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MT. ELBERT WATER ASSOCIATION

WATER TAP COMMITMENT

THIS COMMITMENT is made this 1st day of May, 2000 by the Mt. Elbert Water Association.

RECITALS:

A. The Mt. Elbert Water Association is charged with the operation and management of the Mt. Elbert Water System pursuant to that certain Consent Decree issued on September 6, 1984 by the Water Court for Water Division No. 2, State of Colorado, recorded at reception no. 286792 and that certain Agreement between the Mt. Elbert Water Association, the Mt. Elbert Plamor Ranch, Inc., the Pan Ark Land and Cattle Corporation, and M. R. Watters.

B. Upon issuance or re-issuance of a Certificate, the Association has requested corresponding acceptance of a Water Tap Agreement setting forth each Certificate Holder's obligation to pay certain fees and assessments to the Association.

C. The Association has revised the Water Tap Agreement into this Water Tap Commitment to ensure that it has the authority to collect unpaid fees and assessments from Certificate Holders, to establish a better system of tracking Certificate transfers and to document current Certificate Holders.

D. This Commitment is intended to be a binding and enforceable contract against all Certificate Holders acquiring new or reissued Certificates on or after May 1, 2000. This Commitment shall not apply to Certificates issued prior to that date except upon a Certificate Holder's request for re-issuance of a Certificate.

NOW THEREFORE, all Certificate Holders acquiring Certificates after May 1, 2000, shall be subject to, upon acceptance of a Certificate, the following terms and conditions:

1. Definitions.

"Association" shall mean the Mt. Elbert Water Association, a Colorado non- profit corporation whose address is 312 Mt. Elbert Dr., Twin Lakes, Colorado 81251.

"Board of Directors" shall mean those Lot Owners elected by the Membership of the Association to serve the Association as provided in a Associations Bylaws.

"Certificate" shall mean a Water Tap Certificate, Water Tap/Hydrant Certificate and/or a Water Tap/Stub Certificate. Certificates shall be appurtenant to the Lot and shall be conveyed

with the sale of a Lot, regardless of mention in the deed, unless a valid Transfer of Water Tap Certificate has been recorded in the real property records of Lake County, Colorado.

"Certificate Holder" shall mean the Owner(s) of a Lot to which a Certificate has been issued.

"Lot" shall mean any Lot within the Subdivision.

"Lot Owner" "Owner" shall mean any Owner of a Lot in the Subdivision,

"Main Water Line" shall mean the primary water line running through a road within the Subdivision which is a part of the Mt. Elbert Water System to which Water Taps may be connected to provide water service to an individual Lot. Main Water Lines have not been fully extended on all roads within the Subdivision and may also need to be extended in order for water service to be provided to a particular Lot.

"Membership Fees" shall mean an annual fee, including any sums necessary to repay the existing USDA loan, special assessments (if any), interest, late fees, costs, attorneys fees, penalties, and other fees incurred by Association in the operation, maintenance, repair, and improvement of the components of the Mt. Elbert Water System.

"Mt. Elbert Water System" shall mean all water lines, pumps, components, operating stations, water rights, real property, and other items comprising or necessary or proper for the operation, maintenance, repair and replacement of the water system which serves the Lots within the Pan Ark Estates Subdivision, Lake County, Colorado.

"Service Lines" shall mean any water line extending from the Main Water Line to an individual Lot. Service Lines shall be excluded from the Mt. Elbert Water System and shall be owned and maintained by the Certificate Holder and/or Lot Owner.

"Subdivision" shall mean Pan-Ark Estates, which consists of the Twin Lakes Addition No. 1-A, No. 1-B and No. 1-C which are more particularly described on the attached Exhibit A.

"Transfer of Water Tap Certificate" shall mean a document, acknowledged by the Association, and recorded in the real property records of Lake County, Colorado which memorializes the transfer of a Certificate from one Lot to another Lot.

"Transfer Fee" shall mean the fee, as determined by the Board of Directors of the Association, charged by the Association to cover the administrative costs of transferring a Certificate.

"Water Tap" shall mean the connection purchased for each Lot to allow that Lot to connect with the Association's Main Water Line.

"Water Tap Certificate" shall mean the certificate issued upon payment of the Water Tap Fee which demonstrates ownership of a Water Tap and the right to connect to the Association's Main Water Line.

"Water Tap Fee" shall mean the fee to be paid to the Association, as determined by the Board of Directors of the Association, from time to time, for the right to connect to the Association's Main Water Line.

"Water Usage Fee" shall mean the fee charged to each Certificate Holder and/or Lot Owner from the time a physical connection is made of Service Line to an improvement upon a Lot and/or a water hydrant which is located on a Lot is utilized to provide water for more then seven (7) days during any calender year. The Board of Directors shall set all rates for water usage in its sole discretion. Water Usage Fees may be levied monthly, quarterly, bi-annually, annually, as determined by the Board of Directors.

"Water User" shall mean the Certificate Holder and/or Lot Owner from the time a physical connection of an improvement upon a Lot is made to the Main Water Line and/or a water hydrant which is located on a Lot is utilized to provide water for more then seven (7) days during any calender year.

2. Term of Commitment. By acceptance of a Certificate issued after May 1, 2000, every Certificate Holder and/or Lot Owner agrees to be subject to the terms and conditions of this Water Tap Commitment, as amended, and the terms and conditions set forth on the Certificate.

3. Water Tap. Association agrees to issue a Water Tap to any Lot Owner, pursuant to the terms and conditions hereinafter set forth, for the provision of water service to his or her Lot, provided the Mt. Elbert Water System has the capacity to provide said water service. The Water Tap is subject to the terms of this Commitment and the terms and conditions set forth on the Certificate to be issued in conjunction with the Water Tap. The Water Tap shall be conveyed to a Lot Owner by the Association by issuance of a Certificate which Certificate shall be recorded in the real property records of Lake County, Colorado. Each Owner, upon acceptance of a Certificate, acknowledges that the Main Water Line may not extend to Owner's Lot and that Owner shall be solely responsible for extending the Main Water Line to Owner's Lot, subject to reimbursement by other Owners' subsequent use of the Main Water Line as provided by this Declaration.

4. Water Tap Fee. The Water Tap Fee for the acquisition of a Water Tap shall be determined by the Board of Directors. The Water Tap Fee shall be paid by the Lot Owner to the Association upon issuance of a Water Tap Certificate. The Lot Owner shall also be responsible for paying an administrative fee to cover the costs of preparing the Water Tap Certificate and recording it in the real property records of Lake County, Colorado.

5. Fees. In addition to the Water Tap Fee, acceptance of a Certificate shall obligate a

Lot Owner to pay a Water Usage Fee and Membership Fees to the Mt. Elbert Water Association, as determined by its Board of Directors. The obligation to pay a Water Usage Fee shall not commence until the Certificate Holder and/or Lot Owner makes a physical connection of a Service Line to an improvement upon a Lot and/or a water hydrant which is located on a Lot is utilized to provide water by the Lot Owner for more then seven (7) days during any calender year. Regardless of whether Certificate Holders are connected to the Mt. Elbert Water System, all

Certificate Holders shall be obligated to pay Membership Fees to the Association in accordance with this Declaration upon acceptance of a deed for the Lot which has a Certificate recorded against it.

6. Collection Rights. The Association shall have the right to pursue collection of all unpaid Water Usage Fees and Membership Fees by 1) placing a lien upon any Lot or Lots owned by the Owners for which Certificates have been issued, which liens may be foreclosed in the same manner as a deed of trust and/or 2) pursuing collection of unpaid Water Usage Fees and Membership Fees through any legal means permitted by Colorado law. Such assessments, including fees, charges, late charges, attorney fees, fines and interest charged by the Association shall be the personal obligation of the Owner of such Lot at the time when the assessment or other charges became or fell due. The Association Water Usage Fee and Membership Fees, including late charges, attorney fees, fines and interest charged by the Association, shall be a charge on each Lot and shall be a continuing lien upon the Lot against which each such assessment or charge is made. If any assessment is payable in installments, the full amount of the assessment is a lien from the time the first installment becomes due. All assessments shall be payable in the amounts specified in the levy thereof, and no offsets or reduction thereof shall be permitted by any reason including, without limitation, any claim that the Association or the Board of Directors is not properly exercising its duties and powers.

Any Water Usage Fee or Membership Fees provided for in this Commitment, which is not fully paid within ten (10) days after the due date thereof, as established by the Board of Directors, shall bear interest at the rate established by the Board of Directors, on a per annum basis from the due date, and the Association may assess a reasonable late charge on any outstanding balance as determined by the Board of Directors. The Association may bring an action at law or in equity, or both, against any Owner personally obligated to pay such overdue assessments, charges or fees, or other installments thereof, and may also proceed to foreclose its lien against such Owner's Lot. An action at law or in equity by the Association against a Owner to recover a money judgment for unpaid assessments, charges or fees, or other installments thereof, may be commenced and pursued by the Association without foreclosing, or in any way waiving, the Association's lien therefor. Foreclosure or attempted foreclosure by the Association of its lien shall not be deemed to estop or otherwise preclude the Association from thereafter again foreclosing or attempting to foreclose its lien for any subsequent assessment, charges or fees, or monthly or other installments thereof, which are not fully paid when due. The Association shall have the power and right to bid on or purchase any Lot at foreclosure or other legal sale, and to acquire and hold, lease, mortgage, convey or otherwise deal with the same. The rights of the Association shall be

expressly subordinate to the rights of any holder of a first lien security interest as set forth in its deed of trust or mortgage (including any assignment of rents).

The Association shall be entitled to collect all costs, interest, late fees and attorneys fees incurred by it in collecting or attempting to collect unpaid fees and assessments. The omission or failure of the Board of Directors to levy the assessment for any period shall not be deemed a waiver, modification or a release of the Owners from their obligation to pay.

7. Termination of Water Service/Certificate. FAILURE TO PAY MEMBERSHIP FEES, WATER USAGE FEES, AND SPECIAL ASSESSMENTS WITHIN TWO (2) YEARS OF BECOMING DUE MAY RESULT IN THE TERMINATION OF WATER SERVICE AND INVALIDATION OF THE CERTIFICATE.

8. Registration of Address. All notices to the Association or the Board of Directors shall be delivered to the office of the Association, or to such other address as the Board may designate by written notice to the Membership of Association. Unless an Owner provides the Association with written notice of an address other than the address stated on the Certificate, all notices to any Owner shall be mailed to the address provided on the Certificate. All notices shall be deemed to have been given when mailed, except notices of changes of address, which shall be deemed to have been given when received.

9. Transfers of Certificates. The Board of Directors shall have the authority to adopt procedures for the transfer of a Certificate to another Lot. If no procedures are adopted, a transfer of a Certificate to another Lot shall be acknowledged in writing by the Board of Directors of the Mt. Elbert Water Association and recorded in the real property records of Lake County, Colorado. Unless a Certificate is transferred with the acknowledgment of the Board of Directors pursuant to the procedures for transferring a Certificate, a Certificate shall be appurtenant to the Lot described on the Certificate and shall automatically be transferred with the Lot to any Owner of the Lot, regardless of whether the Certificate is referenced in the deed for the Lot. At the time a Certificate Holder makes the physical connection to the Main Water Line for the provision of water to a completed structure, residence, improvement, garage, or outbuilding, the right to transfer the Certificate to another Lot within the Subdivision shall terminate.

10. Connecting to the Water System. When building and connecting a Service Line to a to a Lot from the Main Water Line, the Certificate Holder is responsible for:

a. all extension expenses of the Main Water Line if the Main Water Line is not located in front of their Lot. However, any Owners who subsequently tap onto this extended main must pay their share of such an extension, as determined by the Board of Directors upon issuance of a Water Tap. The Association will collect all amounts due from Owners subsequently using the extended main and the Owner who paid the extension expenses shall be credited or reimbursed such amounts collected by the Association.

b. cost of the Service Line from the Main Water Line to the Owner's Lot. The installation of Service Lines shall be subject to inspection and approval of completed installation by the Association.

c. compliance with all provisions outlined in the service agreement between the Association and all Owners purchasing water from the Association.

d. payment of all Water Usage Fees and Membership Fees levied by the Association pursuant to the terms and conditions set forth in this Commitment and the Certificate.

11. Membership. Upon issuance of a Certificate, each Certificate Holder shall become a member of the Mt. Elbert Water Association. Membership and voting rights are as set forth in the Bylaws. By virtue of Membership in the Mt. Elbert Water Association, an Owner shall be entitled to elect directors to the Board of Directors of the Mt. Elbert Water Association and to perform all other acts reserved for the Membership in this Commitment, or the Articles of Incorporation and Bylaws of the Association.

12. Powers and Duties of the Association. The Association shall have all of the powers and duties set forth in this Commitment and in the Articles of Incorporation and Bylaws of the Association. The Board of Directors shall have the authority to act on behalf of the Association unless the power or right to act is expressly reserved to the Members.

13. Successors and Assigns. This Commitment will be binding upon and inure to the benefit of the respective heirs, personal representatives, successors and assigns of Owner and Association, subject to the conditions herein contained.

14. Applicable Law. This Commitment and all aspects of the transaction contemplated hereunder shall be construed and enforced in accordance with the laws of the State of Colorado.

15. Captions. The captions used herein are merely for ease of references and have no effect on this Commitment or the terms and conditions herein contained.

16. Gender. The words "Owner" and "Association" as used herein shall include the plural as well as the singular. Words used in masculine gender include the feminine and neuter. If there is more than one Owner, the obligations hereunder imposed upon "Owner" shall be joint and several.

17. Survival. All of the agreements, covenants, representations and warranties of Owner contained in this Commitment shall be perpetual and shall survive the conveyance of a Water Tap and issuance of a Water Tap Certificate.

18. Amendments. This Commitment may be amended with the approval, vote or

consent of at least a majority of the current Certificate Holders subject to this Commitment and approval of the Board of Directors of the Association. All amendments shall be recorded in the real property records of Lake County, Colorado.

IN WITNESS WHEREOF, the Board of Directors of the Mt. Elbert Water Association have executed this Commitment, effective as of the date set forth above.

MT. ELBERT WATER ASSOCIATION:

By: _____
Robert Spesock, President

By: _____
Randy M. Schwartz, Secretary

STATE OF COLORADO)
) ss .
COUNTY OF LAKE)

Subscribed and sworn to before me this 5TH day of May, 2000, by Robert Spesock, as President and Randy M. Schwartz, as Secretary of Mt. Elbert Water Association.

Witness my hand and official seal.
My commission expires: 04-20-04

_____
Notary Public

EXHIBIT A

Pan-Ark Estates consists of the Twin Lakes Addition No. 1-A, No. 1-B, and No. 1-C, which are three duly platted subdivisions of Mt. Elbert Plamor Ranch, all located in Sections 9 and 10, Township 11 South, Range 80 West, of the 6th P.M., Lake County, Colorado, and are more particularly described as follows:

Twin Lakes Addition No. 1-A

NW 1/4, Sec. 9, T 11 S, R 80 W, of the 6th P.M., containing 160 acres more or less.

Twin Lakes Addition No. 1-B

SW 1/4, Sec. 10, T 11 S, R 80 W, of the 6th P.M., containing 160 acres more or less.

Twin Lakes Addition No. 1-C

NE 1/4, Sec. 9, T 11 S, R 80 W, of the 6th P.M., containing 160 acres more or less.