

EXHIBIT 18-B**AGREEMENT BETWEEN SECURITY NATIONAL GUARANTY, INC.
AND CALIFORNIA AMERICAN WATER
REGARDING FRONT-LOADING DELIVERY OF WATER**

This Agreement dated May 16, 2009, made by and between Security National Guaranty, Inc. (SNG) and California American Water (collectively, the "Parties") and is entered into with respect to the following:

WHEREAS, California American Water (CAW) is a utility which owns and operates wells and infrastructure and a water distribution system which serves properties located within the Seaside Basin and generally on the Monterey Peninsula;

WHEREAS, SNG is the owner and developer of property in Sand City, California;

WHEREAS, the Amended Decision governing the Seaside Basin Adjudication, (*California American v. City of Seaside, et al.*, Monterey County Superior Court, Case No. M66343) established that SNG has the right and title to produce and use 149 acre feet of Seaside Basin water per year;

WHEREAS, CAW and SNG filed a co-application with the Monterey Peninsula Water Management District (WMD) on or about September 15, 2008 requesting an amendment to the CAW water distribution system permit to acknowledge the delivery of SNG of up to 90 acre feet per year of SNG's Court-adjudicated 149 acre-feet of entitled Seaside Basin water to CAW for the purpose of moving the production of such water to the inland wells operated by CAW and for delivery back to the SNG property; and

WHEREAS, the permit application is being reheard pursuant to an order issued by the Monterey Court;

WHEREAS, the Parties enter into this Agreement (1) to make clear that they intend to comply with the terms of the Amended Decision, as clarified by the Monterey Court in its ruling on April 29, 2009 and subsequent order filed on May 11, 2009 in Monterey County Superior Court, case number M66343; (2) to ensure operationally that only Seaside Basin water is produced and stored for the benefit of the SNG property in advance of the SNG demand for such water, and (3) to provide assurance (in addition to accounting and reporting requirements) that there will be no temporal or other impact on waters produced or stored from other sources, including without limitation, the Carmel River.

NOW THEREFORE, the Parties agree as follows:

1. Upon satisfaction of the conditions of approval and issuance of the CAW/SNG water distribution system permit by the WMD (or, alternatively issuance of said permit or authorization granted by order of an applicable

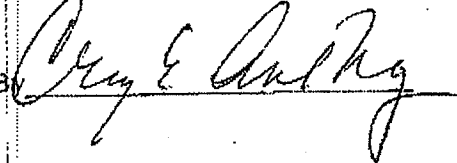
court) and installation of the master water meter connection to the SNG property by CAW, SNG agrees to lease up to 90 acre feet per year of its allocated water production under the Seaside Basin Adjudication to CAW. CAW agrees to use water produced in its inland Seaside Wells to serve the SNG property with SNG's adjudicated water, up to 90 acre-feet per year.

- 2. CAW agrees to commence pumping for the SNG property from its inland Seaside Wells and storage of said water at least one month prior to the setting (for accounting purposes) of the master meter on the SNG property. After the first day after the setting of the SNG meter, CAW will pump an estimated amount of Seaside Basin water into the Hilby tanks, or other existing CAW storage facility. CAW shall take whatever steps necessary to ensure that the amount of SNG adjudicated water produced exceeds the amount of SNG adjudicated water delivered to the SNG property (defined as "front-loading" delivery).
- 3. CAW shall as frequently as necessary produce SNG's Seaside Basin adjudicated water in an amount that ensures that the SNG property will be supplied only with Seaside Basin water. SNG and Cal Am mutually agree to provide such notification and cooperation to one another as may be necessary to achieve the purposes and implementation of this Agreement.
- 4. Nothing in this Agreement shall be construed to prohibit the "mixing of molecules" from different sources or supplies of water, which is a practice recognized and allowed by California law and by the Amended Decision, as clarified by the Monterey Court on April 29, 2009, and memorialized in the Court's May 11, 2009 Order.
- 5. The Parties shall provide further assurances in writing or other documentation as necessary in order to achieve the purposes and implementation of this Agreement.

DATED:

May 20, 2009

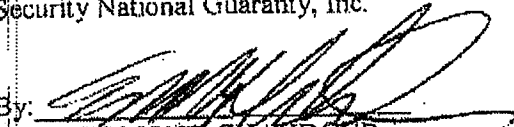
California American Water

By: 

DATED:

May 18, 2009

Security National Guaranty, Inc.

By: 
EDMOND GHANDOUR
President