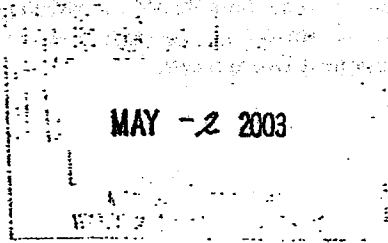


EXHIBIT 20-H



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May 1, 2003

**To: Fran Farina,
Acting General Manager
Monterey Peninsula Water Management District (MPWMD)
5 Harris Court, Bldg. G
P.O. Box 85
Monterey, Ca. 93942**

**Re: Cañada Woods Water Co.
Water Distribution System Permit
APPLICATION TO AMEND EXISTING WATER DISTRIBUTION SYSTEM**

HAND DELIVERED

Dear Fran,

As a follow-up to our meeting with you and your staff on April 24, 2003, we wanted to put down our understanding of how our application should be processed from this point. It is critical to us to have the existing Cañada Woods Water Company Water Distribution System (CWWC/WDS) permit amended in a timely fashion so that the lots which are currently being prepared for sales and marketing within the Cañada Woods project this summer are included in a fully permitted water system. We have gone to great lengths to secure approvals and permits from a number of agencies, including the SWRCB, CPUC, DHS, Environmental Health, and the County.

The Application to amend the existing CWWC/WDS, as submitted 6 months ago, is primarily to change the boundary of the approved system area, to include the Cañada Woods East portion of the project. At the time of the original CWWC/WDS approval by your District the project encompassed 44 residential lots on 550 acres; including Cañada Woods East the project encompasses 54 lots on 950 acres (a net increase of 10 lots).

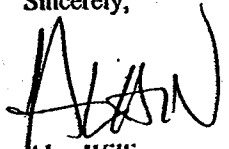
To address the issues raised in our meeting, to expedite the processing of our Application, we agree to amend our application, to:

modify the existing approved CWWC/WDS permit such that it allows substitution of the 'Willow Well' with 'River Well #2', includes all of Cañada Woods (the existing 550 acre approval) as well as the Cañada Woods East section (400 adjacent acres), but not the total number of lots approved beyond the 44 lots that are already approved. In other words, the existing number of lots approved under the existing CWWC/WDS would remain the same, but this will allow the phasing of construction within the entire 950 acres.

The remaining issues which we discussed regarding combining the other parts of our submitted application would be deferred to a condition that the District would include in the approval. The Cañada Woods and Monterra water systems can be handled through the placement of a condition on the current request to amend the CWWC/WDS permit requiring that an application be filed to consolidate the water systems prior to the ten additional connections we originally requested being approved by the District, which provides the necessary assurances that such an application will be filed.

Our application was filed more than six months ago. It is imperative that the District completes the processing of this application immediately. I hope that agreeing to these limitations will allow the staff to set this matter for hearing at your next Board meeting.

Sincerely,



Alan Williams,
President

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