29
<input type="checkbox"/> Digital Mapping Data	Part G: Question 29
<input checked="" type="checkbox"/> Signed & Notarized Oath	Page 13-14

## Part A: General Information

1. Describe the proposed transaction, including the effect on all CCNs involved, and provide details on the existing or expected land use in the area affected by the proposed transaction. Attach all supporting documentation, such as a contract, a lease, or proposed purchase agreements:

The purpose of this transaction is for Ray Harlow to purchase the sewer assets of Legend Bank, Inc. and to transfer the service area of its sewer Certificate of Convenience and Necessity. This application is only for the sale and transfer of the existing sewer service area of the transferred system. No additional service area is being requested nor is any service area being amended as a part of this application. The existing sewer system being purchased and transferred is Legend Bank, Inc. dba OREAL, Inc. WQ11588-001(See Attached Sales Contract between the Parties)

2. The proposed transaction will require (check all applicable):

For **Transferee** (Purchaser) CCN:

- ☐ Obtaining a NEW CCN for Purchaser  
☐ Transfer all CCN into Purchaser's CCN (Merger)  
☐ Transfer Portion of CCN into Purchaser's CCN  
☒ Transfer all CCN to Purchaser and retain Seller CCN  
☐ Uncertificated area added to Purchaser's CCN

For **Transferor** (Seller) CCN:

- ☐ Cancellation of Seller's CCN  
☐ Transfer of a Portion of Seller's CCN to Purchaser  
☐ Only Transfer of Facilities, No CCN or Customers  
☐ Only Transfer of Customers, No CCN or Facilities  
☐ Only Transfer CCN Area, No Customers or Facilities

## Part B: Transferor Information

Questions 3 through 5 apply only to the *transferor* (current service provider or seller)

3. A. Name: Legend Bank, Inc.

(individual, corporation, or other legal entity)

☐ Individual ☒ Corporation ☐ WSC ☐ Other: \_\_\_\_\_

- B. Mailing Address: P.O. Box 1081, Bowie, Texas 76230

Phone: (512) 894-3322

Email: Brandon.Hill@legend-bank.com

- C. Contact Person. Please provide information about the person to be contacted regarding this application. Indicate if this person is the owner, operator, engineer, attorney, accountant, or other title.

Name: Brandon Hill

Title: Manager

Mailing Address: 101 W. Tarrant St., Bowie, Texas 76230

Phone: (940) 720-7566

Email: Brandon.Hill@legend-bank.com

4. If the utility to be transferred is an Investor Owned Utility (IOU), for the most recent rate change, attach a copy of the current tariff and complete A through B:

- A. Effective date for most recent rates: May 28, 2018

- B. Was notice of this increase provided to the Public Utility Commission of Texas (Commission) or a predecessor regulatory authority?

☐ No ☒ Yes Application or Docket Number: 47424

**If the transferor is a Water Supply or Sewer Service Corporation, provide a copy of the current tariff.**

5. For the customers that will be transferred following the approval of the proposed transaction, check all that apply:

☐ There are no customers that will be transferred

☒ # of customers without deposits held by the transferor 87

☐ # of customers with deposits held by the transferor\*                     

\*Attach a list of all customers affected by the proposed transaction that have deposits held, and include a customer indicator (name or account number), date of each deposit, amount of each deposit, and any unpaid interest on each deposit.

### Part C: Transferee Information

Questions 6 through 10 apply only to the *transferee* (purchaser or proposed service provider)

6. A. Name: Ray Harlow

(individual, corporation, or other legal entity)  
☒ Individual ☐ Corporation ☐ WSC ☐ Other:

B. Mailing Address: P.O. Box 1176, Pinehurst, Texas 77362

Phone: (832) 349-4465

Email: Archutilities@yahoo.com

C. Contact Person. Provide information about the person to be contacted regarding this application. Indicate if this person is the owner, operator, engineer, attorney, accountant, or other title.

Name: Tim Karczewski

Title: Attorney

Address: 1616 South Chestnut, Lufkin, Texas 75901

Phone: (963) 229-3428

Email: tkarczewski@skeltonslusher.com

D. If the transferee is someone other than a municipality, is the transferee current on the Regulatory Assessment Fees (RAF) with the Texas Commission on Environmental Quality (TCEQ)?

☐ No ☐ Yes ☒ N/A

E. If the transferee is an IOU, is the transferee current on the Annual Report filings with the Commission?

☐ No ☐ Yes ☒ N/A

7. The legal status of the transferee is:

☒ Individual or sole proprietorship

☐ Partnership or limited partnership (*attach* Partnership agreement)

☐ Corporation |  
Charter number (as recorded with the Texas Secretary of State):                     

☐ Non-profit, member-owned, member controlled Cooperative Corporation [Article 1434(a) Water Supply or Sewer Service Corporation, incorporated under TWC Chapter 67]

Charter number (as recorded with the Texas Secretary of State):                       
☐ Articles of Incorporation and By-Laws established (*attach*)

☐ Municipally-owned utility

☐ District (MUD, SUD, WCID, FWSD, etc.)

- ☐ County
- ☐ Affected County (a county to which Subchapter B, Chapter 232, Local Government Code, applies)
- ☐ Other (please explain): \_\_\_\_\_

**8. If the transferee operates under any d/b/a, provide the name below:**

Name: N/A

**9. If the transferee's legal status is anything other than an individual, provide the following information regarding the officers, members, or partners of the legal entity applying for the transfer:**

Name: _____	Ownership % (if applicable): <u>0.00%</u>
Position: _____	
Address: _____	
Phone: _____	Email: _____
Name: _____	Ownership % (if applicable): <u>0.00%</u>
Position: _____	
Address: _____	
Phone: _____	Email: _____
Name: _____	Ownership % (if applicable): <u>0.00%</u>
Position: _____	
Address: _____	
Phone: _____	Email: _____
Name: _____	Ownership % (if applicable): <u>0.00%</u>
Position: _____	
Address: _____	
Phone: _____	Email: _____

**10. Financial Information**

The transferee Applicant must provide accounting information typically included within a balance sheet, income statement, and statement of cash flows. If the Applicant is an existing retail public utility, this must include historical financial information and projected financial information. However, projected financial information is only required if the Applicant proposes new service connections and new investment in plant, or if requested by Staff. If the Applicant is a new market entrant and does not have its own historical balance sheet, income statement, and statement of cash flows information, then the Applicant should establish a five-year projection taking the historical information of the transferor Applicant into consideration when establishing the projections.

**Historical Financial Information may be shown by providing any combination of the following that includes necessary information found in a balance sheet, income statement, and statement of cash flows:**

1. Completed Appendix A;
2. Documentation that includes all of the information required in Appendix A in a concise format; or
3. Audited financial statements issued within 18 months of the application filing date. This may be provided electronically by providing a uniform resource locator (URL) or a link to a website portal.

**Projected Financial Information** may be shown by providing any of the following:

1. Completed Appendix B;
2. Documentation that includes all of the information required in Appendix B in a concise format;
3. A detailed budget or capital improvement plan, which indicates sources and uses of funds required, including improvements to the system being transferred; or
4. A recent budget and capital improvements plan that includes information needed for analysis of the operations test (16 Tex. Admin. Code § 24.11(e)(3)) for the system being transferred and any operations combined with the system. This may be provided electronically by providing a uniform resource locator (URL) or a link to a website portal.

**Part D: Proposed Transaction Details**

11. A. Proposed Purchase Price: \$ 20,000.00

If the transferee Applicant is an investor owned utility (IOU) provide answers to B through D.

B. Transferee has a copy of an inventory list of assets to be transferred (*attach*): (See Attached Assets List)

☐ No ☒ Yes ☐ N/A

Total Original Cost of Plant in Service: \$ 178,131.00

Accumulated Depreciation: \$ 51,247.00

Net Book Value: \$ 126,884.00

C. **Customer contributions in aid of construction (CIAC):** Have the customers been billed for any surcharges approved by the Commission or TCEQ to fund any assets currently used and useful in providing utility service? Identify which assets were funded, or are being funded, by surcharges on the list of assets.

☒ No ☐ Yes

Total Customer CIAC: \$ \_\_\_\_\_

Accumulated Amortization: \$ \_\_\_\_\_

D. **Developer CIAC:** Did the transferor receive any developer contributions to pay for the assets proposed to be transferred in this application? If so, identify which assets were funded by developer contributions on the list of assets and provide any applicable developer agreements.

☒ No ☐ Yes

Total developer CIAC: \$ \_\_\_\_\_

Accumulated Amortization: \$ \_\_\_\_\_

12. A. Are any improvements or construction required to meet the minimum requirements of the TCEQ or Commission and to ensure continuous and adequate service to the requested area to be transferred plus any area currently certificated to the transferee Applicant? Attach supporting documentation and any necessary TCEQ approvals, if applicable.

☒ No ☐ Yes

**B.** If yes, describe the source and availability of funds and provide an estimated timeline for the construction of any planned or required improvements:

N/A

**13.** Provide any other information concerning the nature of the transaction you believe should be given consideration:

None

**14.** Complete the following proposed entries (listed below) as shown in the books of the Transferee (purchaser) after the acquisition. Debits (positive numbers) should equal credits (negative numbers) so that all line items added together equal zero. Additional entries may be made; the following are suggested only, and not intended to pose descriptive limitations:

Utility Plant in Service:	\$	178,131.00
Accumulated Depreciation of Plant:	\$	51,247.00
Cash:	\$	20,000.00
Notes Payable:	\$	0.00
Mortgage Payable:	\$	0.00
(Proposed) Acquisition Adjustment*:	\$	0.00
*Acquisition Adjustments will be subject to review under 16 TAC § 24.31(d) and (e)		
Other (NARUC account name & No.):	None	
Other (NARUC account name & No.):	None	

**15. A.** Explain any proposed billing change (NOTE: If the acquiring entity is an IOU, the IOU may not change the rates charged to the customers through this STM application. Rates can only be changed through the approval of a rate change application.)

No customer's rates will be changed by this application.

**B.** If transferee is an IOU, state whether or not the transferee intends to file with the Commission, or an applicable municipal regulatory authority, an application to change rates for some or all of its customers as a result of the transaction within the next twelve months. If so, provide details below:

No change in rates will occur within the next twelve months as a results of this application.



**Part E: CCN Obtain or Amend Criteria Considerations**

16. Describe, in detail, the anticipated impact or changes in the quality of retail public utility service in the requested area as a result of the proposed transaction:

The quality of utility service will increase as the applicant operates other water and sewer systems systems located in the region and will be able to response quickly to emergencies. The applicant has been the contract operator and manager of this sewer system for a number of years.

17. Describe the transferee's experience and qualifications in providing continuous and adequate service. This should include, but is not limited to: other CCN numbers, water and wastewater systems details, and any corresponding compliance history for all operations.

The applicant operates a number of water and sewer utilities systems in the region. The applicant will maintain this system in compliance with the rules and regulations of the PUC and TCEQ, as well as federal and local laws, rules and regulations.

18. Has the transferee been under an enforcement action by the Commission, TCEQ, Texas Department of Health (TDH), the Office of the Attorney General (OAG), or the Environmental Protection Agency (EPA) in the past five (5) years for non-compliance with rules, orders, or state statutes? Attach copies of any correspondence with the applicable regulatory agency(ies)

☒ No      ☐ Yes

19. Explain how the environmental integrity or the land will be impacted or disrupted as a result of the proposed transaction:

The service area affected by this transaction will continue to receive sewer service from Ray Harlow. This eliminates the need for land owners to use individual septic systems. Thus, protecting the environment in the area from potential sources of contamination and encouraging rationalization of sewer service.

20. How will the proposed transaction serve the public interest?

This transaction will be in the well-being and welfare of the public as the utility will be able to provide continuous and adquate sewer service to the customers of the affected systems.

21. List all neighboring water or sewer utilities, cities, districts (including ground water conservation districts), counties, or other political subdivisions (including river authorities) providing the same service within two (2) miles from the outer boundary of the requested area affected by the proposed transaction:

(See Attached List of neighboring utilities within 2 miles)

**Part F: TCEQ Public Water System or Sewer (Wastewater) Information**

Complete Part F for EACH Public Water or Sewer system to be transferred subject to approval of the transaction.  
Attach a separate sheet with this information if you need more space for additional systems being transferred.

**22. A. For Public Water System (PWS):**

TCEQ PWS Identification Number: \_\_\_\_\_ (7 digit ID)

Name of PWS: \_\_\_\_\_

Date of last TCEQ compliance inspection: \_\_\_\_\_ (attach TCEQ letter)

Subdivisions served: \_\_\_\_\_

**B. For Sewer service:**TCEQ Water Quality (WQ) Discharge Permit Number: WQ 11588 - 001 (8 digit ID)Name of Wastewater Facility: Moffet Twin Oaks Mobile Home ParkName of Permittee: Legend Bank, Inc. dba OREAL, Inc.Date of last TCEQ compliance inspection: July 12, 2018 (attach TCEQ letter)Subdivisions served: Moffet Twin Oaks Mobile Home ParkDate of application to transfer permit submitted to TCEQ: July 18, 2018**23. List the number of existing connections, by meter/connection type, to be affected by the proposed transaction:**

Water				Sewer	
	Non-metered		2"	87	Residential
546	5/8" or 3/4"		3"		Commercial
5	1"		4"		Industrial
	1 1/2"		Other		Other
Total Water Connections:				Total Sewer Connections:	

**24. A. Are any improvements required to meet TCEQ or Commission standards?**☒ No ☐ Yes**B. Provide details on each required major capital improvement necessary to correct deficiencies to meet the TCEQ or Commission standards (attach any engineering reports or TCEQ approval letters):**

Description of the Capital Improvement:	Estimated Completion Date:	Estimated Cost:

**C. Is there a moratorium on new connections?**☒ No ☐ Yes:**25. Does the system being transferred operate within the corporate boundaries of a municipality?**☒ No ☐ Yes: \_\_\_\_\_ (name of municipality)

If yes, indicate the number of customers within the municipal boundary.

Water: \_\_\_\_\_ Sewer: \_\_\_\_\_

26. A. Does the system being transferred purchase water or sewer treatment capacity from another source?

☒ No ☐ Yes: If yes, attach a copy of purchase agreement or contract.

Capacity is purchased from: \_\_\_\_\_

Water: \_\_\_\_\_

Sewer: \_\_\_\_\_

- B. Is the PWS required to purchase water to meet capacity requirements or drinking water standards?

☐ No ☒ Yes

- C. What is the amount of water supply or sewer treatment purchased, per the agreement or contract? What is the percent of overall demand supplied by purchased water or sewer treatment (if any)?

	Amount in Gallons	Percent of demand
Water:		0.00%
Sewer:		0.00%

- D. Will the purchase agreement or contract be transferred to the Transferee?

☐ No ☒ Yes:

27. Does the PWS or sewer treatment plant have adequate capacity to meet the current and projected demands in the requested area?

☐ No ☒ Yes:

28. List the name, class, and TCEQ license number of the operator that will be responsible for the operations of the water or sewer utility service:

Name (as it appears on license)	Class	License No.	Water or Sewer
Ray Harlow	Class C	WW0036665	Sewer

### Part G: Mapping & Affidavits

**ALL applications require mapping information to be filed in conjunction with the STM application.**

***Read question 29 A and B to determine what information is required for your application.***

29. A. For applications requesting to transfer an entire CCN, without a CCN boundary adjustment, provide the following mapping information with each of the seven (7) copies of the application:

1. A general location (small scale) map identifying the requested area in reference to the nearest county boundary, city, or town. The following guidance should be adhered to:
  - i. If the application requests to transfer certificated service areas for both water and sewer, separate maps must be provided for each.
  - ii. A hand drawn map, graphic, or diagram of the requested area is not considered an acceptable mapping document.

- iii. To maintain the integrity of the scale and quality of the map, copies must be exact duplicates of the original map. Therefore, copies of maps cannot be reduced or enlarged from the original map, or in black and white if the original map is in color.

- 2. A detailed (large scale) map identifying the requested area in reference to verifiable man-made and natural landmarks such as roads, rivers, and railroads. The Applicant should adhere to the following guidance:
  - i. The map must be clearly labeled and the outer boundary of the requested area should be marked in reference to the verifiable man-made or natural landmarks. These verifiable man-made or natural landmarks must be labeled and marked on the map as well.
  - ii. If the application requests an amendment for both water and sewer certificated service area, separate maps need to be provided for each.
  - iii. To maintain the integrity of the scale and quality of the map, copies must be exact duplicates of the original map. Therefore, copies of maps cannot be reduced or enlarged from the original map, or in black and white if the original map is in color.
  - iv. The outer boundary of the requested area should not be covered by any labels, roads, city limits or extraterritorial jurisdiction (ETJ) boundaries.
- B. For applications that are requesting to include area not currently within a CCN, or for applications that require a CCN amendment (any change in a CCN boundary), such as the transfer of only a portion of a certificated service area, provide the following mapping information with each of the seven (7) copies of the application:
  - 1. A general location (small scale) map identifying the requested area with enough detail to locate the requested area in reference to the nearest county boundary, city, or town. Please refer to the mapping guidance in part A 1 (above).
  - 2. A detailed (large scale) map identifying the requested area with enough detail to accurately locate the requested area in reference to verifiable man-made or natural landmarks such as roads, rivers, or railroads. Please refer to the mapping guidance in part A 2 (above).
  - 3. One of the following identifying the requested area:
    - i. A metes and bounds survey sealed or embossed by either a licensed state land surveyor or a registered professional land surveyor. Please refer to the mapping guidance in part A 2 (above);
    - ii. A recorded plat. If the plat does not provide sufficient detail, Staff may request additional mapping information. Please refer to the mapping guidance in part A 2 (above); or
    - iii. Digital mapping data in a shapefile (SHP) format georeferenced in either NAD 83 Texas State Plane Coordinate System (US Feet) or in NAD 83 Texas Statewide Mapping System (Meters). The digital mapping data shall include a single, continuous polygon record. The following guidance should be adhered to:
      - a. The digital mapping data must correspond to the same requested area as shown on the general location and detailed maps. The requested area must be clearly labeled as either the water or sewer requested area.
      - b. A shapefile should include six files (.dbf, .shp, .shx, .sbx, .sbn, and the projection (.prj) file).
      - c. The digital mapping data shall be filed on a data disk (CD or USB drive), clearly labeled, and filed with Central Records. Seven (7) copies of the digital mapping data is also required.

### Part H: Notice Information

The following information will be used to generate the proposed notice for the application.  
**DO NOT provide notice** of the application until it is found sufficient and the Applicants are ordered to provide notice.

30. Complete the following using verifiable man-made or natural landmarks such as roads, rivers, or railroads to describe the requested area (to be stated in the notice documents). Measurements should be approximated from the outermost boundary of the requested area:

The total acreage of the requested area is approximately: 45.00

Number of customer connections in the requested area: 87

Affected subdivision : Moffet Twin Oaks Mobile Home Park

The closest city or town: Lufkin

Approximate mileage to closest city or town center: 4

Direction to closest city or town: Lufkin

The requested area is generally bounded on the North by: Wilkerson Road

on the East by: Willis Creek

on the South by: Terry Street

on the West by: County Road 122

31. A copy of the proposed map will be available at: 101 W Tarrant St., Bowie, Texas 76230

32. What effect will the proposed transaction have on an average bill to be charged to the affected customers? Take into consideration the average consumption of the requested area, as well as any other factors that would increase or decrease a customer's monthly bill.

☒ All of the customers will be charged the same rates they were charged before the transaction.

☐ All of the customers will be charged different rates than they were charged before the transaction.

☐ higher monthly bill ☐ lower monthly bill

☐ Some customers will be charged different rates than they were charged before  
(i.e. inside city limit customers)

☐ higher monthly bill ☐ lower monthly bill

Oath for Transferor (Transferring Entity)

STATE OF Texas

COUNTY OF Montague

I, Brandon Hill being duly sworn, file this application for sale,  
transfer,

merger, consolidation, acquisition, lease, or  
rental, as

Vice President

(owner, member of partnership, title as officer of corporation, or authorized representative)

I attest that, in such capacity, I am qualified and authorized to file and verify such application, am personally familiar with the documents filed with this application, and have complied with all the requirements contained in the application; and, that all such statements made and matters set forth therein with respect to Applicant are true and correct. Statements about other parties are made on information and belief. I further state that the application is made in good faith and that this application does not duplicate any filing presently before the Commission.

I further state that I have provided to the purchaser or transferee a written disclosure statement about any contributed property as required under Texas Water Code § 13.301(j) and copies of any outstanding enforcement Orders of the Texas Commission on Environmental Quality, the Public Utility Commission of Texas, or Attorney General and have also complied with the notice requirements in Texas Water Code § 13.301(k).

Brandon Hill

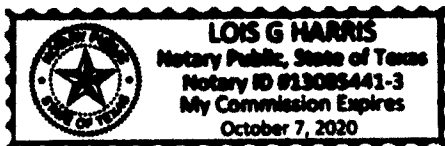
AFFIANT

(Utility's Authorized Representative)

If the Affiant to this form is any person other than the sole owner, partner, officer of the Applicant, or its attorney, a properly verified Power of Attorney must be enclosed.

SUBSCRIBED AND SWORN BEFORE ME, a Notary Public in and for the State of Texas  
this day the 18<sup>th</sup> of March, 2019

SEAL



Lois G. Harris

NOTARY PUBLIC IN AND FOR THE  
STATE OF TEXAS

Lois G. Harris

PRINT OR TYPE NAME OF NOTARY

My commission expires: October 7, 2020

Oath for Transferee (Acquiring Entity)

STATE OF Texas

COUNTY OF Harris

I, Ray Marlow being duly sworn, file this application for sale, transfer, merger, consolidation, acquisition, lease, or rental, as sole proprietorship  
(owner, member of partnership, title as officer of corporation, or authorized representative)

I attest that, in such capacity, I am qualified and authorized to file and verify such application, am personally familiar with the documents filed with this application, and have complied with all the requirements contained in the application; and, that all such statements made and matters set forth therein with respect to Applicant are true and correct. Statements about other parties are made on information and belief. I further state that the application is made in good faith and that this application does not duplicate any filing presently before the Commission.

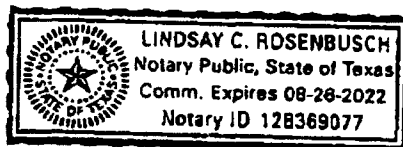
I further state that I have been provided with a copy of the 16 TAC § 24.109 Commission rules. I am also authorized to agree and do agree to be bound by and comply with any outstanding enforcement orders of the Texas Commission on Environmental Quality, the Public Utility Commission of Texas or the Attorney General which have been issued to the system or facilities being acquired and recognize that I will be subject to administrative penalties or other enforcement actions if I do not comply.

[Signature]  
AFFIANT  
(Utility's Authorized Representative)

If the Affiant to this form is any person other than the sole owner, partner, officer of the Applicant, or its attorney, a properly verified Power of Attorney must be enclosed.

SUBSCRIBED AND SWORN BEFORE ME, a Notary Public in and for the State of Texas  
this day the 5 of April 2019

SEAL



[Signature]  
NOTARY PUBLIC IN AND FOR THE  
STATE OF TEXAS  
Lindsay C. Rosenbusch  
PRINT OR TYPE NAME OF NOTARY

My commission expires: 08/26/2022

## No Historical Data Available

### Appendix A: Historical Financial Information (Balance Sheet and Income Schedule)

*(Audited financial statements may be substituted for this schedule – see Item 17 of the instructions)*

HISTORICAL BALANCE SHEETS (ENTER DATE OF YEAR END)	CURRENT(A) ( - - )	A-1 YEAR ( - - )	A-2 YEAR ( - - )	A-3 YEAR ( - - )	A-4 YEAR ( - - )	A-5 YEAR ( - - )
<b>CURRENT ASSETS</b>						
Cash						
Accounts Receivable						
Inventories						
Other						
<b>A. Total Current Assets</b>						
<b>FIXED ASSETS</b>						
Land						
Collection/Distribution System						
Buildings						
Equipment						
Other						
Less: Accum. Depreciation or Reserves						
<b>B. Total Fixed Assets</b>						
<b>C. TOTAL Assets (A + B)</b>						
<b>CURRENT LIABILITIES</b>						
Accounts Payable						
Notes Payable, Current						
Accrued Expenses						
Other						
<b>D. Total Current Liabilities</b>						
<b>LONG TERM LIABILITIES</b>						
Notes Payable, Long-term						
Other						
<b>E. Total Long Term Liabilities</b>						
<b>F. TOTAL LIABILITIES (D + E)</b>						
<b>OWNER'S EQUITY</b>						
Paid in Capital						
Retained Equity						
Other						
Current Period Profit or Loss						
<b>G. TOTAL OWNER'S EQUITY</b>						
<b>TOTAL LIABILITIES+EQUITY (F + G) = C</b>						
<b>WORKING CAPITAL (A – D)</b>						
<b>CURRENT RATIO (A / D)</b>						
<b>DEBT TO EQUITY RATIO (E / G)</b>						

**DO NOT INCLUDE ATTACHMENTS A OR B IN FILED APPLICATION IF LEFT BLANK**



# No Historical Data Available

HISTORICAL NET INCOME INFORMATION						
(ENTER DATE OF YEAR END )	CURRENT(A) ( - - )	A-1 YEAR ( - - )	A-2 YEAR ( - - )	A-3 YEAR ( - - )	A-4 YEAR ( - - )	A-5 YEAR ( - - )
<b>METER NUMBER</b>						
Existing Number of Taps						
New Taps Per Year						
<b>Total Meters at Year End</b>						
<b>METER REVENUE</b>						
Revenue per Meter (use for projections)						
Expense per Meter (use for projections)						
<b>Operating Revenue Per Meter</b>						
<b>GROSS WATER REVENUE</b>						
Revenues- Base Rate & Gallonage Fees						
Other (Tap, reconnect, transfer fees, etc)						
<b>Gross Income</b>						
<b>EXPENSES</b>						
General & Administrative (see schedule)						
Operating (see schedule)						
Interest						
Other (list)						
<b>NET INCOME</b>						

# No Historical Data Available

HISTORICAL EXPENSE INFORMATION (ENTER DATE OF YEAR END )	CURRENT(A) ( - - )	A-1 YEAR ( - - )	A-2 YEAR ( - - )	A-3 YEAR ( - - )	A-4 YEAR ( - - )	A-5 YEAR ( - - )
<b>GENERAL/ADMINISTRATIVE EXPENSES</b>						
Salaries & Benefits–Office/Management						
Office (services, rentals, supplies, electricity)						
Contract Labor						
Transportation						
Insurance						
Telephone						
Utilities						
Property Taxes						
Professional Services/Fees (recurring)						
Regulatory- other						
Other (describe)						
Interest						
Other						
<b>Total General Admin. Expenses (G&amp;A)</b>						
<b>% Increase Per Year</b>	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>OPERATIONS &amp; MAINTENANCE EXPENSES</b>						
Salaries & Benefits (Employee, Management)						
Materials & Supplies						
Utilities Expense-office						
Contract Labor						
Transportation Expense						
Depreciation Expense						
Other(describe)						
<b>Total Operational Expenses (O&amp;M)</b>						
<b>Total Expense (Total G&amp;A + O&amp;M)</b>						
<b>Historical % Increase Per Year</b>	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>ASSUMPTIONS</b>						
Interest Rate/Terms						
Depreciation Schedule (attach)						
Other assumptions/information (List all)						

## Appendix B: Projected Information

<b>HISTORICAL BALANCE SHEETS (ENTER DATE OF YEAR END )</b>	<b>CURRENT(A) (12 -31-18)</b>	<b>A-1 YEAR (12 -31- 19)</b>	<b>A-2 YEAR (12 -31- 20)</b>	<b>A-3 YEAR (12 -31- 21)</b>	<b>A-4 YEAR (12 -31- 22)</b>	<b>A-5 YEAR (12 -31- 23)</b>
<b>CURRENT ASSETS</b>						
Cash	\$ 20,000.00	\$ 3,258.00	\$ 5,968.00	\$ 5,968.00	\$ 5,968.00	\$ 5,968.00
Accounts Receivable	2,747.00	2,747.00	2,747.00	2,747.00	2,747.00	2,747.00
Inventories						
Income Tax Receivable						
Other						
<b>A. Total Current Assets</b>	<b>\$ 22,747.00</b>	<b>\$ 6,005.00</b>	<b>\$ 8,715.00</b>	<b>\$ 8,715.00</b>	<b>\$ 8,715.00</b>	<b>\$ 8,715.00</b>
<b>FIXED ASSETS</b>						
Land						
Collection/Distribution System	18,131.00	18,131.00	18,131.00	18,131.00	18,131.00	18,131.00
Buildings						
Equipment	160,000.00	160,000.00	160,000.00	160,000.00	160,000.00	160,000.00
Other						
Less: Accum. Depreciation or Reserves	51,247.00	54,810.00	58,373.00	61,936.00	65,499.00	69,062.00
<b>B. Total Fixed Assets</b>	<b>\$ 126,884.00</b>	<b>\$ 123,321.00</b>	<b>\$ 119,758.00</b>	<b>\$ 116,195.00</b>	<b>\$ 112,632.00</b>	<b>\$ 109,069.00</b>
<b>C. TOTAL Assets (A + B)</b>	<b>\$ 149,631.00</b>	<b>\$ 129,326.00</b>	<b>\$ 128,473.00</b>	<b>\$ 124,910.00</b>	<b>\$ 121,347.00</b>	<b>\$ 117,784.00</b>
<b>CURRENT LIABILITIES</b>						
Accounts Payable						
Notes Payable, Current						
Accrued Expenses						
Other	20,000.00					
<b>D. Total Current Liabilities</b>	<b>\$ 20,000.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>
<b>LONG TERM LIABILITIES</b>						
Notes Payable, Long-term						
Other						
<b>E. Total Long Term Liabilities</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>
<b>F. TOTAL LIABILITIES (D + E)</b>	<b>\$ 20,000.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>
<b>OWNER'S EQUITY</b>						
Paid in Capital	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00
Retained Equity	121,024.00	106,068.00	102,505.00	90,227.00	86,664.00	83,101.00
Other						
Current Period Profit or Loss	-11,392.00	3,258.00	5,968.00	5,968.00	5,968.00	5,968.00
<b>G. TOTAL OWNER'S EQUITY</b>	<b>\$ 129,632.00</b>	<b>\$ 129,326.00</b>	<b>\$ 128,473.00</b>	<b>\$ 116,195.00</b>	<b>\$ 112,632.00</b>	<b>\$ 109,069.00</b>
<b>TOTAL LIABILITIES+EQUITY (F + G) = C</b>	<b>\$ 149,631.00</b>	<b>\$ 129,326.00</b>	<b>\$ 128,473.00</b>	<b>\$ 116,195.00</b>	<b>\$ 112,632.00</b>	<b>\$ 109,069.00</b>
<b>WORKING CAPITAL (A – D)</b>						
<b>CURRENT RATIO (A / D)</b>						
<b>DEBT TO EQUITY RATIO (F / G)</b>						

PROJECTED NET INCOME INFORMATION						
(ENTER DATE OF YEAR END )	CURRENT(A) (12-31-18)	A-1 YEAR (12-31-19)	A-2 YEAR (12-31-20)	A-3 YEAR (12-31-21)	A-4 YEAR (12-31-22)	A-5 YEAR (12-31-23)
<b>METER NUMBER</b>						
Existing Number of Taps	87	87	87	87	87	87
New Taps Per Year	0	0	0	0	0	0
<b>Total Meters at Year End</b>	87	87	87	87	87	87
<b>METER REVENUE</b>						
Revenue per Meter (use for projections)	\$ 312.60	\$ 480.00	\$ 480.00	\$ 480.00	\$ 480.00	\$ 480.00
Expense per Meter (use for projections)	443.66	442.56	411.40	411.04	411.40	411.40
<b>Operating Revenue Per Meter</b>	-\$ 131.06	\$ 37.44	\$ 68.60	\$ 68.60	\$ 68.60	\$ 68.60
<b>GROSS WATER REVENUE</b>						
Revenues- Base Rate & Gallonage Fees	\$ 27,196.00	\$ 41,760.00	\$ 41,760.00	\$ 41,760.00	\$ 41,760.00	\$ 41,760.00
Other (Tap, reconnect, transfer fees, etc)						
<b>Gross Income</b>	\$ 27,196.00	\$ 41,760.00	\$ 41,760.00	\$ 41,760.00	\$ 41,760.00	\$ 41,760.00
<b>EXPENSES</b>						
General & Administrative (see schedule)	\$ 12,998.00	\$ 9,341.00	\$ 6,631.00	\$ 6,631.00	\$ 6,631.00	\$ 6,631.00
Operating (see schedule)	25,600.00	29,161.00	29,161.00	29,161.00	29,161.00	29,161.00
Interest						
Other (list)						
<b>NET INCOME</b>	-\$ 11,392.00	\$ 3,258.00	\$ 5,968.00	\$ 5,968.00	\$ 5,968.00	\$ 5,968.00

PROJECTED EXPENSE DETAIL	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTALS
<b>GENERAL/ADMINISTRATIVE EXPENSES</b>						
Salaries						
Office	4,210.00	6,000.00	6,000.00	6,000.00	6,000.00	
Computer						
Auto						
Insurance						
Telephone						
Utilities						
Depreciation						
Property Taxes	131.00	131.00	131.00	131.00	131.00	
Professional Fees	5,000.00	500.00	500.00	500.00	500.00	
Interest						
Other						
<b>Total</b>	\$ 9,341.00	\$ 6,631.00	\$ 6,631.00	\$ 6,631.00	\$ 6,631.00	
<b>% Increase Per projected Year</b>	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>OPERATIONAL EXPENSES</b>						
Salaries	\$ 14,208.00	\$ 14,208.00	\$ 14,208.00	\$ 14,208.00	\$ 14,208.00	
Auto						
Utilities	10,011.00	10,011.00	10,011.00	10,011.00	10,011.00	
Depreciation	3,563.00	3,563.00	3,563.00	3,563.00	3,563.00	
Repair & Maintenance						
Supplies						
Interest						
Other	1,379.00	1,379.00	1,379.00	1,379.00	1,379.00	
<b>Total</b>	\$ 29,161.00	\$ 29,161.00	\$ 29,161.00	\$ 29,161.00	\$ 29,161.00	

<b>PROJECTED SOURCES AND USES OF CASH STATEMENTS</b>	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTALS
<b>SOURCES OF CASH</b>						
Net Income	\$ 3,258 00	\$ 5,968.00	\$ 5,968.00	\$ 5,968 00	\$ 5,968.00	
Depreciation (If funded by revenues of system)						
Loan Proceeds						
Other						
<b>Total Sources</b>	\$ 3,258.00	\$ 5,968.00	\$ 5,968.00	\$ 5,968.00	\$ 5,968.00	
<b>USES OF CASH</b>						
Net Loss						
Principle Portion of Pmts.						
Fixed Asset Purchase						
Reserve						
Other						
<b>Total Uses</b>	0.00	0.00	0.00	0.00	0.00	0.00
<b>NET CASH FLOW</b>	\$ 3,258.00	\$ 5,968.00	\$ 5,968.00	\$ 5,968.00	\$ 5,968.00	
<b>DEBT SERVICE COVERAGE</b>						
Cash Available for Debt Service (CADS)						
A: Net Income (Loss)	\$ 3,258 00	\$ 5,968.00	\$ 5,968.00	\$ 5,968 00	\$ 5,968.00	
B: Depreciation, or Reserve Interest						
<b>C: Total CADS (A + B = C)</b>	\$ 3,258.00	\$ 5,968 00	\$ 5,968.00	\$ 5,968.00	\$ 5,968.00	
<b>D: DEBT SERVICE (DS)</b>						
Principle Plus Interest	\$ 0 00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	
<b>E: DEBT SERVICE COVERAGE RATIO</b>						
CADS Divided by DS (E = C / D)						

# **Sales Contract**

## Sales Contract

This sales contract is executed as of December 1, 2018 (the “Effective Date”), by and between OREAL, Inc., a Texas corporation (“Seller”), whose address for notice is P.O. Box 1081, Bowie, Texas 76230, and Ray Harlow (the “Buyer”), whose address for notice is PO Box 1176, Pinchurst, Texas 77362.

WHEREAS, Legend Bank, N.A., previously foreclosed on certain property located in Angelina County, Texas that constitutes a portion of the Twin Oaks Mobile Home development pursuant to that certain Substitute Trustee’s Deed recorded at Document 2012-00289244 of the Official Public Records of Angelina County, Texas (the “Foreclosed Property”), and all or a portion of such Foreclosed Property was subsequently conveyed to Seller;

WHEREAS, the Foreclosed Property included, among other tracts, the property described on ExhibitA attached hereto and incorporated herein for all purposes and related improvements (the “Subject Real Property”);

WHEREAS, the Subject Real Property includes a sewer/septic and related facilities which services the Twin Oaks Mobile development or parts thereof (the “Sewer Facility,” together with the Subject Real Property and all personal property related to the Sewer Facility, the “Property”);

WHEREAS, Seller has agreed to convey to Buyer all of Seller’s right, title and interest in and to the Property, and Buyer has agreed to take title to and acquire the Property;

NOW THEREFORE, for good and valuable consideration, the parties to this Agreement agree as follows:

### A. Deadlines and Other Dates

All deadlines in this contract expire at 5:00 P.M. local time where the Property is located. If a deadline falls on a Saturday, Sunday, or national holiday, the deadline will be extended to the next day that is not a Saturday, Sunday, or national holiday. A national holiday is a holiday designated by the federal government.

1. End of Inspection Period. 15 days from the date of this Agreement.

2. Closing Date and Time: On or before 15 days from the date that the Closing Conditions set forth in Section E of this contract have been waived or satisfied, the exact date and time to be as determined between Buyer and Seller within such time period. The actual date of the closing is referred to herein as the “Closing Date.”

### B. Closing Documents and Deliverables

1. At closing, Seller will deliver the following items:

A Special Warranty Deed in the form of ExhibitB attached hereto.

A Bill of Sale (Without Warranty) in the form of ExhibitC attached hereto.

A cashier's check or wire transfer supported by good funds in the amount of \$20,000, payable to Buyer.

2. At closing, Buyer will deliver the following items:

A counterpart to the Special Warranty Deed

A counterpart to the Bill of Sale

Any documents required by Seller.

The documents listed in this section B are collectively known as the "Closing Documents."

**C. Exhibits**

The following are attached to and are a part of this contract:

Exhibit A--Description of the Subject Real Property

Exhibit B – Form of Special Warranty Deed

Exhibit C – Form of Bill of Sale

**D. Conveyance of Property**

Subject to the terms and provisions of this agreement, Seller agrees to convey to Buyer all of Seller's right, title and interest in and to the Property, and Buyer agrees to take title to and possession of the Property. The promises by Buyer and Seller stated in this contract are the consideration for the formation of this contract.

**E. CONDITION TO CLOSING; RIGHT TO TERMINATE**

Buyer's obligation to acquire the Property is conditioned on Buyer obtaining a Certificate of Convenience and Necessity and a Wastewater Permit from the Public Utilities Commission (the "Closing Conditions"). Buyer will use its best efforts to cause the Closing Conditions to be satisfied as soon as possible following the Effective Date.

In the event that the Closing Conditions are not satisfied on or before July 1, 2019, then either Buyer or Seller may terminate this Agreement so long as the failure to satisfy the Closing Conditions are not caused by the party desiring to terminate or the party desiring to terminate is not in breach of this agreement, and upon such termination neither party will have any further obligations hereunder.

**F. Inspection Period; Title Notices**

1. *Inspection Period.* During the Inspection Period, Buyer and Buyer's designated representatives and agents may conduct inspections and title examinations related to the Property as deemed necessary by Buyer, subject to the following:



- a. Buyer must notify Seller in advance of Buyer's plans to inspections; and
  - b. if the Property is altered because of Buyer's inspections, Buyer must return the Property to as close to its pre-inspection condition as reasonably practicable.
2. *Buyer's Right to Terminate.* Buyer may terminate this contract for any reason by notifying Seller in writing on or before the End of Inspection Period.
3. *Notices.*
- (a) *Abstract or Title Policy.* Buyer is advised to have an abstract of title covering the Property examined by an attorney of Buyer's selection, or Buyer should be furnished with or obtain a Title Policy. If a Title Policy is furnished, the Commitment should be promptly reviewed by an attorney of Buyer's choice due to the time limitations on Buyer's right to object.
  - (b) *Statutory Tax Districts.* If the Property is situated in a utility or other statutorily created district providing water, sewer, drainage, or flood control facilities and services, Chapter 49, Texas Water Code, requires Seller to deliver and Buyer to sign the statutory notice relating to the tax rate, bonded indebtedness, or standby fee of the district prior to final execution of this contract.
  - (c) *Tide Waters.* If the Property abuts the tidally influenced waters of the state, §33.135, Texas Natural Resources Code, requires a notice regarding coastal area property to be included in the contract.
  - (d) *Property Located in a Certificated Service Area of a Utility Service Provider.* Notice required by §13.257, Water Code: The Property that you are about to purchase may be located in a certificated water or sewer service area, which is authorized by law to provide water or sewer service to the properties in the certificated area. If your property is located in a certificated area there may be special costs or charges that you will be required to pay before you can receive water or sewer service. There may be a period required to construct lines or other facilities necessary to provide water or sewer service to your property. You are advised to determine if the property is in a certificated area and contact the utility service provider to determine the cost that you will be required to pay and the period, if any, that is required to provide water or sewer service to your property. The undersigned Buyer hereby acknowledges receipt of the foregoing notice at or before the execution of a binding contract for the purchase of the Property or at closing of purchase of the Property.
  - (e) *Public Improvements District.* If the Property is in a public improvement district, §5.014, Property Code, requires Seller to notify Buyer as follows: As a purchaser of this parcel of real property you are obligated to pay an assessment to a municipality or county for an improvement project undertaken by a public improvement district under Chapter 372, Local Government Code. The assessment may be due annually or in periodic installments. More information concerning the amount of the assessment and the due dates of that assessment may be obtained from the municipality or county levying the assessment. The amount of the assessments is subject to change. Your failure to pay the assessments could result in a lien on and the foreclosure of your property.

- (f) If the Property is located outside the limits of a municipality, the Property may now or later be included in the extra-territorial jurisdiction (ETJ) of a municipality and may now or later be subject to annexation by the municipality. Each municipality maintains a map that depicts its boundaries and ETJ. To determine if the Property is located within a municipalities ETJ, Buyer should contact all municipalities located in the general proximity of the Property for further information.
- (g) The Property is not located in a Texas Agricultural Development District.

**G. "AS IS" Sale; Certain Acknowledgments; Assumption**

**EXCEPT FOR THE WARRANTY OF TITLE TO BE CONTAINED IN THE SPECIAL WARRANTY DEED, SELLER HEREBY DISCLAIMS ANY EXPRESS OR IMPLIED WARRANTIES OR EXPRESS OR IMPLIED COVENANTS THAT MAY OTHERWISE BE CREATED HEREBY. WITHOUT LIMITING THE FOREGOING, THE PROPERTY WILL BE CONVEYED "AS IS, WHERE IS, WITH ALL FAULTS" WITHOUT ANY WARRANTIES, EXPRESS OR IMPLIED. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, SELLER HAS NOT MADE, DOES NOT MAKE AND SPECIFICALLY DISCLAIMS ANY REPRESENTATIONS, WARRANTIES, PROMISES, COVENANTS, AGREEMENTS OR GUARANTIES OF ANY KIND OR CHARACTER WHATSOEVER, WHETHER EXPRESS OR IMPLIED, ORAL OR WRITTEN, PAST, PRESENT OR FUTURE, OF, AS TO, CONCERNING OR WITH RESPECT TO (I) THE NATURE, QUALITY OR CONDITION OF THE PROPERTY, INCLUDING, WITHOUT LIMITATION, THE WATER, SOIL AND GEOLOGY, OR THE PRESENCE OR ABSENCE OF ANY POLLUTANT, HAZARDOUS WASTE, GAS OR SUBSTANCE OR SOLID WASTE ON OR ABOUT THE PROPERTY, (II) THE INCOME TO BE DERIVED FROM THE PROPERTY, (III) THE SUITABILITY OF THE PROPERTY FOR ANY AND ALL ACTIVITIES AND USES WHICH BUYER MAY INTEND TO CONDUCT THEREON, (IV) THE COMPLIANCE OF OR BY THE PROPERTY OR ITS OPERATION WITH ANY LAWS, RULES, ORDINANCES OR REGULATIONS OF ANY GOVERNMENTAL AUTHORITY OR BODY HAVING JURISDICTION, (V) THE HABITABILITY, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF THE PROPERTY, AND (VI) ANY OTHER MATTER RELATED TO OR CONCERNING THE PROPERTY.**

**BUYER HEREBY FULLY AND FINALLY RELEASES, ACQUITS, AND FOREVER DISCHARGES SELLER (AND SELLER'S OFFICERS, DIRECTORS, EMPLOYEES, AGENTS AND REPRESENTATIVES) FROM, AND BUYER FURTHER COVENANTS NOT TO ASSERT IN ANY MANNER AGAINST SELLER (OR ANY OF SELLER'S OFFICERS, DIRECTORS, EMPLOYEES, AGENTS OR REPRESENTATIVES), ANY AND ALL ACTUAL OR POTENTIAL CLAIMS OR DAMAGES HELD BY BUYER AGAINST SELLER, AND/OR ANY SUITS, DEMANDS, ACTIONS, CAUSES OF ACTION, CHARGES OR GRIEVANCES OF ANY KIND OR CHARACTER WHATSOEVER, HERETOFORE OR HEREAFTER ACCRUING FOR OR BECAUSE OF ANY MATTER DONE, OMITTED OR SUFFERED TO BE DONE BY ANYONE, WHETHER KNOWN OR UNKNOWN, AND IN ANY MANNER (WHETHER DIRECTLY OR INDIRECTLY) ARISING FROM OR RELATED TO THE PROPERTY.**

**BUYER AGREES TO ASSUME, SATISFY AND DISCHARGE WHEN DUE ANY AND ALL LIABILITIES, AGREEMENTS AND OBLIGATIONS RELATED TO THE PROPERTY AND**

**AGREES TO INDEMNIFY AND HOLD SELLER AND SELLER'S OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS HARMLESS FROM AND AGAINST ANY CLAIMS, DAMAGES, ACTIONS OR CAUSES OF ACTION ARISING OUT OF ANY OF THE FOREGOING.**

**THIS SECTION WILL SPECIFICALLY SURVIVE THE CLOSING OF THE TRANSACTIONS CONTEMPLATED HEREUNDER.**

#### **H. Closing**

1. *Closing.* This transaction will close at such place as designated by Seller (which may be means of exchanging documents by mail or other remote means). At closing, the parties will execute and deliver the Closing Documents.

2. *Transaction Costs*

a. *Seller's and Buyer's Costs.* Buyer and Seller will each be responsible for their own costs and expenses associated with the transactions contemplated hereunder. Buyer will be responsible for any recording fees related to the Deed.

b. *Ad Valorem Taxes; Expenses.* Buyer will be responsible for and hereby assumes all ad valorem taxes for or related to the Property and all expenses pertaining to operation of the Property. This Section will specifically survive the closing of the transactions contemplated hereunder.

#### **I. Default and Remedies**

1. *Seller's Default.* If Seller fails to perform any of its obligations under this contract ("Seller's Default"), Buyer may, as its sole and exclusive remedy, terminate this contract by giving notice to Seller on or before the Closing Date and sue for damages.

2. *Buyer's Default.* If Buyer fails to perform any of its obligations under this contract ("Buyer's Default"), Seller may, as its sole and exclusive remedy, terminate this contract by giving notice to Buyer on or before the Closing Date and sue for damages.

3. *Agreement Regarding Remedies.* The parties agree that the above remedies are the sole remedies of the parties related to a breach or default under this contract.

#### **J. Miscellaneous Provisions**

1. *Notices.* Any notice required by or permitted under this contract must be in writing. Any notice required by this contract will be deemed to be delivered (whether actually received or not) two days after being deposited with the United States Postal Service, postage prepaid, certified mail, return receipt requested, and addressed to the intended recipient at the address shown in this contract. Notice may also be given by regular mail, personal delivery, courier delivery, facsimile transmission, electronic mail, or other commercially reasonable means and will be effective when actually received. Any address for notice may be changed by written notice delivered as provided herein.

2. *Entire Contract.* This contract, together with its Exhibits, and any Closing Documents delivered at closing constitute the entire agreement of the parties concerning the sale of the Property by

Seller to Buyer. There are no oral representations, warranties, agreements, or promises pertaining to the sale of the Property by Seller to Buyer not incorporated in writing in this contract.

3. *Amendment.* This contract may be amended only by an instrument in writing signed by the parties.

4. *Assignment.* This contract may not be assigned by Buyer without the prior written consent of Seller, provided, however, that Buyer may assign this contract to an entity wholly-owned by Buyer if such entity agrees in writing to assume all of Buyer's obligations hereunder and provided further that such assignment will not relieve Buyer of any liability hereunder. This contract binds, benefits, and may be enforced by the parties and their respective heirs, successors, and permitted assigns.

5. *Survival.* The obligations of this contract that cannot be performed before termination of this contract or before closing will survive termination of this contract or closing, and the legal doctrine of merger will not apply to these matters. If there is any conflict between the Closing Documents and this contract, the Closing Documents will control.

6. *Choice of Law; Venue.* This contract will be construed under the laws of the state of Texas, without regard to choice-of-law rules of any jurisdiction. **Venue is in Montague County, Texas, except as otherwise provided by applicable law.**

7. *Waiver of Default.* It is not a waiver of default if the nondefaulting party fails to declare immediately a default or delays taking any action with respect to the default.

8. *No Third-Party Beneficiaries.* There are no third-party beneficiaries of this contract.

9. *Severability.* The provisions of this contract are severable. If a court of competent jurisdiction finds that any provision of this contract is unenforceable, the remaining provisions will remain in effect without the unenforceable parts.

10. *Ambiguities Not to Be Construed against Party Who Drafted Contract.* The rule of construction that ambiguities in a document will be construed against the party who drafted it will not be applied in interpreting this contract.

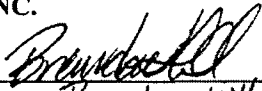
11. *No Special Relationship.* The parties' relationship is an ordinary commercial relationship, and they do not intend to create the relationship of principal and agent, partnership, joint venture, or any other special relationship.

12. *Counterparts.* If this contract is executed in multiple counterparts, all counterparts taken together will constitute this contract.

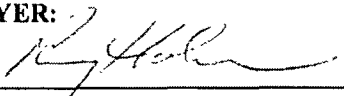
**[SIGNATURE PAGES TO FOLLOW]**

**SELLER:**

**OREAL, INC.**

By:   
Name: Brandon Hill  
Title: Vice President

**BUYER:**

  
Ray Harlow

ND: 4825-0293-36105

**Exhibit A**

**Description of Subject Real Property**

Being 0.50 acres, more or less, out of the John Evans Survey, Abstract No. 221, Angelina County, Texas, more particularly described as follows:

**FIELD NOTES FOR 0.50 ACRE TRACT AROUND SANITARY SEWER IN MOFFETT TWIN OAKS SUBDIVISION**

BEING all that certain tract or parcel of land lying and situated in Angelina County, Texas out of the JOHN EVANSSURVEY, ABSTRACT NO. 221 and being a part or portion of that certain 96.4 acre tract described in a deed from Bernard Callaway to Callaway and Seville, Inc., dated March 21, 1973 and recorded in Volume 398, on Page 345 of the Deed Records of Angelina County, Texas to Which reference is hereby made for all purposes and the said part or portion being described by metes and bounds as follows, to-wit:

BEGINNING at the Southeast corner of that certain 2.000 acre tract described in a deed from Callaway and Seville, Inc. to Leon Tillman, dated August, 1978 and recorded in Volume 480, on Page 642 of the Deed Records of Angelina County, Texas, a ½" iron pin found for corner on the most Northern East boundary line of the aforesaid referred to 6.4 acre tract;

THENCE S 1° 10' 00" E; with the most Northern East boundary line of the said 96.4 acre tract; at 147.68 feet a ½" iron pin set for corner;

THENCE N 89° 11' 00" W, at 150.06 feet a ½" iron pin set for corner;

THENCE N 0° 45' 48" E, at 147.59 feet intersect the South boundary line of the said 2.000 acre tract, a ½" iron pin set for corner;

THENCE S 89° 11' 00" E, with the South boundary line of the said 2.000 acre tract, at 145.08 feet the point and place of beginning and containing 0.50 acre of land, more or less.

**EXHIBIT A**

to

**SPECIAL WARRANTY DEED**

**Description of Property**

Being 0.50 acres, more or less, out of the John Evans Survey, Abstract No. 221, Angelina County, Texas, more particularly described as follows:

**FIELD NOTES FOR 0.50 ACRE TRACT AROUND SANITARY SEWER IN MOFFETT TWIN OAKS SUBDIVISION**

BEING all that certain tract or parcel of land lying and situated in Angelina County, Texas out of the JOHN EVANS SURVEY, ABSTRACT NO. 221 and being a part or portion of that certain 96.4 acre tract described in a deed from Bernard Callaway to Callaway and Seville, Inc., dated March 21, 1973 and recorded in Volume 398, on Page 345 of the Deed Records of Angelina County, Texas to Which reference is hereby made for all purposes and the said part or portion being described by metes and bounds as follows, to-wit:

BEGINNING at the Southeast corner of that certain 2.000 acre tract described in a deed from Callaway and Seville, Inc. to Leon Tillman, dated August, 1978 and recorded in Volume 480, on Page 642 of the Deed Records of Angelina County, Texas, a ½" iron pin found for corner on the most Northern East boundary line of the aforesaid referred to 6.4 acre tract;

THENCE S 1° 10' 00" E; with the most Northern East boundary line of the said 96.4 acre tract; at 147.68 feet a ½" iron pin set for corner;

THENCE N 89° 11' 00" W, at 150.06 feet a ½" iron pin set for corner;

THENCE N 0° 45' 48" E, at 147.59 feet intersect the South boundary line of the said 2.000 acre tract, a ½" iron pin set for corner;

THENCE S 89° 11' 00" E, with the South boundary line of the said 2.000 acre tract, at 145.08 feet the point and place of beginning and containing 0.50 acre of land, more or less.

**Exhibit B to Sales Contract**

**Form of Special Warranty Deed**

**SPECIAL WARRANTY DEED**

**NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.**

THE STATE OF TEXAS  
COUNTY OF ANGELINA

§  
§  
§

KNOW ALL MEN BY THESE PRESENTS:

THAT, effective as of \_\_\_\_\_ (the "**Effective Date**") OREAL, Inc., a Texas corporation ("**Grantor**"), for and in consideration of the sum of Ten and No/100 Dollars (\$10.00) cash in hand paid by Ray Harlow ("**Grantee**"), whose address is PO Box 1176, Pinehurst, Texas 77362, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by Grantor, subject to the Permitted Exceptions (as defined herein) and the other exceptions, reservations and restrictions as set forth below, has GRANTED, BARGAINED, SOLD AND CONVEYED, and by these presents does GRANT, BARGAIN, SELL AND CONVEY unto Grantee, that certain tract of real property situated in Angelina County, Texas, as specified and described in **Exhibit "A"** attached hereto and made a part hereof for all purposes, together with a like interest in and to any and all improvements and fixtures situated thereon, and all the rights, privileges, hereditaments and appurtenances pertaining to such real property, improvements and fixtures (the "**Property**").

**TO HAVE AND TO HOLD** the Property unto Grantee, and its successors and assigns forever. Grantor binds Grantor and Grantor's successors and assigns to warrant and forever defend all and singular the Property to Grantee and Grantee's successors and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof when the claim is by, through, or under Grantor but not otherwise, and except as to the following matters: (a) validly existing easements, rights-of-ways, and prescriptive rights, whether of record or not; all presently recorded and validly existing restrictions, reservations, covenants, conditions and water interests outstanding, all other instruments, other than the conveyance of the surface fee estate, that affect the Property; validly existing rights of adjoining owners in any walls and fences situated on a common boundary; any discrepancies, conflicts, or shortages in area or boundary lines; any encroachments or overlapping of improvements; and without limiting the foregoing, all prior reservations and conveyances of oil, gas and other minerals and leases of such minerals, outstanding of record covering the Property or any part thereof (the "**Permitted Exceptions**") and (b) standby fees, taxes and assessments by any taxing authority, which Grantee assumes and agrees to pay.

**EXCEPT FOR THE SPECIAL WARRANTY OF TITLE CONTAINED IN THIS DEED, GRANTOR HEREBY DISCLAIMS ANY EXPRESS OR IMPLIED WARRANTIES OR EXPRESS OR IMPLIED COVENANTS THAT MAY OTHERWISE BE CREATED HEREBY. WITHOUT LIMITING THE FOREGOING, THE PROPERTY IS CONVEYED "AS IS, WHERE**



IS, WITH ALL FAULTS" WITHOUT ANY WARRANTIES, EXPRESS OR IMPLIED. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, GRANTOR HAS NOT MADE, DOES NOT MAKE AND SPECIFICALLY DISCLAIMS ANY REPRESENTATIONS, WARRANTIES, PROMISES, COVENANTS, AGREEMENTS OR GUARANTIES OF ANY KIND OR CHARACTER WHATSOEVER, WHETHER EXPRESS OR IMPLIED, ORAL OR WRITTEN, PAST, PRESENT OR FUTURE, OF, AS TO, CONCERNING OR WITH RESPECT TO (I) THE NATURE, QUALITY OR CONDITION OF THE PROPERTY, INCLUDING, WITHOUT LIMITATION, THE WATER, SOIL AND GEOLOGY, OR THE PRESENCE OR ABSENCE OF ANY POLLUTANT, HAZARDOUS WASTE, GAS OR SUBSTANCE OR SOLID WASTE ON OR ABOUT THE PROPERTY, (II) THE INCOME TO BE DERIVED FROM THE PROPERTY, (III) THE SUITABILITY OF THE PROPERTY FOR ANY AND ALL ACTIVITIES AND USES WHICH GRANTEE MAY INTEND TO CONDUCT THEREON, (IV) THE COMPLIANCE OF OR BY THE PROPERTY OR ITS OPERATION WITH ANY LAWS, RULES, ORDINANCES OR REGULATIONS OF ANY GOVERNMENTAL AUTHORITY OR BODY HAVING JURISDICTION, (V) THE HABITABILITY, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF THE PROPERTY, AND (VI) ANY OTHER MATTER RELATED TO OR CONCERNING THE PROPERTY.

GRANTEE HEREBY FULLY AND FINALLY RELEASES, ACQUITS, AND FOREVER DISCHARGES GRANTOR (AND GRANTOR'S OFFICERS, DIRECTORS, EMPLOYEES, AGENTS AND REPRESENTATIVES) FROM, AND GRANTEE FURTHER COVENANTS NOT TO ASSERT IN ANY MANNER AGAINST GRANTOR (OR ANY OF GRANTOR'S OFFICERS, DIRECTORS, EMPLOYEES, AGENTS OR REPRESENTATIVES), ANY AND ALL ACTUAL OR POTENTIAL CLAIMS OR DAMAGES HELD BY GRANTEE AGAINST GRANTOR, AND/OR ANY SUITS, DEMANDS, ACTIONS, CAUSES OF ACTION, CHARGES OR GRIEVANCES OF ANY KIND OR CHARACTER WHATSOEVER, HERETOFORE OR HEREAFTER ACCRUING FOR OR BECAUSE OF ANY MATTER DONE, OMITTED OR SUFFERED TO BE DONE BY ANYONE, WHETHER KNOWN OR UNKNOWN, AND IN ANY MANNER (WHETHER DIRECTLY OR INDIRECTLY) ARISING FROM OR RELATED TO THE PROPERTY.

GRANTEE HEREBY ASSUMES, AND AGREESE TO SATISFY AND DISCHARGE WHEN DUE ANY AND ALL LIABILITIES, AGREEMENTS AND OBLIGATIONS RELATED TO THE PROPERTY AND AGREES TO INDEMNIFY AND HOLD GRANTOR AND GRANTOR'S OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS HARMLESS FROM AND AGAINST ANY CLAIMS, DAMAGES, ACTIONS OR CAUSES OF ACTION ARISING OUT OF ANY OF THE FOREGOING.

[signature page(s) to follow]

IN WITNESS WHEREOF, this Deed is thus executed on the dates set forth below, but to be effective as of and from the Effective Date set forth above.

OREAL,  
INC.

By: Brandon Hill Name: \_\_\_\_\_ Title: \_\_\_\_\_

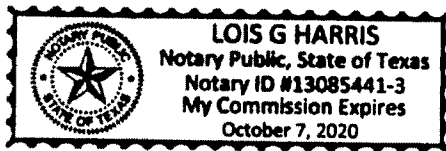
Brandon Hill  
Vice President

ACCEPTED AND AGREED:

Ray Harlow  
Ray Harlow

STATE OF TEXAS  
COUNTY OF Montague

This instrument was acknowledged before me on the 21 day of November, 2018 by \_\_\_\_\_



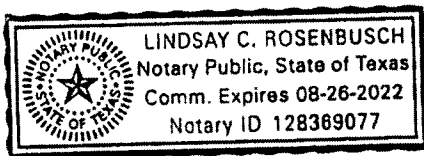
Lois G. Harris  
Notary Public, State of Texas  
Notary's name (printed): Lois G. Harris

Brandon Hill  
Vice President

Notary's commission expires: October 7, 2020

STATE OF TEXAS  
COUNTY OF Harris

This instrument was acknowledged before me on the 17 day of NOVEMBER, 2018,  
by Ray Harlow.



Lindsay C. Rosenbusch  
Notary Public, State of Texas  
Notary's name (printed): Lindsay C. Rosenbusch

Notary's commission expires: August 26, 2022

AFTERRECORDING, PLEASE RETURN TO:

Ray Harlow  
PO Box 1176  
Pinchurst, Texas 77362

**Exhibit C to Sales Contract**

**Form of Bill of Sale**

**Bill of Sale, Assignment and Assumption**

Effective as of \_\_\_\_\_ (the "Effective Date"), OREAL, Inc., a Texas corporation ("Grantor"), in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, does hereby assign, transfer, sell and deliver unto Ray Harlow ("Grantee"), all of Grantor's right, title and interest in and to the assets described on Exhibit A attached hereto and incorporated herein for all purposes (the "Property").

TO HAVE AND TO HOLD said Property unto Grantee and Grantee's successors and assigns.

**GRANTOR HEREBY DISCLAIMS ANY EXPRESS OR IMPLIED WARRANTIES OR EXPRESS OR IMPLIED COVENANTS THAT MAY OTHERWISE BE CREATED HEREBY. WITHOUT LIMITING THE FOREGOING, THE PROPERTY IS CONVEYED "AS IS, WHERE IS, WITH ALL FAULTS" WITHOUT ANY WARRANTIES, EXPRESS OR IMPLIED. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, GRANTOR HAS NOT MADE, DOES NOT MAKE AND SPECIFICALLY DISCLAIMS ANY REPRESENTATIONS, WARRANTIES, PROMISES, COVENANTS, AGREEMENTS OR GUARANTIES OF ANY KIND OR CHARACTER WHATSOEVER, WHETHER EXPRESS OR IMPLIED, ORAL OR WRITTEN, PAST, PRESENT OR FUTURE, OF, AS TO, CONCERNING OR WITH RESPECT TO (I) THE NATURE, QUALITY OR CONDITION OF THE PROPERTY, INCLUDING, WITHOUT LIMITATION, THE WATER, SOIL AND GEOLOGY, OR THE PRESENCE OR ABSENCE OF ANY POLLUTANT, HAZARDOUS WASTE, GAS OR SUBSTANCE OR SOLID WASTE ON OR ABOUT THE PROPERTY, (II) THE INCOME TO BE DERIVED FROM THE PROPERTY, (III) THE SUITABILITY OF THE PROPERTY FOR ANY AND ALL ACTIVITIES AND USES WHICH GRANTEE MAY INTEND TO CONDUCT THEREON, (IV) THE COMPLIANCE OF OR BY THE PROPERTY OR ITS OPERATION WITH ANY LAWS, RULES, ORDINANCES OR REGULATIONS OF ANY GOVERNMENTAL AUTHORITY OR BODY HAVING JURISDICTION, (V) THE HABITABILITY, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF THE PROPERTY, AND (VI) ANY OTHER MATTER RELATED TO OR CONCERNING THE PROPERTY.**

**GRANTEE HEREBY FULLY AND FINALLY RELEASES, ACQUITS, AND FOREVER DISCHARGES GRANTOR (AND GRANTOR'S OFFICERS, DIRECTORS, EMPLOYEES, AGENTS AND REPRESENTATIVES) FROM, AND GRANTEE FURTHER COVENANTS NOT TO ASSERT IN ANY MANNER AGAINST GRANTOR (OR ANY OF GRANTOR'S OFFICERS, DIRECTORS, EMPLOYEES, AGENTS OR REPRESENTATIVES), ANY AND ALL ACTUAL OR POTENTIAL CLAIMS OR DAMAGES HELD BY GRANTEE AGAINST GRANTOR, AND/OR ANY SUITS, DEMANDS, ACTIONS, CAUSES OF ACTION, CHARGES OR GRIEVANCES OF ANY KIND OR CHARACTER WHATSOEVER, HERETOFORE OR HEREAFTER ACCRUING FOR OR BECAUSE OF ANY MATTER DONE, OMITTED OR SUFFERED TO BE DONE BY ANYONE, WHETHER KNOWN OR UNKNOWN, AND IN ANY MANNER (WHETHER DIRECTLY OR INDIRECTLY) ARISING FROM OR RELATED TO THE PROPERTY.**

**GRANTEE HEREBY ASSUMES, AND AGREESE TO SATISFY AND DISCHARGE WHEN DUE ANY AND ALL LIABILITIES, AGREEMENTS AND OBLIGATIONS RELATED TO THE PROPERTY AND AGREES TO INDEMNIFY AND HOLD GRANTOR AND GRANTOR'S OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS HARMLESS FROM AND AGAINST ANY CLAIMS, DAMAGES, ACTIONS OR CAUSES OF ACTION ARISING OUT OF ANY OF THE FOREGOING.**

**[Signature Pages to Follow]**

IN WITNESS WHEREOF, this Bill of Sale is thus executed on the dates set forth below, but to be effective as of and from the Effective Date set forth above.

OREAL, INC.

By: [Signature]  
Name: Brandon Hill  
Title: Vice President

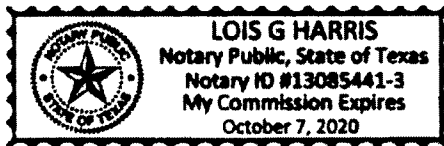
ACCEPTED AND AGREED:

[Signature]  
Ray Harlow

STATE OF TEXAS

COUNTY OF Montague

This instrument was acknowledged before me on the 21 day of November, 2018  
by BRANDON HILL, V.P. of OREAL, Inc., on behalf of said  
corporation and in the capacity therein stated.



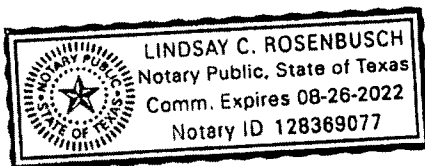
[Signature]  
Notary Public, State of Texas  
Notary's name (printed): Lois G. Harris

Notary's commission expires: October 7, 2020

STATE OF TEXAS

COUNTY OF Finney

This instrument was acknowledged before me on the 17 day of November, 2018, by  
Ray Harlow.



[Signature]  
Notary Public, State of Texas  
Notary's name (printed): LINDSAY C. ROSENBUSCH

Notary's commission expires: August 26, 2022

**Exhibit A to Bill of Sale**

All of Grantor's right, title and interest in and to any personal property related to the sewer/septic and related facilities located on the following described real property:

Being 0.50 acres, more or less, out of the John Evans Surrey, Abstract No. 221, Angelina County, Texas, more particularly described as follows:

**FIELD NOTES FOR 0.50 ACRE TRACT AROUND SANITARY SEWER IN MOFFETT TWIN OAKS SUBDIVISION**

BEING all that certain tract or parcel of land lying and situated in Angelina County, Texas out of the JOHN EVANSSURVEY, ABSTRACT NO. 221 and being a part or portion of that certain 96.4 acre tract described in a deed from Bernard Callaway to Callaway and Seville, Inc., dated March 21, 1973 and recorded in Volume 398, on Page 345 of the Deed Records of Angelina County, Texas to Which reference is hereby made for all purposes and the said part or portion being described by metes and bounds as follows, to-wit:

BEGINNING at the Southeast corner of that certain 2.000 acre tract described in a deed from Callaway and Seville, Inc. to Leon Tillman, dated August, 1978 and recorded in Volume 480, on Page 642 of the Deed Records of Angelina County, Texas, a ½" iron pin found for corner on the most Northern East boundary line of the aforesaid referred to 6.4 acre tract;

THENCE S 1° 10' 00" E; with the most Northern East boundary line of the said 96.4 acre tract; at 147.68 feet a ½" iron pin set for corner;

THENCE N 89° 11' 00" W, at 150.06 feet a ½" iron pin set for corner;

THENCE N 0° 45' 48" E, at 147.59 feet intersect the South boundary line of the said 2.000 acre tract, a ½" iron pin set for corner;

THENCE S 89° 11' 00" E, with the South boundary line of the said 2.000 acre tract, at 145.08 feet the point and place of beginning and containing 0.50 acre of land, more or less.

## **Current Tariff**



## SEWER UTILITY TARIFF

Docket Number: 47424

Legend Bank dba OREAL, Inc.  
(Utility Name)

P. O. Box 1081  
(Business Address)

Bowie, Texas 76230  
(City, State, Zip Code)

(512) 894-3322  
(Area Code/Telephone)

This tariff is effective for utility operations under the following Certificate of Convenience and Necessity:

20568

This tariff is effective in the following counties:

Angelina

This tariff is effective in the following cities or unincorporated towns (if any):

None

This tariff is effective in the following subdivisions or public water systems:

Moffett Twin Oaks Subdivision

### TABLE OF CONTENTS

The above utility lists the following sections of its tariff (if additional pages are needed for a section, all pages should be numbered consecutively):

SECTION 1.0 -- RATE SCHEDULE.....	2
SECTION 2.0 -- SERVICE RULES AND POLICIES .....	4
SECTION 3.0 -- EXTENSION POLICY .....	5
SECTION 4.0 -- CONDENSED SUBSTANTIVE SERVICE RULES .....	6

EXHIBIT "A"



**SECTION 1.0 -- RATE SCHEDULE**

**Section 1.01 - Rates**

<u>Flat Rate</u>	<u>Monthly Minimum Charge</u>
Residential	<u>\$70.00</u>
Commercial	<u>\$70.00</u>

**FORM OF PAYMENT:** The utility will accept the following form(s) of payment:

Cash X, Check X, Money Order X, Credit Card    , Other (specify)    

THE UTILITY MAY REQUIRE EXACT CHANGE FOR PAYMENTS AND MAY REFUSE TO ACCEPT PAYMENTS MADE USING MORE THAN \$1.00 IN SMALL COINS. A WRITTEN RECEIPT WILL BE GIVEN FOR CASH PAYMENTS.

**REGULATORY ASSESSMENT** ..... 1.0%  
PUC RULES REQUIRE THE UTILITY TO COLLECT A FEE OF ONE PERCENT OF THE RETAIL MONTHLY BILL AND REMIT THE FEE TO THE TCEQ.

**Section 1.02 - Miscellaneous Fees**

**TAP FEE** ..... \$325.00  
TAP FEE COVERS THE UTILITY'S COSTS FOR MATERIALS AND LABOR TO INSTALL A STANDARD RESIDENTIAL 5/8" or 3/4" METER. AN ADDITIONAL FEE TO COVER UNIQUE COSTS IS PERMITTED IF LISTED ON THIS TARIFF.

**CUSTOMER DEPOSIT RESIDENTIAL (Maximum \$50)** ..... \$50.00

**COMMERCIAL & NON-RESIDENTIAL DEPOSIT** ..... \$0.00

**RECONNECTION FEE**

THE RECONNECT FEE MUST BE PAID BEFORE SERVICE CAN BE RESTORED TO A CUSTOMER WHO HAS BEEN DISCONNECTED FOR THE FOLLOWING REASONS (OR OTHER REASONS LISTED UNDER SECTION 2.0 OF THIS TARIFF):

- a) Non-payment of bill (Maximum \$25.00) ..... \$25.00
- b) Customer's request that service be disconnected ..... \$50.00

**TRANSFER FEE** ..... \$35.00  
THE TRANSFER FEE WILL BE CHARGED FOR CHANGING AN ACCOUNT NAME AT THE SAME SERVICE LOCATION WHEN THE SERVICE IS NOT DISCONNECTED

**LATE CHARGE (EITHER \$5.00 OR 10% OF THE BILL)** ..... \$5.00  
PUC RULES ALLOW A ONE-TIME PENALTY TO BE CHARGED ON DELINQUENT BILLS. A LATE CHARGE MAY NOT BE APPLIED TO ANY BALANCE TO WHICH THE PENALTY WAS APPLIED IN A PREVIOUS BILLING.

**RETURNED CHECK CHARGE** ..... \$30.00  
RETURNED CHECK CHARGES MUST BE BASED ON THE UTILITY'S DOCUMENTABLE COST.

**SECTION 1.0 – RATE SCHEDULE (Continued)**

**GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE**

WHEN AUTHORIZED IN WRITING BY THE PUC AND AFTER NOTICE TO CUSTOMERS, THE UTILITY MAY INCREASE RATES TO RECOVER INCREASED COSTS FOR INSPECTION FEES AND WATER TESTING. [16 TAC § 24.21(b)(2)(G)]

**LINE EXTENSION AND CONSTRUCTION CHARGES:**

REFER TO SECTION 3.0—EXTENSION POLICY FOR TERMS, CONDITIONS, AND CHARGES WHEN NEW CONSTRUCTION IS NECESSARY TO PROVIDE SERVICE.

# **Financial Information**

**2. BALANCE SHEETS**

<u>ASSETS</u>		End of Year 12/31/2018
<u>UTILITY PLANT</u>		
101 Utility Plant in Service		\$ 178,131
103 Property held for Future Use		
105 Construction Work In Progress		
114, 115 Net Utility Plant Acquisition Adjustment		
TOTAL UTILITY PLANT		\$ 178,131
108 Less: Accumulated Depreciation		\$ 51,247
110 Less: Accumulated Amortization		
NET UTILITY PLANT		\$ 126,884
<u>CURRENT ASSETS</u>		
131-135 Cash		\$ 20,000
141-143 Accounts Receivable		\$ 2,747
144 Notes Receivable		
144-145 Accounts Receivable-Affiliates/Common Ownership		
151 Plant Materials and Supplies		
162 Prepayments		
171-174 Other Current Assets		
TOTAL CURRENT ASSETS		\$ 22,747
<u>OTHER ASSETS and DEFERRED CHARGES</u>		
181 Deferred Debt Expense		
182-186 Deferred Charges/Debits		
190 Accum. Deferred Income Taxes		
TOTAL OTHER ASSETS and DEFERRED CHARGES		\$ -
<u>TOTAL ASSETS</u>		<u>\$ 149,631</u>
<u>LIABILITIES &amp; EQUITY</u>		End of Year 12/31/2018
<u>STOCKHOLDERS' EQUITY</u>		
201 Common Stock		\$ 20,000
211 Other paid in capital		\$ 109,631
215 Retained Earnings		\$ 129,631
TOTAL STOCKHOLDERS' EQUITY		\$ 129,631
<u>LONG-TERM DEBT</u>		
224 Long-term debt, excluding current portion		\$ 0
<u>CURRENT LIABILITIES</u>		
Current Portion of Long-term Debt		
231 Accounts Payable		
232 Notes Payable		
233, 234 Payables to Affiliates/Common Ownership		
236 Accrued Taxes		
237 Accrued Interest		
241.0 Other Current Liabilities		\$ 20,000
TOTAL CURRENT LIABILITIES		\$ 20,000
<u>OTHER LIABILITIES and DEFERRED CREDITS</u>		
252 Advances for Construction		
253 Other Deferred Credits		
255 Deferred Investment Tax Credits		
271-272 Net Contributions in Aid of Construction		
281-283 Accumulated Deferred Inc. Taxes		
TOTAL OTHER LIABILITIES and DEFERRED CREDITS		\$ 0
<u>TOTAL LIABILITIES &amp; EQUITY</u>		<u>\$ 149,631</u>

Name of Utility:

Ray Harlow

Year End: 2018

**4. Statements of Income**

	Water Year 2018	Sewer Year 2018	Total - Water and Sewer
	(a)	(b)	(c)
1 <b>Total Revenue: 1</b>	\$ 0	\$ 27,196	\$ 27,196
	XXXX	XXXX	XXXX
	XXXX	XXXX	XXXX
2 <b>Operating Expenses:</b>			
2 601.1/701.1 O & M Salaried Labor			\$ -
3 604/704 Employee Benefits			\$ -
4 6/731, 6/735, 6/736 O & M Contract labor		\$ 14,208	\$ 14,208
5 620/720 Operating/Maint Supplies			\$ -
6 610/710 Purchased Water			\$ -
7 615/715 Purchased Power		\$ 10,011	\$ 10,011
8 635/735 Testing Expense			\$ -
9 618/718 Chemicals			\$ -
10 656-659/756-759 Insurance			\$ -
11 601.2/701.2 General Office Salaries			\$ -
12 650/750 Transportation			\$ -
13 675 General Office Expenses		\$ 4,210	\$ 4,210
14 632, 633, 634 Contract Acctg, legal, Mgnt		\$ 8,658	\$ 8,658
15 666 Amortization- Rate Case Expense			\$ -
16 403 Depreciation Expense			\$ -
17 667-675 Other Misc. Expenses		\$ 1,379	\$ 1,379
			XXXX
18 <b>Taxes:</b>			
18 409 Federal Income Taxes			\$ -
19 409 State Franchise Taxes/Reg Assess.			\$ -
20 408 All Other Taxes		\$ 131	\$ 131
21 <b>Total Expenses</b>	\$ 0	\$ 38,597	\$ 38,597
			XXXX
22 <b>Net Operating Income</b>	\$ 0	\$ (11,401)	\$ (11,401)
			XXXX
23 421, 433 Non-Operating Income			
24 <b>Non-Operating Deductions:</b>			XXXX
25 426 Other			
26 427 Interest			
27 Net Income	\$ 0	\$ (11,401)	\$ (11,401)

## **List of Assets to be Transferred**

## Inventory of Sewer Utility Plant

## Twin Oaks Mobile Home Property

<b>Test Period Ends:</b>	<b>31-Dec-18</b>
--------------------------	------------------

<b>Test Period Ends:</b>	<b>31-Dec-18</b>
--------------------------	------------------

<b>Item Description</b>	<b>Installation Date</b>	<b>Original Cost</b>	<b>Expected Service Life</b>	<b>Remaining Life</b>	<b>Annual Deprec. Expense</b>	<b>Total Accum. Deprec.</b>	<b>Net Book Value</b>
Treatment Equipment	1-Jul-98	\$160,000	50	36	\$3,200	\$46,031	\$113,969
Collection System - 4" PVC	1-Jul-98	\$18,131	50	36	\$363	\$5,216	\$12,915
<b>Sewer Utility Plant Totals:</b>		\$178,131			\$3,563	\$51,247	\$126,884
							<b>Page 1</b>

## **List of Neighboring Utilities**



## **List of Neighboring Utilities**

CCN NO. 10355 & 20142  
CITY OF LUFKIN  
PO DRAWER 190  
LUFKIN TX 75901 - 190

CCN NO. 10807  
M & M WSC  
4616 E STATE HIGHWAY 103  
LUFKIN TX 75901

CCN NO. 10353  
REDLAND WSC  
5350 US HIGHWAY 59 N  
LUFKIN TX 75901 – 8528

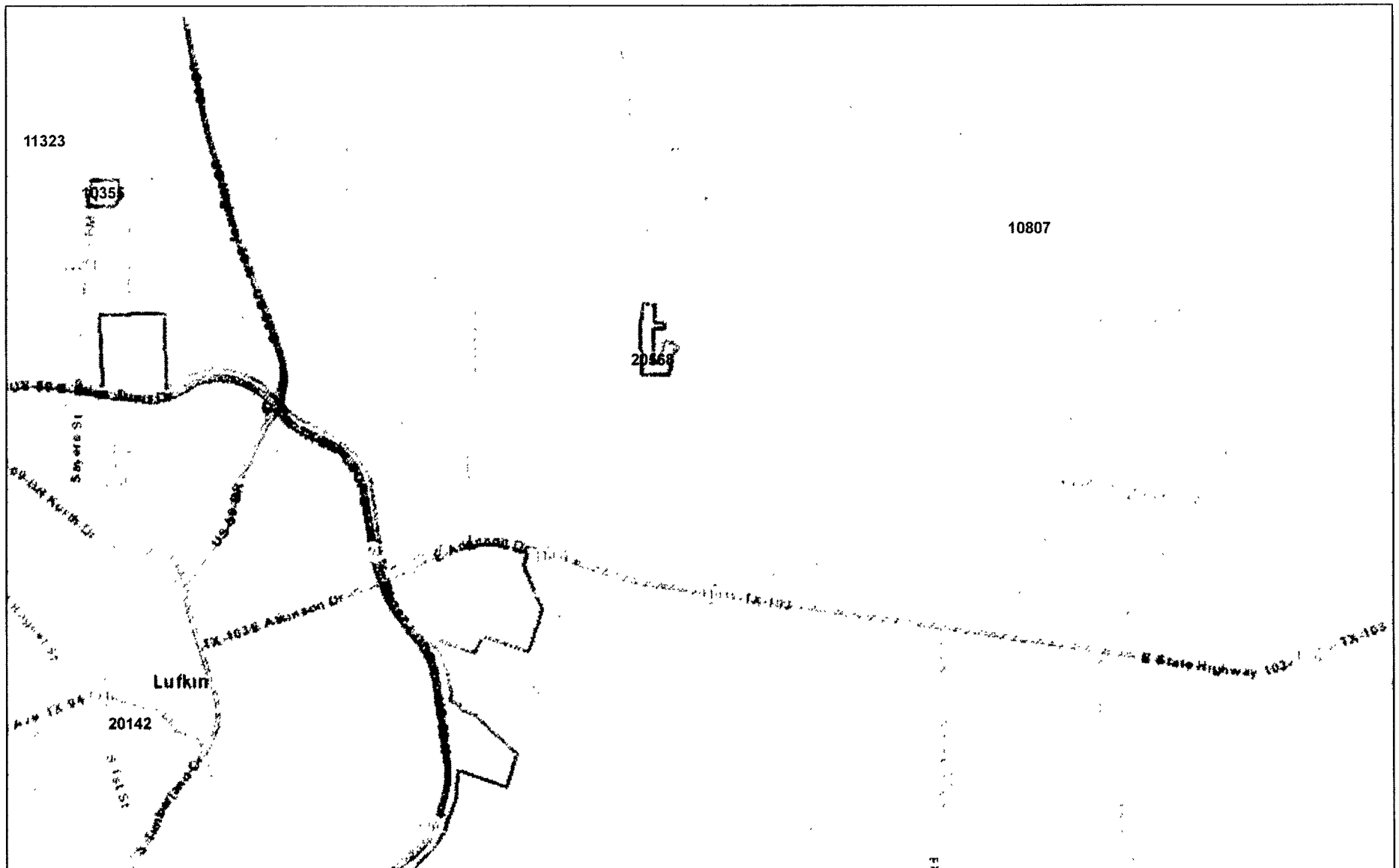
ANGELINA COUNTY JUDGE  
215 E LUFKIN AVE.  
LUFKIN, TX 75902

PINEYWOODS GCD  
P.O. BOX 635187  
NACOGDOCHES, TX 75963

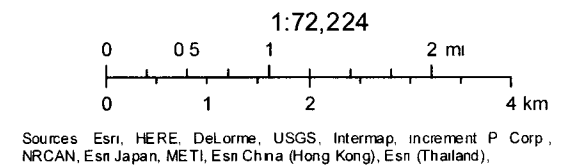
ANGELINA & NECHES RIVER  
AUTHORITY  
P.O. BOX 387  
LUFKIN, TX 75902

# Maps

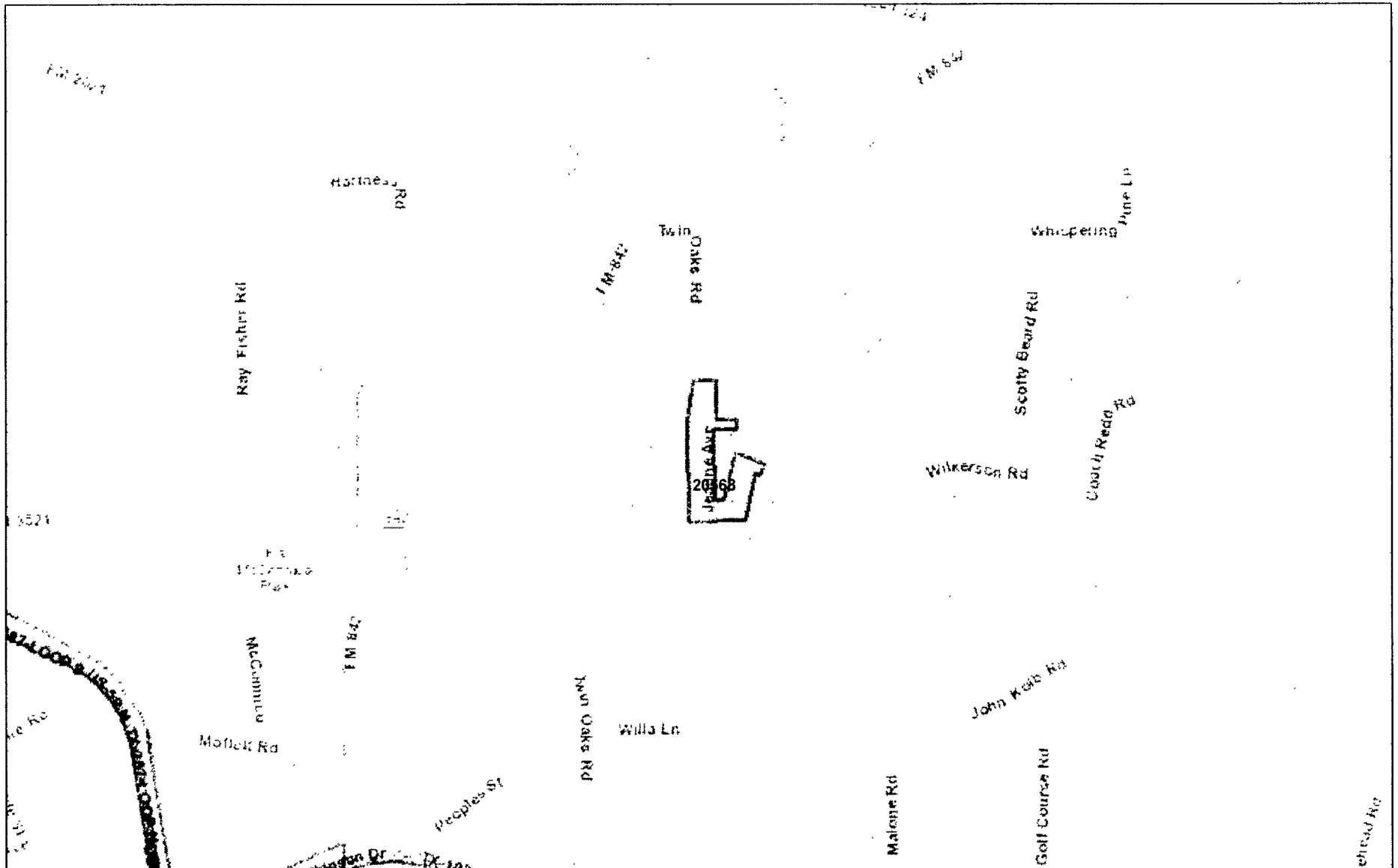
# Water and Sewer CCN Viewer



November 18, 2014

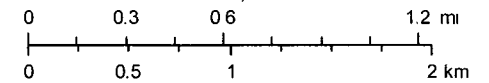


# Water and Sewer CCN Viewer

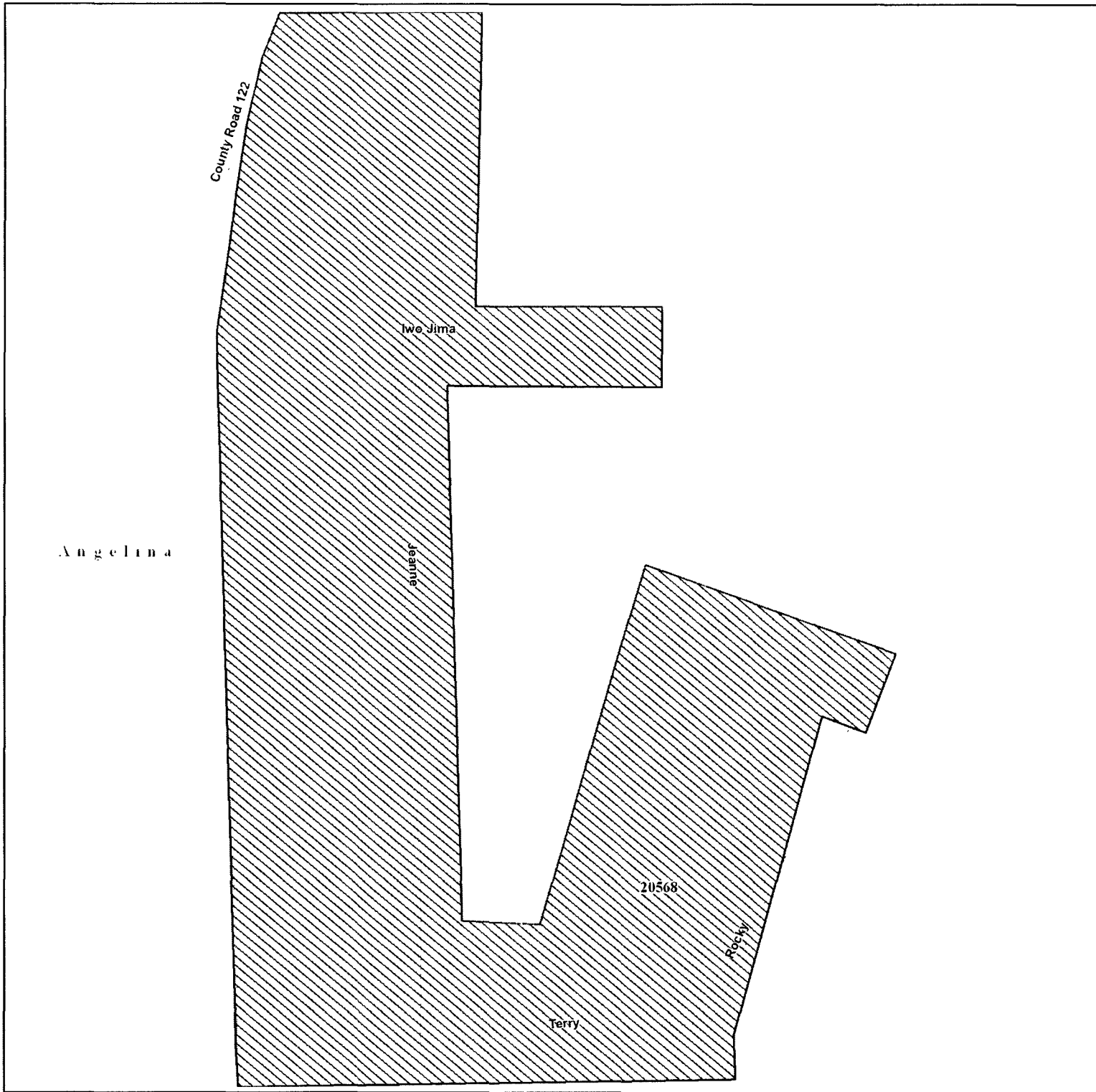


November 18, 2014

1:36,112



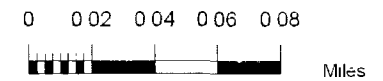
Sources Esri, HERE, DeLorme, USGS, Intermap, increment P Corp  
NRCAN, Esri Japan, METI, Esri China (Hong Kong), Esri (Thailand).



Protecting Texas by  
Reducing and  
Preventing Pollution

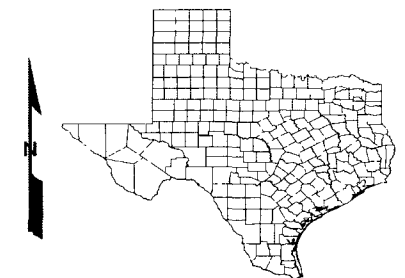
Texas Commission on Environmental Quality  
P.O. Box 13087  
Austin, Texas 78711-3087  
For more information  
concerning this map, please contact the  
Water Supply Division at (512) 239-4691.  
03/04/2013

### The Selected Area of Interest



### Legend

- Water CCN Facility Line
- Sewer CCN Facility Line
- Senate - Districts
- House - Districts
- TCEQ Service Region Boundary
- County Boundary
- Proposed Sewer CCN**
- Water CCN Service Area
- City Boundary
- CCN Overlap Key**
- Sewer-Water CCN Service Area



Disclaimer.  
This map was generated by the Integrated Water Utilities  
Database (iWUD) from the Texas Commission on  
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