

When recorded mail to:
ICR Water Users Association
P.O. Box 4413
Prescott, AZ 86302

FIRST AMENDMENT TO
WATER FACILITIES
LINE EXTENSION AGREEMENT

This Agreement, made this 31 day of January, 2002 by and between ICR Water Users Association, an Arizona Corporation, whose address is Post Office Box 4413, Prescott, AZ 86302 (hereinafter referred to as "ICR") and Whispering Canyons whose address is 118 S. Pleasant, Suite 102, Prescott, AZ 86302 (hereinafter referred to as "Developer").

RECITALS: A. The parties on March 12, 2001 entered into a Water Facilities Line Extension Agreement for the purposes of providing for the water requirements for persons residing within the area generally described as Whispering Canyons subdivision.

B. The parties wish to amend said Agreement to provide for refunds of advances to Developer.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the parties hereby agree as follows:

1. Section 11 of said Line Extension Agreement dated March 12, 2001 is deleted in its entirety.
2. A new section 11 is added to said Line Extension Agreement dated March 12, 2001, reading as follows:

11. The funds advanced for off-site facilities and the on-site facilities as evidenced by invoices furnished to ICR pursuant to paragraph 9 hereof shall be contributed to ICR by Developer as a Contribution-in-Aid-of-Construction. Following ICR's acquisition of the off-site and on-site facilities as provided above, ICR shall refund annually to Developer an amount equal to fifteen percent (15%) of the gross annual operating revenues from water

sales to bona fide customers of ICR within the Property. Such refunds shall be paid by ICR on or before December 31 of each calendar year three (3) years after the initiation of water utility service to the first customer within the Property by ICR, continuing thereafter in each succeeding calendar year for a total of twenty-five (25) years. No interest shall accrue or be payable on the amounts to be refunded for said facilities, and any unpaid balance remaining at the end of such twenty-five year period shall become a non-refundable contribution in aid of construction to ICR and be recorded as such in ICR's books and records of account. In no event shall the total amount of the refunds paid by ICR pursuant to this Agreement exceed the total amount of all refundable advances paid by Developer in connection with the construction of the Facilities.

3. This Amendment shall be governed by the laws of the State of Arizona and shall be subject to such approvals of regulatory agencies as may be required under the laws of said State.

4. This Amendment shall be binding upon and inure to the benefit of the parties hereto, and their respective successors and assigns.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in duplicate counterparts, with each counterpart constituting an original.

ICR WATER USERS ASSOCIATION

WHISPERING CANYONS

By: *J. McCreary*

By: *Tom Hall*

Its: *Broadly Director*
Manager

Its: *Project Manager*

State of Arizona)

) ss.

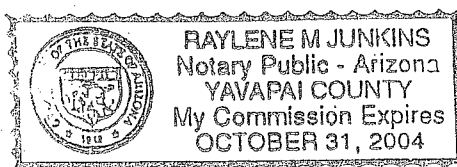
County of Yavapai)

Before me this 6th day of ^{February} ~~January~~, 2002 came Suzanne Mc Craine as the Manager of the ICR Water Users Association, who has executed the foregoing document as of the date written above.

Raylene M. Junkins
Notary Public

My Commissions Expires:

Oct 31, 2004



State of Arizona)

) ss.

County of Yavapai)

Before me this 6th day of ^{February} ~~January~~, 2002 came Victor Hambrick as the Project Manager of Whispering Canyons, who has executed the foregoing document as of the date written above.

Raylene M. Junkins
Notary Public

My Commission Expires:

Oct 31, 2004

