AMENDMENT TO WATER SYSTEM DEVELOPMENT AGREEMENT

THIS AMENDMENT TO WATER SYSTEM DEVELOPMENT AGREEMENT (this "Amendment") is made and entered into this 2nd day of October, 2014 (the "Effective Date"), by and between **Comore Loma Water Corporation**, an Idaho corporation, whose address is P.O. Box 1863, Idaho Falls, Idaho 83403 (hereinafter "Water Corporation"), **Comore Development, Inc.**, an Idaho corporation, whose address is 3920 E. Sunnyside Road, Idaho Falls, Idaho 83406 (hereinafter "Developer"), and **BDS, L.L.C.**, an Idaho limited liability company, whose address is 5490 E. Skidmore Dr., Idaho Falls, Idaho 83406 (hereinafter "Co-signer"). Water Corporation, Developer, and Co-signer are individually a "Party" and together the "Parties".

RECITALS:

A. Developer and its predecessors are developers of the Comore Loma Subdivision (hereinafter, the "Subdivision").

B. In connection with the development of the Subdivision, Developer's predecessors-in-interest caused the formation of the Water Corporation to provide water to the owners of lots within the Subdivision. The Water Corporation is now owned and controlled by the lot owners, under the direction of the Board of Directors, which is independent from and not controlled by the Developer, although the Developer does have certain membership rights. The Water Corporation owns and is responsible to maintain and operate the water system at its own expense for the benefit of its members.

C. Developer and the Water Corporation previously entered into a certain *Water System Development Agreement* (hereinafter, "Agreement") dated February 3, 1997 governing the conduct of the parties on numerous matters, including the expansion of the water system to new divisions of the Subdivision. Paragraphs 3 and 4 of the Agreement generally describe the process, responsibilities, and actions to be undertaken by the Developer and Water Corporation to add new divisions to the water system.

D. Over the past few years, the Water Corporation has undertaken proactive measures to examine the water system and determine what system improvements should now be made to meet system demand and how those improvements should be paid for. A number of different options were presented to the Water Corporation members and a vote was taken on February 13, 2014 approving—by a significant majority—what is known as "Option C."

E. Option C provides that the Water Corporation will pursue a loan from the Idaho Department of Environmental Quality ("DEQ") under its State Revolving Fund ("SRF") program. The SRF process requires submission of system design and material lists prepared by a

professional engineer in order to be approved by DEQ prior to commencement of construction of the particular infrastructure improvements.

F. In addition to regular assessments made by the Water Corporation, Option C contemplates that each lot in the Subdivision will be assessed an additional amount to repay the SRF loan. As of the date of this Amendment, the anticipated additional assessment is Forty Dollars ($40.00) per quarter, or a total of One Hundred Sixty Dollars ($160.00) per year, per lot (the "SRF Lot Assessment").

G. In order to implement Option C, an amendment to the Agreement as to Division 25 only is necessary.

IN CONSIDERATION of the mutual representations, warranties, and covenants contained herein, the Parties, intending to be legally bound hereby, agree as follows:

AGREEMENTS:

1. Engineering Fees.

(a) Previous Payment by Water Corporation to Schiess and Associates. The Parties agree to jointly pay for fees billed by Schiess and Associates prior to the date of this Amendment in the amount of $59,175.00. The Water Corporation has already paid Schiess and Associates the total amount, and Developer agrees to repay the Water Corporation **$26,037.00** of the total, which is 44% of the total.[1] Developer shall deliver payment for this amount at the same time this Amendment is executed, in United States currency represented by cash in hand, certified or cashier=s check, wire transfer, or other readily available funds. This provision is not subject to the contingency set forth in paragraph 3.

(b) Unallocated Engineering Costs. As set forth herein, Developer and Water Corporation shall individually pay all engineering fees specifically associated with their individually assigned project items. For engineering fees not specifically allocated to a project item, but incurred in connection with the system improvements, the Water Corporation shall pay 56% of such costs and Developer shall pay 44% of such costs. This provision is subject to the contingency set forth in paragraph 3.

2. Limited Amendment to Agreement. This Amendment amends the obligations between the Water Corporation and Developer under the Agreement with respect to only Division 25 of the Subdivision. It does not alter or amend any obligation or responsibility between the Parties incurred prior to execution of this Amendment, nor does it alter any obligation between the Parties that may be incurred for future divisions of the Subdivision except in the case of insufficient pumping capacity as provided for in paragraph 7 or default as provided for in paragraphs 20 and 21.

3. Contingency. Except for the provisions of paragraph 1, this Amendment is contingent upon the Water Corporation receiving approval for the SRF loan as described under Option C and voted upon by the members of the Water Corporation. In the event the SRF loan is

[1] Of the total bill of $59,175.00, the Water Corporation has therefore paid $33,138.00.

not approved or obtained, and the improvements authorized under the SRF loan are therefore not completed, this Amendment shall be null and void and of no further effect, and any actions undertaken under this Amendment shall be deemed null and void such that the Parties hereto shall undertake measures to undo the actions so taken in order for the Parties to return to the same original position they were in prior to the vote in favor of Option C.

4. Early Acceptance of Specific Lots in Division 25 by the Water Corporation. The Water Corporation hereby accepts into the Water Corporation's system all lots in Division 25 of the Subdivision previously sold by Developer to a third party or entity. The acceptance of future lots in Divisions 25 is subject to the provisions of paragraph 13 of this Amendment (sale of Developer-owned lots). Developer-owned lots remaining in Division 25 are not members of the Water Corporation, and as such, do not have voting rights or immediate water connection rights, nor are they subject to the SRF Lot Assessment until such time as they are sold to a third party or entity.

5. Water Corporation's Control of Construction and Design of Water Improvements. The Water Corporation will manage and make all decisions concerning the use of funds received from the SRF loan. The Water Corporation intends to engage an engineering firm to assist in completing the water improvements, and, subject to paragraph 7 below, the Water Corporation and/or the engineering firm shall have final decision-making authority over all construction activities, including quality standards and specifications for materials and construction of the improvements. Notwithstanding the above, Developer may participate to provide input into designing specification and bid packages to achieve value pricing on materials, installation, and other services associated with the improvements.

6. Developer Cost Contribution for SRF Loan. The Parties contemplate and agree that the SRF loan proceeds will be used to construct many Water Corporation system improvements, some of which are listed in the table below (the "Developer Improvements"). The estimated cost of each of the Developer Improvements is likewise listed below (the "Estimated Costs"), which the Parties acknowledge are only educated estimates at this point. The Parties therefore understand and acknowledge that the actual costs of such improvements (the "Actual Costs") may—and likely will—vary from such estimates. The Water Corporation shall make available upon request by Developer all bills and/or invoices for work associated with the Developer Improvements.

Developer Improvements	Estimated Cost
Construct Well #7 Capable of Producing 1,000 gpm	$225,000.00
Well House and Vertical Turbine Pump for New Well #7	$373,000.00
Use 60 HP Pumps at Big Bend BPS and Pump to Tank 3. Keep using Tank 2 BPS as-is	$351,800.00
Water Line from Zone 4 of Division 25 to Tank 3	$124,000.00
Developer share of Tank 3 (300,000 gallons of 533,000 gallon tank, or 56% of the tank costs)	$275,000.00
TOTAL	**$1,348,800.00**

7. Developer Responsibility of 1,000 gpm Production From Well #7. Developer shall be responsible for the initial construction of a new well or wells capable of producing 1,000 gpm. The initial well has been designated by the Parties as "Well #7". To accomplish the Parties' intentions, the Parties agree to the following process:

(a) Design of Well #7. The Parties shall design and construct Well #7 in a manner capable of producing 1,000 gpm. In the event the Parties cannot agree on a design for Well #7, DEQ or a third party chosen by DEQ shall decide which design proposed by the Parties is reasonably suited to achieve a discharge of 1,000 gpm, and such design shall be implemented by the Parties.

(b) Determination of Well #7 Discharge Capacity. After it is constructed, the determination of whether Well #7 actually produces 1,000 gpm shall be made by the Water Corporation under standard measurement procedures for well discharge. Upon determination of Well #7's capacity, the following provisions shall dictate any further actions of the Parties:

(1) Well #7 Discharge Capacity is 1,000 gpm or Greater. In the event the Water Corporation determines that Well #7 produces 1,000 gpm, then Developer shall have no further obligations with respect to Well #7 and the provisions of paragraph 7(b)(2) below shall become null and void and of no further effect. The future repair and maintenance of Well #7 for all purposes, including repair and maintenance necessary to maintain its discharge of 1,000 gpm, shall be vested solely in the Water Corporation.

(2) Well #7 Discharge Capacity Is Less than 1,000 gpm. In the event completed Well #7 does not produce 1,000 gpm after it is completed, the Developer—at its sole cost and expense—shall either (1) add improvements to Well #7 to increase discharge to 1,000 gpm, or (2) construct another well capable of producing the pumping capacity deficiency in order to bring the total discharge from both wells to 1,000 gpm or greater. In the event Developer chooses to construct another well, such well shall be located within the boundaries of Divisions 1-25 of the Subdivision. Unless and until the

improvements are made, the overall acceptance of lots from Division 25 will be reduced proportionately down from all lots in Division 25 at a rate of one (1) lot for every 10.1 gpm of deficiency or portion thereof.[2]

8. Developer's Obligation to Repay Water Corporation for Developer Improvements:

(a) Repayment Obligation. The Water Corporation shall initially pay for the Developer Improvements through funds received from the SRF loan. Through the down payment and repayment obligations of Developer set forth herein, Developer shall repay the Water Corporation for the Actual Costs—not the Estimated Costs—of the Developer Improvements. The funds received by the Water Corporation from the Developer shall be used to repay the SRF loan.

(b) Upgrades Requested by Water Corporation. Developer shall not be responsible for upgrades requested by the Water Corporation that are not required by DEQ as part of its review and approval of the Developer Improvements plans and specifications produced by the Water Corporation as provided in paragraph 5 above. The Water Corporation shall be responsible for the cost of such upgrades. Provided, nothing herein shall be construed to amend Developer's responsibilities under paragraph 7 (additional costs associated with potential Well #7 improvements and/or a new well if Well #7 does not produce at least 1,000 gpm).

(c) Repayment Obligation.

(1) Costs Up To $1,348,800.00. For costs up $1,348,800.00 incurred for Developer Improvements and engineering costs, Developer shall repay the Water Corporation pursuant to the terms of paragraph 9 below.

(2) Costs in Excess of $1,348,800.00. For costs in excess of $1,348,800.00 for Developer Improvements and engineering costs, or which are not eligible to be reimbursed from SRF loan funds, Developer shall reimburse the Water Corporation for all such costs within 30 days.

9. Manner and Method of Repayment.

(a) Anticipated Principal Forgiveness and Calculated Total Repayment Obligation. Developer is entitled to participate in any principal forgiveness of the SRF loan by DEQ, which is currently agreed to by DEQ to be a principal forgiveness rate of 23.5% of the Actual Costs for the Developer Improvements and engineering costs. At the forgiveness rate of 23.5%, the total loan forgiveness to Developer shall not exceed $316,968.00. Provided, however, that Developer shall be eligible to participate in additional loan forgiveness with the Water Corporation on a pro rata basis if DEQ increases the principal forgiveness percentage above 23.5%. Based on the current principal forgiveness rate of 23.5% of the Estimated Costs, which equates to

[2] Assuming a Well #7 flow rate of 700 gpm, the result is a deficiency of 300 gpm, the result of which is a loss of 30 lots eligible for acceptance into the Water Corporation (300/10.1 = 29.7), or a maximum of 62 lots accepted (92 – 30 = 62) until additional pumping capacity is added.

$316,968.00, the initial estimated amount of what Developer is obligated to repay the Water Corporation is **$1,031,832.00**.[3]

(b) Down Payment. Contemporaneous with the execution of this Agreement, Developer shall pay as a down payment 25% of Developer's repayment obligation of $1,031,832.00, which equates to **$257,958.00**. Developer shall receive credit for a prior payment to the Water Corporation by Developer of **$15,000.00**, the result of which is a net down payment of **$242,958.00**, in United States currency represented by cash in hand, certified or cashier=s check, wire transfer, or other readily available funds, to the Water Corporation as a down payment for Developer's reimbursement obligation to the Water Corporation. After such down payment is deducted from Developer's repayment obligation, there remains an estimated amount of **$773,874.00** owed to the Water Corporation (the "Estimated Principal Amount").

(c) Repayment Term and Interest. Subject to paragraph 9.e below (adjustment of Estimated Principal Amount), the Estimated Principal Amount shall be repaid over thirty (30) years, together with an interest rate of 1.25% compounding quarterly accruing thereon as of the Commencement Date (defined below), with quarterly payments to the Water Corporation. Based on these criteria, Developer shall be obligated to pay **$7,719.36** per quarter beginning on the Commencement Date.[4]

(d) Commencement of Term and Payment Due Dates. The thirty-year term and accrual of interest shall commence on the first day of the first quarter following the start of drilling of Well #7 (the "Commencement Date"). Developer's first payment shall be paid on the Commencement Date, and subsequent payments shall continue thereafter on the same date and three other quarterly dates (January 1st, April 1st, July 1st, and October 1st) for the remainder of the term unless a different payment date is agreed to by the Parties. Once the Commencement Date is known, the Parties shall cause the preparation of an amortization schedule setting forth the quarterly payment due dates and amounts for the Estimated Principal Amount.

(e) Adjustment to Principal Amount. Once the final actual costs of Developer Improvements are known and final, the Parties shall perform a reconciliation of the paid Estimated Principal Amount monthly payments through preparation of a revised amortization schedule with the same parameters as set forth on **Exhibit 1** except for the actual principal amount substituted for the Estimated Principal Amount. Any portions of the Developer payments already made which are in excess of the recalculated monthly payment on the revised amortization schedule shall be credited toward the next quarterly payment(s) to be paid by Developer.

(f) Use of Developer Payments. The Water Corporation shall apply the Developer payments towards the SRF loan, or shall set aside the payment for the exclusive purpose of payments towards the SRF loan, and shall not be used for any other purpose unless agreed to by the Parties.

[3] This amount was calculated by taking the Developer Improvements amount of $1,348,800.00 and subtracting the anticipated loan forgiveness of $316,968.00, for a sum of $1,031,832.00.

[4] If the Commencement Date is January 1, 2015, the amount owed by Developer shall be fully paid on October 1, 2044. See amortization schedule attached as **Exhibit 1**.

(g) Prepayment of Principal. Developer shall have the right of making additional payments of principal at any time without incurring any prepayment penalty. Developer shall designate in writing to the Water Corporation if such payments are for additional principal payments. Early principal prepayment does not relieve the Developer of its obligation to make its next scheduled quarterly payment. Without a written designation that payments received by the Water Corporation from the Developer is to be applied to prepayment of principal, such payment will be deemed to be an early payment of the next due quarterly payment. In the event the next due quarterly payment is fully prepaid, Developer shall be excused from making the next ensuing payment as the same becomes due.

(h) Grace Period. Notwithstanding the above, Developer shall have a 30-day grace period to make its quarterly payments and will not be in default for purposes of paragraph 21.

(i) Late Payment. In the event Developer's quarterly payments are more than 30 days late, the Water Corporation may thereafter charge a late fee of 2% of the quarterly payment which is due.

10. Security for Developer's Payment Obligations.

(a) Mortgage and Promissory Note. As security for Developer' payment obligations under this Amendment, Developer shall execute the promissory note substantially in the form of **Exhibit 2** attached hereto, and Co-signer shall execute the guaranty substantially in the form of **Exhibit 3**. Developer shall also cause the appropriate parties to execute the mortgage substantially in the form of **Exhibit 4** and the deed of trust substantially in the form of **Exhibit 5**.

(b) Collateral Obligation. Developer shall only be required to maintain sufficient collateral to adequately cover the Developer's existing loan balance. Developer may substitute other property as collateral provided that a written request is given to the Water Corporation along with an appraiser or appraiser's letter verifying that the value and marketability of the substitute property is equal to or more than the principal amount owed by Developer, and provided further that the Water Corporation consents to such substitute collateral, which consent by the Water Corporation shall not be unreasonably withheld. Water Corporation shall provide a response to Developer's request for substitute collateral within 30 days of Developer's request.

11. Connection Fees. The Water Corporation shall not charge connection fees on any lot sold by the Developer and accepted in the Water Corporation so long as the Developer is not in default of the terms of this Amendment. However, at any time, for lots not accepted into the Water Corporation due to insufficient pumping capacity as provided in paragraph 7, the Water Corporation can choose either to not accept additional lots into the Water Corporation and thereby not provide a water connection, or to charge a $15,000.00 connection fee to the lot buyer as a condition of acceptance into the Water Corporation. Upon notification of default by the Water Corporation to the Developer, the Developer must inform all future buyers of any connection fee and must collect such fee at the sale of each lot and cause the fee to be remitted to the Water Corporation. Any connection fee paid to the Water Corporation pursuant to this paragraph shall be applied as a credit for Developer's repayment obligations set forth herein.

12. Construction of Improvements. The Water Corporation and the Developer agree that there is an immediate need for the water system improvements. The Water Corporation agrees to begin construction of improvements as soon as possible upon the signing of this Amendment, and shall construct Well #7 on a timely basis to be operational prior to peak irrigation demand of 2015.

13. Sale of Developer-owned lots. Developer shall timely notify the Water Corporation of the sale of each Developer-owned lot in Division 25. The Water Corporation shall record the membership of each sold lot in the records of the Water Corporation pursuant to paragraph 4 of this Amendment, excepting therefrom any such lots not accepted into the Water Corporation due to insufficient pumping capacity as provided for in paragraph 7, or if the Developer is in default under paragraph 20 or 21 or has not paid the connection fee as provided for in paragraph 11. Only the Water Corporation may authorize the turning on or off water connections. Developer shall not have the right to turn the water connections on or off.

14. Traceable Lines and Valves. Developer has caused to be performed identification of the water valves in Division 25 by GPS coordinates. Developer shall provide a list of all such GPS coordinates upon request by the Water Corporation. Developer has also installed tracer wire on all water lines in Division 25 to aid in locating them. Developer also has caused to be prepared maps of the water lines. Developer shall provide such maps upon request by the Water Corporation. In the event the water lines cannot be located, and after excavation, it is discovered that no tracer wire exists, Developer shall pay all costs associated with locating the line, including the cost of restoring damaged property associated with locating the line. If tracer wire exists, Developer shall not be responsible for any costs associated with locating the line.

15. Transfer of Assets. To the extent it is necessary, Developer shall transfer the Developer Improvements identified in Paragraph 6 above by bill of sale within six (6) months of their completion. As of the date of this Amendment, the Water Corporation owns the locations where improvements that require ownership of the underlying property are to be constructed.

16. Water Rights. Developer shall convey to the Water Corporation any necessary water rights within thirty (30) days of the issuance of a license for such water rights. Developer shall settle all liens and encumbrances on such water rights before transferring them to the Water Corporation.

17. Access to Sites. Developer will complete permanent driveable access to all improvement sites, including but not limited to the completion of the Redside Drive extension. Such driveable access may consist of a dirt road or two-track road useable by a four-wheel drive vehicle, and therefore, does not require construction of a gravel or paved road.

18. One-half Acre Watering Restriction. Developer and Water Corporation agree that all lots in Division 25 will be restricted to ½ acre of irrigated landscaping. Since Developer controls the Protective Covenants and also controls the Architectural Control Board, the Developer shall require landscaping plans and only approve the ½ acre limit in Division 25. The Water Corporation also agrees to enforce the ½ acre limit on watering in Division 25.

19. No Unbilled Water Use. No water use is permitted on any lot not paying the Water Corporation for such water use. This includes water use from a spigot.

20. Bankruptcy. In addition to either Party's failure to perform any material term or condition of this Amendment or a Party's breach of any of such Party's representations or warranties (in which event the non-defaulting party may pursue any available remedy, including equitable relief), either Party shall be deemed in default hereof upon the filing of a petition in bankruptcy, upon being adjudicated bankrupt or insolvent, upon the assignment for the benefit of creditors, or upon the consent to the appointment of a receiver of itself or of its property, or upon the institution of proceedings for reorganization.

21. Default. If either Party fails to perform any of their obligations under this Amendment and that failure continues for thirty (30) days after receipt of written notice from the other Party, the non-breaching Party may (i) bring an appropriate action for specific performance of this Amendment; (ii) bring an appropriate action for any damages incurred as a result of such failure; and/or (iii) pursue any other remedies available to under this Amendment, at law or in equity.

22. Miscellaneous.

(a) Attorneys' Fees. If either party commences any legal action or proceeding to enforce any of the terms of this Amendment (or for damages by reason of an alleged breach hereof), the prevailing party therein shall be entitled to recover from the other, in addition to any other relief granted, its reasonable attorney's fees, costs and expenses incidental to such legal action.

(b) Notices. Any notice under this Amendment shall be in writing and be delivered in person, by U.S. Mail, by private courier, or by facsimile. Notice shall be provided to the following:

Water Corporation	Developer
Comore Loma Water Corporation P.O. Box 1863, Idaho Falls, Idaho 83403	Comore Development, Inc. c/o Randy Skidmore 3920 E. Sunnyside Road, Idaho Falls, Idaho 83406 (208) 529-3672
	Co-signer
	BDS L.L.C. c/o Richard T. Skidmore 5490 E. Skidmore Dr. Idaho Falls, Idaho 83406
Water Corporation Representative	Developer's and Co-signer's Representative

TBA

Robert L. Harris
Holden, Kidwell, Hahn & Crapo, P.L.L.C.
1000 Riverwalk Dr., Ste. 200
P.O. Box 50130
Idaho Falls, ID 83405
(208) 523-0620

(c) Merger. This Amendment supersedes any and all other written or verbal agreements between the Parties hereto regarding the Amendment. It does not supersede or amend the Agreement except as provided herein as described in paragraph 2 herein. Neither the Water Corporation nor the Developer shall be bound by any understanding, agreement, promise, representation or stipulation, express or implied, not specifically contained herein.

(d) Further Documents. The Parties hereby agree that they shall sign and deliver such other and further documents as may be required to carry into effect the terms and conditions of this Amendment.

(e) Enforceability. The validity or enforceability of any term, phrase, clause, paragraph, restriction, covenant, agreement or other provision hereof, shall in no way affect the validity or enforcement of the remaining provisions, or any part hereof.

(f) Counterparts. This Amendment may be executed in any number of counterparts for all the convenience of the Parties, all of which, when taken together and after execution by all Parties hereto, shall constitute one and the same Amendment.

(g) Governing Law. This Amendment shall be governed by the laws of the State of Idaho.

(h) Successors. This Amendment is for the benefit only of the Parties hereto and shall inure to the benefit of and bind their respective heirs, agents, personal representatives, successors and assigns.

(i) Essence of Time. Time is of the essence in this Amendment.

IN WITNESS WHEREOF, the undersigned have duly executed this Amendment effective on the date set forth above.

"WATER CORPORATION"

COMORE LOMA WATER CORPORATION

By: _____
Jacob Dustin, President

_____

Karen Anderson, Secretary

"DEVELOPER"

COMORE DEVELOPMENT, INC.

By: _____

Randy Skidmore, Vice President

"CO-SIGNER"

BDS, L.L.C.

By: _____

Richard T. Skidmore, Managing Member