

#375365

After Recording Return to:
Frank J. Gebhardt
421 W. Riverside Ave., Suite 1400
Spokane, WA 99201

Instrument # 811939
BONNER COUNTY, SANDPOINT, IDAHO
7-5-2011 04:20:21 No. of Pages: 6
Recorded for: FATCO
MARIE SCOTT
Ex-Officio Recorder Deputy Fee: 25.00
Index to: MISC

SUPPLEMENT TO WATER WELL AGREEMENT

THIS SUPPLEMENT TO WATER WELL AGREEMENT (the "Supplement") is made and entered into this 30th day of June, 2011 by and among CityServiceValcon, LLC, a Montana limited liability company (hereinafter "CSV") and JV Properties, LLC, an Idaho limited liability company (hereinafter "JV Properties").

RECITALS:

A. CSV is the owner of the following described real property located in Bonner County, Idaho:

Lots 2 and 3 of MUZZY'S FIRST according to the plat thereof, recorded in Book 6, of Plats, page 80, records of Bonner County, Idaho.

TOGETHER WITH AND SUBJECT TO that certain Easement for underground pipelines, pumps, sewer lines and drainfields as set forth in the instrument recorded August 7, 1998 as Instrument No. 528993, with its terms and conditions.

This real property is hereinafter referred to collectively as the "CSV Property".

B. JV Properties is the owner of the following described real property located in Bonner County, Idaho, having acquired said real property from CSV by virtue of a Warranty Deed of even date herewith:

Parcel 1:

Lot 1 of Muzzy's First, according to the plat thereof, recorded in Book 6 of Plats, Page 80, records of Bonner County, Idaho.

Parcel 2:

That certain Easement for underground pipelines, pumps sewer lines and drainfields as set forth in the Instrument recorded August 7, 1998, as Instrument No. 528993.

This real property is hereinafter referred to as the "JV Properties Property".

C. By Water Well Agreement dated January 1, 2011 and recorded as Instrument No. 806422, records of Bonner County, Idaho, CSV and Donald O. Boles, Jr. and Kay Boles, husband and wife (hereinafter "Boles") agreed to certain terms and conditions for use, etc., of the water well located upon the Northeast portion of Lot 2 of Muzzy's First, and the water distribution system and appurtenances owned by CSV.

D. The parties hereto are entering into this Agreement in order to assure that CSV, JV Properties, as well as the Boles, their successors and assigns, have an ample, available supply of potable water for their respective businesses and residence.

E. JV Properties, having acquired Lot 1 of Muzzy's First from CSV, is by this Supplement agreeing to be bound by said Water Well Agreement; and further CSV and JV Properties set forth in this Supplement certain agreements between them regarding the water well.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth, the parties agree as follows:

1. JV Properties agrees to be bound by the terms of the Water Well Agreement. CSV agrees to provide water to JV Properties under the Water Well Agreement and acknowledges that JV Properties has those rights as set forth in the Water Well Agreement, as said Agreement is modified by this Supplement.

2. The primary purpose of this Supplement is to address the fact that there is not a suitable location on the JV Properties Property to drill a water well and the possibility that in the future water may no longer be available from the water well for use by the owners of the CSV Property, the JV Properties Property or the Boles property. Therefore, CSV and JV Properties agree that in the event the well goes dry, becomes polluted, or fails to consistently produce water at a gallons per minute rate sufficient to service the CSV Property, the JV Properties Property and the Boles Property (collectively the three (3) properties); or if the Idaho Department of Water Resources or other governmental or judicial agency having jurisdiction requires that water can no longer be used from the water well or water in sufficient quantities to provide for the needs of the three (3) properties cannot be used from the well or water is unavailable for any other reason, and any appeal period or reconsideration period, if applicable to the loss of the use of the well, has expired, then in that event:

2.1 CSV and JV Properties agree to share equally the cost of drilling a new water well and reinstalling the pump, valves, water pipes, etc. (the "water distribution system"), and reconnecting the same, to service the three (3) properties; and

2.2 The new well will be located upon the CSV Property at a location that: (i) complies with the rules and requirements of the State of Idaho, Panhandle Health District, Idaho Department of Environmental Quality, Idaho Department of Water Resources, Bonner County and any other applicable government entity or agency; and (ii) does not unreasonably interfere with CSV's general use of its property; and

2.3 Inasmuch as this Supplement is being entered into by only CSV and JV Properties, but not by Boles at this point in time, CSV and JV Properties agree to cooperate in asserting the need for contribution by Boles in the event that there is a need to drill a new water well; and

2.4 In the event of a loss of water or anticipated loss of water, for any reason, from the existing water well, the parties hereto shall fully cooperate and diligently pursue obtaining water through the drilling of a new well on the CSV Property.

3. This Supplement is and shall be binding upon the heirs, successors and assigns of the parties hereto, and shall run with the lands.

4. This Supplement shall be governed by the laws of the State of Idaho.

5. Arbitration of Disputes/Attorney's Fees. If at any time any dispute, difference or disagreement shall arise in respect of this Supplement or any provision hereof and/or the meaning and construction thereof, and/or a claim of breach of this Supplement (hereinafter "dispute"), such dispute shall be submitted to and resolved by arbitration as herein provided.

5.1 The arbitration process shall be commenced by the initiating party giving written notice to the other party, by certified mail return receipt requested, or at the moving party's option in the manner for the service of Summons in the state of Idaho, which notice shall state that the arbitration process is being initiated, and specifying with reasonable detail the dispute sought to be resolved by arbitration. The parties shall have twenty (20) days after receipt by the other party of the notice of arbitration in which to agree upon a single arbitrator, which arbitrator shall be a member of the Idaho State Bar. If the parties cannot agree on an arbitrator within said twenty (20) days, then, unless the parties mutually agree otherwise in writing, the dispute shall be determined in accordance with the commercial arbitration rules of the

American Arbitration Association then in effect. In such event, the notice of arbitration and other documentation required shall be filed with the American Arbitration Association, and copies served upon the other party as hereinabove provided. No demand for arbitration shall be made after the date when institution of legal proceedings based on such dispute would be barred by the applicable statute of limitations.

5.2 The arbitration shall be held in Spokane, Washington unless another location is mutually agreed upon by the parties and the arbitrator. Without in any way limiting the authority of the arbitrator, the arbitrator is authorized to make a site visit with or without the parties, and to receive sworn testimony during such site visit.

5.3 The award rendered by the arbitrator shall be final (subject only to section 7-912 of the Idaho State Code), and judgment may be entered upon such award in accordance with applicable law in any court having jurisdiction thereof. The parties authorize the arbitrator to award and require specific performance of this Supplement.

5.4 The non-prevailing party in such arbitration proceeding agrees to pay all costs in connection with the arbitration, including reasonable attorney's fees, provided, however, that the arbitrator's fee shall be shared equally between the parties, unless the arbitrator directs otherwise.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date and year first above written.

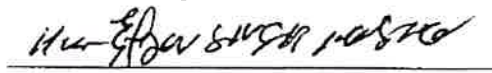
CITYSERVICEVALCON, LLC

JV PROPERTIES, LLC

By:
Title:


CEO

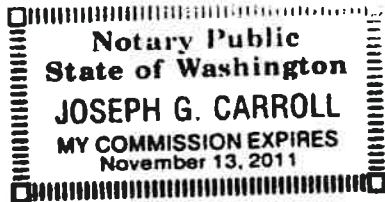

Ranvir S. Nagra, Member


Harbhajan S. Nagra, Member

STATE OF WASHINGTON)
 : SS
County of Spokane)

On this 30th day of June, 2011, before me personally appeared Ranvir S. Nagra, to me known to be, or having satisfactory evidence that he is, a Member of JV Properties, LLC, the limited liability company that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said limited liability company, for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute said instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

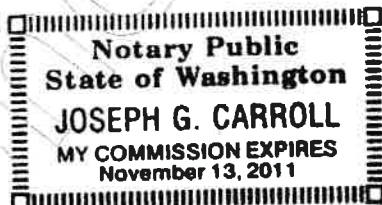



Notary Public in and for Washington
Residing at: Spokane
My Commission expires: 11-13-2011

STATE OF WASHINGTON)
 : SS
County of Spokane)

On this 30th day of June, 2011, before me personally appeared Harbhajan S. Nagra, to me known to be, or having satisfactory evidence that he is, a Member of JV Properties, LLC, the limited liability company that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said limited liability company, for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute said instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.




Notary Public in and for Washington
Residing at: Spokane
My Commission expires: 11-13-2011
Joseph G. Carroll

STATE OF WASHINGTON

)
: ss
)

County of Spokane

On this 30th day of June, 2011, before me personally appeared Dallas Herron, to me known to be, or having satisfactory evidence that he is the Chief Executive Officer of CityServiceValcon, LLC the limited liability company that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said limited liability company, for the uses and purposes therein mentioned, and on oath stated that she was authorized to execute said instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.



Frank J. Gebhardt
Notary Public in and for Washington
Residing at: Spokane, WA
My Commission expires: 9-1-13