

WATER SYSTEM EXTENSION AGREEMENT

THIS AGREEMENT is entered into this ~~11th~~ day of *March* 2009, between RAINIER VIEW WATER CO., INC., a corporation organized under the laws of the State of Washington, hereinafter referred to as the "Owner," and CAMPUS HOMES, LLC, a limited liability company organized under the laws of the State of Washington, hereinafter referred to as "Developer." Owner and Developer may be referred to herein individually as a "Party" or collectively as "Parties."

RECITALS

1. The Parties entered into a Water System Extension Agreement dated the 12th day of February, 2008 ("Prior Agreement"), which was submitted to the Washington Utilities and Transportation Commission in Docket UW-080293. That Prior Agreement was allowed to go into effect.
2. The economic downturn has made the development of the Plat of Winterwood Park as contemplated under the Prior Agreement uneconomic. Developer has obtained approval by Pierce County Planning Department to change the nature of the Plat of Winterwood Park to construct the Plat in four phases.
3. As a result of the change to the Plat of Winterwood Park, and the development of that Plat in four phases, it is necessary to enter into a new agreement between the Parties.

NOW, THEREFORE, in consideration of the mutual promises and benefits to be derived, it is agreed as follows:

AGREEMENT

1. The Prior Agreement is hereby rescinded by the Parties and declared to be null and void. Any and all obligations to be performed under the Prior Agreement are replaced by the terms and conditions of this Agreement. However, any payments by

Developer to Owner under the Prior Agreement are for services rendered or costs incurred by Owner and Developer agrees it is not entitled to any refund of such payments.

2. Developer shall install a water distribution main and related operating equipment and appurtenances ("System Extension") to Owner's Conditions and Standards, a copy of which is attached hereto as Exhibit "A", and by this reference incorporated herein, at the location described below (referred to herein as the "Property"):

PLAT OF WINTERWOOD PARK
231 Domestic ERUs; 4 Irrigation ERUs
235 Total ERUs

The foregoing Property shall be developed in four phases, as follows:

- Phase 1: 70 Domestic ERUs; 4 Irrigation ERUs**
- Phase 2: 48 Domestic ERUs; 0 Irrigation ERUs**
- Phase 3: 56 Domestic ERUs; 0 Irrigation ERUs**
- Phase 4: 57 Domestic ERUs; 0 Irrigation ERUs**

It should be noted that Phase 1 consists of a total of 72 Domestic ERUs, which includes 2 existing ERUs. The lots that are included in each phase are set out, as well as the details of the System Extension, on Drawing No. 1, attached hereto as Exhibit B and by this reference incorporated herein.

3. A portion of the Property is currently served by a water main running off of 192nd Street East. In order to maximize the benefit of the Property to the Developer, this water main needs to be abandoned. Owner is willing to abandon such water main and Developer agrees to pay all costs for disconnecting said water main from the rest of Owner's water system. In addition, in order to serve the Property, in addition to any other improvements that may be required, Developer agrees to pay the costs to run a twelve inch (12") ductile iron Class 52 water main from 204th Street East up 90th Avenue East as depicted on Exhibit "C." The estimated cost to construct such water main is One Hundred Seventy Thousand Dollars (\$170,000.00) and Developer shall receive a

credit against the Developer's Contingency Charge as set forth in Paragraph 15, below, for the amounts, as approved by Owner, Developer pays to the third party contractor selected to construct the water main on 90th Avenue East.

4. Developer shall provide a construction performance and maintenance bond which holds Owner harmless from the negligence of Developer, its agents, liens, third-party liability, and defective materials or equipment, a copy of said bond is attached hereto as Exhibit "D" and by this reference incorporated herein.

5. Developer shall procure insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by the Developer, its agents, representatives, employees or subcontractors. The insurance required shall include the specific coverages and be written for not less than the limits of liability and coverages listed below or required by law, whichever is greater.

Workers Compensation, etc., shall have the following minimum limits:

- | | | |
|----|---|-------------|
| A. | State | Statutory |
| B. | Applicable Federal (e.g., longshoremens') | Statutory |
| C. | Employer's Liability | \$1,000,000 |

Comprehensive General Liability shall have the following minimum limits:

- | | | |
|----|--|---------------|
| A. | Bodily injury (including completed operations and products liability): | |
| | \$1,000,000 | Each Person |
| | \$1,000,000 | Each Accident |

Property Damage:

- | | | |
|----|--|-----------------|
| | \$1,000,000 | Each Occurrence |
| | or a combined single limit of | \$1,000,000 |
| B. | Property Damage liability insurance will provide explosion, collapse and underground coverages where applicable. | |

C. Personal injury, with employment exclusion deleted

\$1,000,000

Annual Aggregate

Comprehensive Automobile Liability shall have the following minimum limits:

Bodily Injury:

\$1,000,000

Each Person

\$1,000,000

Each Occurrence

Property Damage:

\$1,000,000

Each Occurrence

or combined single limit of

\$1,000,000

The comprehensive general liability insurance will include completed operations insurance. All of the policies of insurance so required to be purchased and maintained (or the certificates) for the coverage afforded will not be canceled, materially changed or renewal refused until at least forty-five (45) days' prior written notice has been given to Owner by certified mail. All such insurance shall remain in effect until completion of the System Extension and the delivery of all documents required under Paragraph 11 and the System Extension passing inspection by Owner's Engineer and the payment by the Developer of all sums owed by Developer under this Agreement for Phase 1, as defined herein, and at all times thereafter when Developer may be correcting, removing or replacing defective work. In addition, Developer shall maintain such completed operations insurance for at least one (1) year after Date of Acceptance, as defined hereinafter, and furnish Owner with evidence of continuation of such insurance. The original policy or a signed certificate of insurance shall be filed with the Owner.

6. Insurance Coverage Certificates.

Prior to the commencement of work, the Developer shall furnish to the Owner acceptable proof of insurance on a form acceptable to the Owner. All insurance certificates must have the project title and address. All insurance certificates shall specifically require forty-five (45) days' prior notice to the Owner of cancellation or any material change. Owner shall be named as an additional insured on all certificates of insurance.

7. All work by Developer shall be subject to passing inspection by Owner's Engineer. Developer shall pay for the cost of inspection within ten (10) days from the date of inspection.

8. Developer has previously submitted an application to construct the System Extension, and in that application made certain promises, representations and warranties. Said application is attached hereto as Exhibit "E," and by this reference incorporated herein. Developer specifically reaffirms said promises, representations and warranties contained in Exhibit "E."

9. Developer shall pay for any improvements to Owner's system required by the Owner's Comprehensive plan as determined by Owner's Engineer to serve the location set out in Paragraph 2, above, or required by a governmental agency for Owner to serve System Extension.

10. Developer shall install water services as contemplated by the System Extension. Services shall be installed up through the saddle and service line as shown on Exhibit "F" by the Date of Acceptance, as defined herein, and Developer shall provide to Owner the meter setters and meter boxes and U branches as required for double services for each service or double service, as appropriate.

11. Developer shall furnish all necessary conveyances in form to be approved by the Owner, including, but not limited to: (1) a duly executed easement for access to the area around said System Extension for purposes of maintaining and repairing, if necessary, the System Extension, a copy of which easement is attached hereto as Exhibit "G"; (2) a Bill of Sale in the form attached hereto as Exhibit "H"; (3) an assignment of any permit or water rights; and (4) any necessary deeds to real property conveyed.

12. From the Date of Acceptance of the System Extension, Owner shall, subject to approval by the Washington Utilities and Transportation Commission, maintain and

operate the System Extension. Owner has no duty to accept the System Extension, or any portion thereof, if the System Extension does not pass inspection by Owner's Engineer or does not conform strictly to Owner's Conditions and Standards. As used in this Agreement, Date of Acceptance is the date that the last of the following events occurs: (1) payment by Developer of all sums owed by Developer under this Agreement for Phase 1, as defined herein; (2) delivery of all documents required under paragraph 11; or (3) the System Extension passing inspection by Owner's Engineer.

13. Nothing in this Agreement entitles Developer or Developer's successors or assigns to connect to Owner's water system, including System Extension, except in accordance with the terms, conditions and charges in Owner's tariff filed with the Washington Utilities and Transportation Commission.

14. Owner does not warrant delivery of any specific quantity or quality of water, and Owner's Standards and Conditions are designed to produce only the minimum state standards in effect at the time of this Agreement. Such standards may not be sufficient for large lots, agricultural use or highly landscaped lots. Developer is relying on Developer's own knowledge to determine the adequacy of the System Extension to meet Developer's needs and those of Developer's assigns and successors in interest.

15. Developer shall pay One Thousand Two Hundred Ten Dollars (\$1,210.00) per residential equivalent for which water service is proposed to be provided by the System Extension as a Developer Contingency Charge. In addition, Developer shall pay Five Thousand Two Hundred Seventy Dollars (\$5,270.00) per residential equivalent for which water service is proposed to be provided by the System Extension as a Supplemental Developer's Fee. Payment of sums under this paragraph shall be due and payable for Phase 1 of the System Extension within five (5) days of the date this Agreement is approved by the Washington Utilities and Transportation Commission, which approval may occur by the passage of time (thirty days after filing). Payment for each subsequent phase shall be due and payable in full before Owner shall have any obligation to issue any approvals, writings or other documents that would allow

Developer to move to a subsequent phase of the System Extension. If payment is not timely made, Owner has no continuing obligation under this Agreement.

16. Developer shall design all irrigation and landscaping for open space or areas not part of a lot on which a single family residence will be constructed that may be part of the plat served by the System Extension to serve conservation goals. Design criteria shall be to use no more than eight hundred (800) gallons per irrigation ERU per day during peak season of May through September. The design criteria shall also be a usage criterion. The calculation of the eight hundred (800) gallon per ERU per day usage limitation shall be made on a monthly basis. Under this method of calculation, water that is not used in a month may not be saved or "banked" for use in a later month in the irrigation season. In addition, Developer agrees to adopt a "best practices" approach to the use of irrigation service. This best practices approach includes, but is not limited to, the following: (a) irrigation of grass areas at a rate of no more than one (1) inch per week; (b) sizing irrigation sprinklers and installing irrigation sprinklers to provide as near a uniform coverage of grass-landscaped areas as feasible; (c) not using watering practices that involve a "sponge" approach where water is applied in one area with the thought that it will eventually provide coverage of other areas through the water traveling over, through or under the ground; (d) not irrigating when the temperature is forecasted to exceed ninety (90) degrees Fahrenheit; and (e) installing rain sensors at each irrigation location so that irrigation does not occur during or shortly after rainfall. Developer warrants that it will use its best efforts to meet these conservation goals. Notwithstanding anything to the contrary contained herein, all irrigation use is subject to the terms of Owner's tariff, including, but not limited to Owner's ability to limit or stop irrigation for periods of time.

17. This Agreement may be terminated by Owner, at Owner's discretion, upon ten (10) calendar days' written notice to Developer, if Developer fails to pay any amounts due under this Agreement when due. TIME IS OF THE ESSENCE IN THIS AGREEMENT.

If this Agreement is terminated under this provision, Owner shall have no obligation to provide service to Developer or Developer's successors or assigns, and Developer shall forfeit any rights in the System Extension.

18. Miscellaneous.

a. Jurisdiction. This Agreement is made with reference to and is intended to be construed in accordance with the laws of the State of Washington. The Parties agree that the venue for any suit brought hereunder shall be laid exclusively in Pierce County, Washington.

b. Successors in Interest. This Agreement shall be binding upon and inure to the benefit of the successors, heirs, assigns and personal representatives of the Parties.

c. Execution of Counterpart. This Agreement shall be executed separately or independently in any number of counterparts, each and all of which together shall be deemed to have been executed simultaneously and for all purposes be one agreement.

d. Construction. This Agreement shall not be construed more favorably to one Party over another, notwithstanding the fact that one Party, or its attorney, may have been more responsible for the preparation of the document.

e. Attorney's Fees. In the event that any Party hereto retains an attorney to enforce any of the provisions hereof, then the prevailing Party shall be entitled to reasonable attorney's fees incurred in both trial and appellate courts, or fees incurred without suit and all court and accounting costs.

f. Survival. All of the obligations (except to the extent performed), warranties and representations in this Agreement shall survive the closing.

g. Amendment. No modification, amendment, addition to, or termination of this Agreement nor waiver of any of its provisions shall be valid or enforceable unless in writing and signed by all Parties, and further, no modification or amendments of specifications or approval of "approved equal" materials shall be valid or enforceable unless approved in writing by Owner's Engineer.

h. Waiver. No failure on the part of either Party to exercise, and no delay in exercising, any rights hereunder shall operate as a waiver thereof; nor shall any waiver or acceptance of a partial, single or delayed performance of any term or condition of this Agreement operate as a continuing waiver or a waiver of any subsequent breach thereof.

i. Notices. Any notice provided for in this Agreement shall be deemed given if it is in writing and is personally delivered or sent by certified mail, postage prepaid, return receipt requested, and delivered or addressed as set forth below, or to such other address as the Parties may hereafter designate by notice given in the same manner.

To Owner: RAINIER VIEW WATER COMPANY, INC.
P.O. BOX 44427
TACOMA, WA 98444

To Developer: CAMPUS HOMES, LLC
2020 A Street SE, #101
Auburn, WA 98002

j. Effective Date. For purposes of transfer of the System Extension, and Owner's obligations herein, the effective date of this Agreement shall be thirty (30) days after this Agreement is filed with the Washington Utilities and Transportation Commission.

19. The Owner's acceptance of the System Extension is subject to approval by the Washington Utilities and Transportation Commission which requires this Agreement to

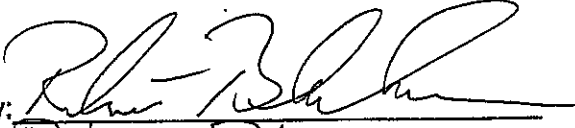
have been filed with it at least thirty (30) days prior to transfer of the System Extension (effective date of Agreement). Developer understands that any work done on System Extension prior to Washington Utilities and Transportation Commission approval is done at its sole risk and Owner has no duty to accept said work. Developer further understands Washington Utilities and Transportation Commission approval is not automatic and Owner has not guaranteed or warranted such approval.

20. Other than for breach and termination under Paragraph 17, if Owner finds Developer to be in breach of any term of this Agreement (other than paragraph 15), Owner shall provide Developer with notice of breach, setting out the nature of the breach. Developer shall cure said breach within thirty (30) days of receipt of notice, which receipt is deemed to occur three (3) business days after deposit of said notice in the U.S. mail, postage prepaid. If Developer fails to cure said breach within said thirty (30) days after receipt of notice, Owner, at its sole discretion, may terminate this Agreement at any time after the period for cure has passed. Upon termination, Owner shall have no further obligation of any nature to Developer or Developer's successors-in-interest.


21. To the extent allowed by law, the Developer shall hold Owner and its officers,, agents, and employees harmless from all suits, claims or liabilities of any nature,, including attorney's fees, costs, and expenses for or on account of injuries or damages sustained by any persons or property resulting from negligent or willful activities or omissions of the Developer, its agents, employees, or on account of any unpaid wages or other remuneration for services or for failure to comply with Chapter 19.122 RCW ("dig-up laws") or any violation of county franchise requirements; and if judgment be rendered or settlement made requiring payment of damages by Owner, which damages are based in whole or in part on the negligent or willful activities or omissions of the Developer, its agents or employees, or on account of any unpaid wages or other remuneration for services or for a violation of Chapter 19.122 RCW or county franchise requirements, the Developer shall pay the same.

EXECUTED by the Parties the date first above written.

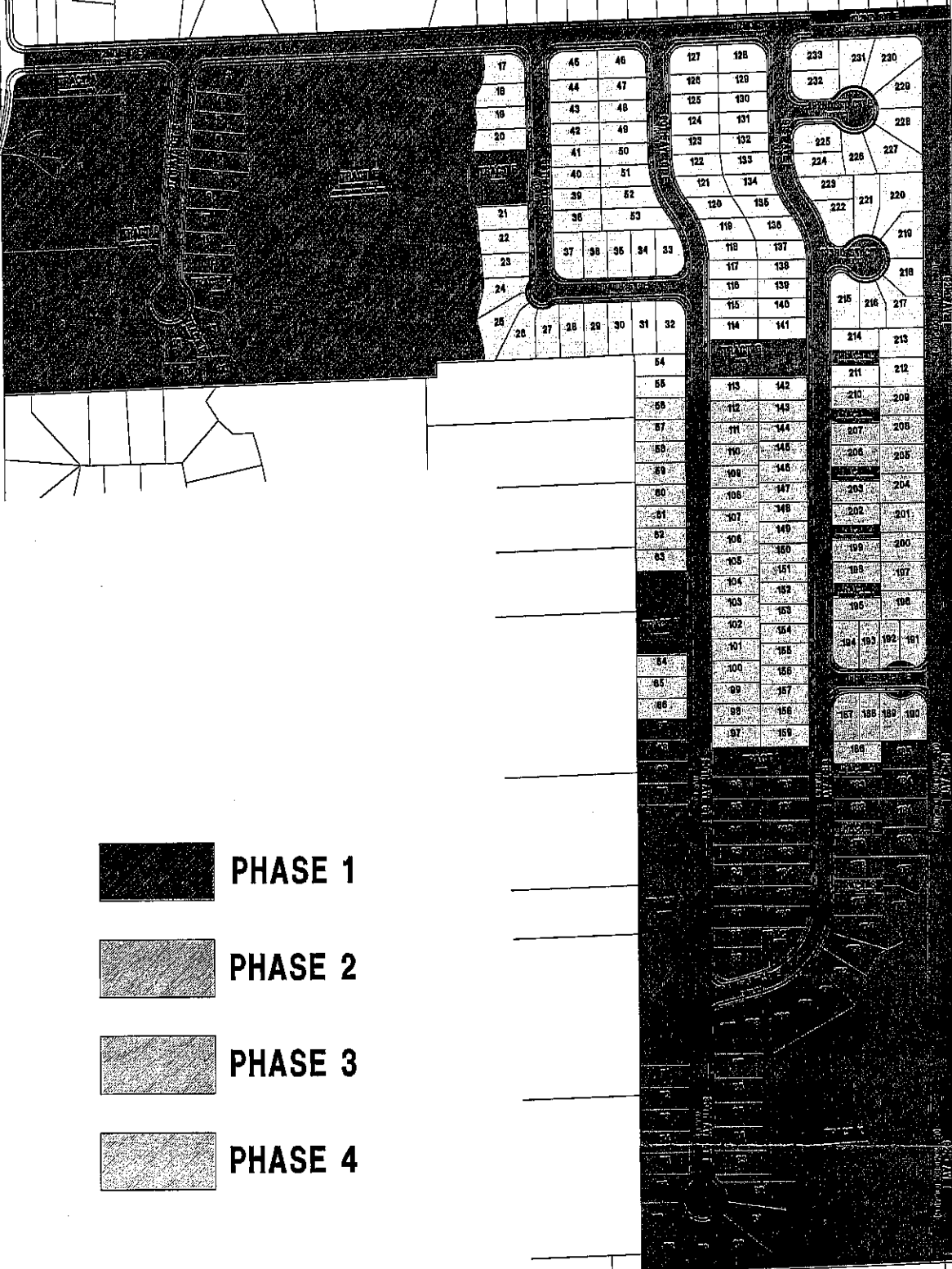
OWNER: RAINIER VIEW WATER CO., INC.


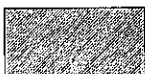


By: 
Robert Blackman
Its: MANAGER

DEVELOPER: CAMPUS HOMES, LLC

By:  March 11, 2009
ROGER HEBERT
Managing Member

WINTERWOOD PARK P.D.D.
 A PORTION OF THE NW 1/4 OF SECTION 4, T2W 12N, R10E 4E
 WILLAMETTE MERIDIAN, PIERCE COUNTY, WASHINGTON
PROJECT PHASING PLAN



-  PHASE 1
-  PHASE 2
-  PHASE 3
-  PHASE 4

Sheet No. **P-1**
 of 1 Sheet

Project: **WINTERWOOD PARK P.D.D.**
PROJECT PHASING PLAN
 Client: **CAMPUS HOMES**
 2020 W 81 ST, STE 101, AUBURN, WA 98002

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 CIVIL ENGINEERING & SURVEYING
 8219 - 12TH STREET EAST
 FRYE, WA 98021
 Phone (206) 885-1588
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No.	Revision	Date

Dwg 1 Exhibit "B"