

**BOX ELDER CREEK RANCH WATER COMPANY
AMENDED AND RESTATED
RULES AND REGULATIONS**

EFFECTIVE DATE

January 1, 2004

**THESE RULES AND REGULATIONS APPLY TO
ALL LOTS WITHIN
BOX ELDER CREEK RANCH SUBDIVISION
ADAMS COUNTY, COLORADO**

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**BOX ELDER CREEK RANCH WATER COMPANY
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ARTICLE I

100 - DEFINITIONS

Unless the context specifically and expressly indicates otherwise, the meaning of terms used herein shall be as follows:

- 1.01 - ACTUAL COST: All direct costs applicable to the construction of a given Water Main or Service Line, including construction, engineering, inspection, plan approval fees, etc. which have been paid by the Company or Constructor. Actual Costs shall include the cost of acquiring rights-of-way, easements, valves, fire hydrants, and any other appurtenances of all mains.
- 1.02 - BOARD and BOARD OF DIRECTORS: The duly elected or appointed Board of Directors of the Company, which acts as the governing body of the Company.
- 1.03 - CONNECTION: The connecting of the Service Line to the property that it is to serve.
- 1.04 - CONSTRUCTOR or LINE CONSTRUCTOR: The land owner(s), developer(s), subdivider(s), or agency(ies) actually paying for the construction of the lines.
- 1.05 - CONTRACTOR: Any person, firm or corporation authorized by the Company to perform work and to furnish materials to the Company.
- 1.06 - CUSTOMER: Any person, company, corporation or governmental authority or agency authorized to use water under an agreement approved by the Board of Directors.
- 1.07 - DEVELOPER: Any person or firm who owns land and seeks to have the land served by the Company.
- 1.08 - COMPANY: The Box Elder Creek Ranch Water Company.
- 1.09 - COMPANY ENGINEER: That person or firm that has been designated by the Board to do engineering work for the Company.
- 1.10 - COMPANY MANAGER: The person retained by the Board to administer and supervise the affairs of the Company and its administrative employees.

- 1.11 - FEE SCHEDULE: The Schedule of fees rates and charges on file in the Company's office and available to the public, as it may be amended from time to time.
- 1.12 - IMPROVEMENT FEE: The charge assessed upon application for the privilege to connect to the water distribution system of the Company. The Company and the Customer shall first enter into an Improvement Fee Agreement for the Subdivision Filing for which water service is requested. The fee is assessed and payable in full upon mutual execution of the Improvement Fee Agreement, prior to installation of any meters or provision of any water to the Customer, including construction water, and is charged pursuant to the Fee Schedule. As used in the Rules and Regulations, reference to the fee shall include all such charges assessed by the Company, provided, however, that payment of the Company's Improvement Fee shall not relieve the payor of the obligation to pay, separately, all such charges assessed by Great Rock North Water & Sanitation District or others.
- 1.13 - IRRIGABLE PROPERTY: All of the irrigable area of a Lot for purposes of measuring the square footage for purposes of calculating the Improvement Fee.
- 1.14 - LICENSED PLUMBER or PIPE LAYER: The person who has been bonded with the Company and provided a license to work by the State of Colorado and where applicable Adams County.
- 1.15 - LOT: A lot within the recorded plat of any subdivision within the service area of the Company as described in the Articles of Incorporation of the Company.
- 1.16 - MAINS or WATER MAINS: Any pipe, piping or system of piping used as a conduit for water in the Company's water system and owned by the Company.
- 1.17 - PERMIT: Written permission of the Board of Directors to connect to a water main of the Company and pursuant to the Rules and Regulations of the Company.
- 1.18 - PERSON: Shall mean any individual, legal entity, society, corporation, association, or group.
- 1.19 - SERVICE LINE: Any line, pipe, system of lines or piping and appurtenances, used as a conduit for delivering irrigation water for use on a residential property, commercial property, or a property for public use, and that connects a Water Main to a Water Meter of the Company. Water Service Lines are not Service Lines.
- 1.20 - SHALL is mandatory; MAY is permissive.
- 1.21 - USER: Any person to whom water service is provided, be it renter, record owner, corporation, company, individual, etc.

- 1.22 - WATER SERVICE LINE: Any pipe, line, conduit, system of lines, or piping, and appurtenances used to provide non-potable irrigation water service from the Company's Water Meter to a residential property, commercial property, or property for public use. The Water Main and the Service line from the Water Main to the Water Meter are not Water Service Lines.
- 1.23 - WATER WORKS: All facilities owned by the Company for transporting or distributing, storing, pumping, treating, or metering water.
- 1.24 - WATER METER: The device placed in a meter pit that connects the Service Line to the Water Service Line for a Lot and measures water usage for that Lot.
- 1.25 MAIN LINE EXTENSION: An extension of the Company's Mains.
- 1.26 ANY OTHER TERM not herein defined may be defined as presented in the "Glossary - Water and Sewage Control Engineering," American Water Works Association (A.W.W.A.), and American Society of Civil Engineers (A.S.C.E.), latest editions, but otherwise shall be defined with regard to the context in which it is used herein.

ARTICLE II

200 - GENERAL

- 2.01 - SCOPE: Except where revised, these regulations shall be treated and considered as the continuing and comprehensive regulations governing the operations and functions of the Box Elder Creek Ranch Water Company, and shall where revised supersede all previous regulations of the Company.
- 2.02 - PURPOSE: The purpose of these Rules and Regulations is to provide for the administration and operation of the irrigation water system of the Box Elder Creek Ranch Water Company.
- 2.03 - COURT DECREES, AUGMENTATION PLANS: The Rules and Regulations hereinafter set forth are expressly made subject to any and all terms any and all terms of court decrees and augmentation plans issued by any court, the State of Colorado, and any other governmental entity having jurisdiction over the supply of water by the Company and any agreements entered into as a result of the decrees, plans, laws, rules, directives, regulations, orders, and the like. Moreover, the Company shall not be liable or responsible if the State of Colorado or Adams County should enact laws or regulations that make it impossible or impracticable to provide water services. The Company may, in order to comply with any applicable law, rule, directive or order, and to enable it to provide adequate water services in

times of shortage or other practical or legal limitations on the ability of the Company to provide the water services contemplated hereby, limit the delivery of water, and/or restrict the use of water delivered. The Company hereby disclaims any guaranty or warranty that it will have the legal or practical means to provide the water services at all times under any conditions. No liability shall attach to the Company on account of any failure to accurately anticipate availability of the water supply or because of an actual failure of the water supply, due to occurrence beyond the reasonable control of the Company.

- 2.04 - AMENDMENT: These Rules and Regulations are subject to later amendment by action only of the Board of Directors of the Box Elder Creek Ranch Water Company as it now or hereafter exists in accordance with Colorado law. Whether stated in the body of this document or not, amendments effected by virtue of the entry by the Board into, or the amendment of, any agreement, shall be in full force and effect from the date of such agreement.
- 2.05 - NO RIGHTS CONFERRED: Except to the extent that the Company is prohibited from enacting retroactive measures, no provision of these Rules and Regulations, nor any amendment thereof by whatever method, shall be interpreted or construed as conferring any right, property or other, upon any individual or entity other than the Company itself.

ARTICLE III

300 - OWNERSHIP AND OPERATION OF FACILITIES

- 3.01 - POLICY: The Company is empowered to distribute water for limited irrigation use to owners of Lots within the Company's service area as described in its Articles of Incorporation, and to maintain, repair and replace all mains, hydrants, valves, and service facilities owned by the Company, in a sound and economical manner, in accordance with these Rules and Regulations, but shall not be liable or responsible for inadequate pressure or interruption of service brought about by circumstances beyond its control.

The Company shall endeavor to plan for, capitalize and build adequate capital improvements as demand occurs; but the Company shall not be liable or responsible for failure to approve additional service when capacity is exceeded by demand.

It shall be the usual responsibility of developers, under the supervision and control of the Company, to finance the cost of all new facilities or incremental facilities required to serve their developments; however, the Company may participate in or assume the entire cost for construction of a facility if it deems such participation or assumption appropriate under the circumstances.

- 3.02 - LIABILITY: It is expressly stipulated that no claim for damage shall be made against the Company by reason of the following: breaking of any service or supply line, pipe, cock, or meter by any person; failure of the water supply; shutting off or turning on water in the water mains; the making of connections or extensions; damage caused by water running or escaping from open or defective faucets; burst service pipes or other facilities; damage to irrigation equipment resulting from shutting water off, or from turning it on, or from inadequate or sporadic pressures; or for doing anything to the water system of the Company deemed necessary by the Board of Directors or its agents, or from any circumstances beyond the Company's control.

The Company hereby reserves the right to cut off the water supply for any reason deemed appropriate including, but not limited to, any violation of these Rules and Regulations or Board policies.

- 3.03 - OWNERSHIP: All existing and future water mains, connected with and forming an integral part of the water system and accepted for maintenance by the Company shall become and are the property of the Company. Said ownership will remain valid whether the water mains are constructed, financed, paid for, or otherwise acquired by the Company, or by other persons.

All Water Meters, including commercial oversized meters (1.5" and larger) are the property of the Company. With the exception of Water Meters, which are the property of the Company, that portion of all existing and future Water Service Lines extending from the Water Meter to each Lot, and all meter pits shall become and are the property of the Customer.

- 3.04 - POWERS AND AUTHORITY OF EMPLOYEES AND INDEPENDENT CONTRACTORS: The Company Manager or other duly authorized employee of the Company, and duly authorized independent contractors of the Company, bearing proper credentials and identification, shall be permitted to enter upon all properties for the purpose of repairs, inspection, meter reading, observation, measurement, sampling, and testing, or any other reasonable purpose concerning the business and affairs of the Company.

ARTICLE IV

400 - USE OF WATER SYSTEM

- 4.01 - EXCAVATION OR DISTURBANCE OF LINES: No unauthorized person shall uncover, make any connection with, or opening into, use, alter, disturb, or obtain access to any Water Meter, water line between the Water Meter and the water main, the water main or appurtenances without first obtaining a written permit from the Company.

- 4.02 - DECREES: Any Water Court decrees recorded in the real property records of Adams County affecting the Property within the Company's service area are adopted and incorporated herein by this reference, and where any inconsistencies exist between the Decrees and these Rules, the inconsistency shall be resolved in the favor of the more restrictive measure.
- 4.03 - COMPLIANCE WITH WATER DECREES AND REGULATIONS: Prior to and as a condition to water being made available to any Lot, the Company shall have acquired an amended court decree regarding an augmentation plan, the Central Colorado Conservancy District Substitute Supply Plan, or other legally acceptable plan for those water rights owned by the Company. If any such plan is determined to be invalid, unenforceable, or legally ineffective for any reason, then the Company shall have obtained an amended court decree regarding a legally acceptable alternative as a condition of its continuing obligation to make water available to any Lot. Notwithstanding the foregoing, the Company's agreement to provide irrigation water to the Lots is also subject to any and all terms of court decrees and augmentation plans issued by any court, the State of Colorado, and any other governmental entity having jurisdiction over the supply of water and any agreements entered into as a result of the decrees, plans, laws, rules, directives, regulations, orders, and the like. Moreover, the Company shall be discharged from all of its obligations hereunder if the State of Colorado or Adams County should enact laws or regulations that make it impossible or impracticable to provide water to the Lots. The Company hereby disclaims any guaranty or warranty that it will have the legal or practical means to provide the water to the Lots at all times under any conditions. No liability shall attach to the Company on account of any failure to accurately anticipate availability of the water supply or because of an actual failure of the water supply, due to occurrence beyond the reasonable control of the Company.
- 4.04 RIGHT TO LIMIT WATER USE: The Company may, in order to comply with any applicable law, rule, directive or order, or to enable it to provide adequate water in times of shortage or other practical or legal limitations on the ability of the Company to provide the water contemplated hereby, limit the delivery of water, and/or restrict the use of water delivered hereunder. Such restrictions may include, but are not limited to, limiting the time periods and days when water may be applied to the Lots, limiting the volume of water that may be applied to the Lots, and limiting the use of water to certain days, weeks or seasons. The Company may adopt and change such restrictions in its discretion and any new policy or revised policy shall be effective fifteen days after the Company provides written notice of the new or revised policy to all Lot owners by U.S. Mail, first class, postage prepaid, addressed to the mailing address for each Lot owner provided to the Company or, if no address has been provided to the Company, addressed to the mailing address for the Lot.

4.05 - METER SIZE: The meter size must be sufficient to adequately serve the Lot, as set forth in the American Water Works Association Manual of Water Supply Practices M22 (current). The Company reserves the right to determine whether the requested meter size is sufficient to serve the Lot.

4.06 - RESPONSIBILITIES OF THE CUSTOMER: Each customer shall be responsible for maintaining the meter pit and the Water Service Line. Leaks or breaks in such portion of such Water Service Line shall be repaired by the property owner within a reasonable period of time after notification of such condition by the Company. If satisfactory progress toward repairing the said leak has not been accomplished within such time period, the Company Manager shall shut off the water service until the leaks or breaks have been repaired.

ALL USERS SHALL TAKE NOTE THAT ANY WATER STANDING IN THE WATER SERVICE LINES WHEN WATER IS TURNED OFF AT THE SHUT-OFF VALVE, IF ANY, OR THE METER, WILL REMAIN THERE UNLESS DRAINED OUT BY MEANS OF A STOP OR WASTE VALVE. All users and employees and agents of the Company are expressly forbidden to manipulate the stop and waste valve, or do any other plumbing work whatsoever except under order of the Company. It is expressly required that the Owner of a Lot shall install a stop and waste valve immediately after the meter. Under no circumstances will the failure to do so alter the liability of the Company.

4.07 - PROTECTION FROM DAMAGE: No person shall maliciously, willfully, or negligently break, damage, destroy, uncover, deface or tamper with any portion of the Company's water system. Further, each Lot owner shall maintain the Water Service Lines on their Lot in good condition, free of leaks and broken or improperly adjusted sprinkler heads that result in the waste of water, as determined by the Company.

In the event any person shall violate the provisions of this Section the Company shall take all necessary steps to insure that said person shall be charged with a misdemeanor, and upon conviction thereof, shall be fined in an amount as established by the court for such violation.

4.08 LIABILITY FOR VIOLATION OF RULES AND REGULATIONS: Any person violating any of the provisions of these Rules and Regulations shall become liable to the Company for any expense, loss or damage occasioned by reason of such violation, and the Board shall assess a penalty against the property of the person violating the Rules and Regulations in an amount calculated to recover the loss or damage occasioned. The penalties are set forth in Article VI below and in the Fee Schedule adopted by the Company from time to time.

- 4.09 - METERS: Each Lot shall have a meter, which shall be the property of the Company. It shall be the duty of all Customers to notify the Company office if their Water Meters are operating defectively. If any meter shall fail to register in any period, the Customer shall be charged the average period consumption during the two preceding periods as shown by the meter when in order. If the Company determines that any meter is recording usage inaccurately, the Company shall have the right to adjust the customer's bill accordingly and to repair the defective meter. The Company will install and maintain all meters up to one inch in size after payment of all required fees. All costs of installation, maintenance, repair, and replacement of meters larger than one inch are the responsibility of the Customer. For all meters, the Company may install, maintain, repair, or replace the meter, or at the Company's discretion, may have a private contractor perform such service. The Company and its contractor shall have the right of access to install, inspect, repair, replace or otherwise maintain the meters. Lot owners may not access, break, damage, destroy, uncover, deface or tamper with the meter pit, the Water Meter, the Service Line, or the Water Main for any reason whatsoever and violations of this provision shall be subject to the penalties set forth in these Rules and Regulations.
- 4.10 - PLACEMENT OF METERS: All Water Meters shall be placed so that Company personnel may easily read the meter for billing purposes. Specifications for placement of single-family residential meters are set forth in Appendix A, Section 6.0. Meter settings for other than detached single family shall be considered on a case-by-case basis by the Board.
- 4.11 - LOCKING DEVICES FOR BYPASS VALVES: All bypass valves in newly-constructed or newly-served multi-family residence complexes shall contain a locking device approved by the Company.
- 4.12 - EXTERIOR WATER USE: No water from the Company's non-potable water system shall be used for any domestic purpose or inside of any residence, home or commercial structure.

ARTICLE V

500 - AGREEMENT FOR WATER SERVICE

- 5.01 - INCLUSION: Except as approved by the Board of Directors and applicable law, service will be furnished only to persons whose property is included within the service area of the Company and an Improvement Fee Agreement with the Company has been executed for the property. All service provided by the Company shall be subject to the Rules and Regulations of the Company, as amended from time to time.

- 5.02 - REQUEST FOR IMPROVEMENT FEE AGREEMENT AND WATER SERVICE AGREEMENT: The owner of a Lot(s) not previously serviced by the Company who seeks the "privilege of service" from the Company shall request an Improvement Fee Agreement and a Water Service Agreement from the Company. A Water Meter will not be installed by the Company unless and until an Improvement Fee Agreement and a Water Service Agreement have been executed for the Lot to be served. By execution of the Improvement Fee Agreement and the Water Service Agreement, the owner of the Lot(s) shall agree to comply and abide by these Rules and Regulations. Unless otherwise waived in writing by the Company, the owner of the Lot(s) and the Company shall arrange for a personal meeting during which the Company will provide information as to the use of the Company's irrigation water system. Each Improvement Fee Agreement shall require the Developer to provide a copy of these Rules and Regulations to each purchaser of a Lot after execution of a purchase agreement, either directly or through a title company.

No connection shall be allowed until an Improvement Fee has been paid for each Lot for which a connection is requested, unless the Improvement Fee requirement has been waived by the Company in writing or the Company has agreed to provide a credit against such Improvement Fees for construction of the Water Mains and Service Lines on behalf of the Company. The amount paid for an Improvement Fee shall be non-refundable.

The Company will allocate available Water Meters on a "first-applicant first-served" basis following execution of an Improvement Agreement and Water Service Agreement for the Lots for which service is requested and submittal of the application for a Water Meter.

- 5.03 - NEW PROPERTY OWNERS APPLICATION FOR SERVICE: It shall be the joint responsibility of both the transferor and transferee of property to notify the Company for final and start meter readings and completion bills. It shall be the responsibility of the transferee to ascertain whether charges have been paid by the transferor. Regardless of ownership or the failure of the Company to collect charges at the time of issuance of permits or any other act or omission of the Company, unpaid charges shall constitute a first and perpetual lien on and against the property, which lien may be foreclosed as provided by law.

The new owner of a property previously serviced by the Company who seeks the "privilege of service" from the Company shall submit an Application for Service, on the Company's standard form. By execution of the Application the owner of the property shall agree to comply and abide by these Rules and Regulations. Unless otherwise waived in writing by the Company, the owner of the property and the Company shall arrange for a personal meeting during which the Company will

instruct and provide information as to the use of the Company's irrigation water system.

5.04 - DENIAL OF APPLICATION FOR SERVICE: The Company reserves the right to deny application for service for any or all of the following reasons:

- A. The connection of the Water Works to applicant's domestic water system that constitutes a cross-connection to a non-Company owned water supply;
- B. There has been misrepresentation in the application as to the property, or the use to be made of the Company's system;
- C. The applicant fails to agree to abide by the term sand conditions of these Rules and Regulations;
- D. The service applied for would create an excessive seasonal, or other, demand on the Company's facilities or water supply;
- E. The use proposed is now or hereafter prohibited by the Company or would violate the Augmentation Plan;
- F. The Company's Facilities are inadequate to serve the property for which the application is filed and the applicant is unwilling or unable to provide, at its expense, the necessary expansion of the Facilities to enable the Company to serve the property;
- G. The application is for a Lot for which an Improvement Fee Agreement and Water Service Agreement has not been executed; or
- H. Other reasons determined by the Board to be required to serve the best interests of the Company.

5.05 - CHANGE IN CUSTOMER'S EQUIPMENT OR SERVICE: A customer shall file an amended application with the Company at least forty-eight (48) hours prior to making a change in service or meter size, or in the use of the property served. The Company shall have the right to collect from the customer all costs it may incur for the conversion, including those incurred for overhead and the time expended by Company personnel. The Company shall have the right of access to install, inspect, replace or otherwise maintain the meter.

No change in the customer's equipment, service or use of property shall be made without the approval of the Company being first obtained and without first paying any applicable fees or charges.

ARTICLE VI

600 - FEES AND CHARGES

The information contained in this section is pertinent to all charges of whatever nature to be levied for provision of water service by the Company. Said rates and charges as herein established shall be set forth in a separate Fee Schedule, which is on file and may be viewed by the public at the Company's offices and shall remain in effect until modified by the Board. Nothing contained herein shall limit the Board from, at any time and without notice, modifying the rates and charges set forth in the Fee Schedule or from modifying any classification set forth in these rules and regulations. The Board may agree in writing to waive certain of the fees set forth in the Fee Schedule or grant credits against payment of the fees from time to time.

6.01 - APPLICATION OF THIS SECTION: The rates, charges and other information shown herein shall apply only to customers inside the Company's service area and shall in no way obligate the Company to provide service outside the Company's service area under any of the conditions contained in this section.

6.02 - TYPE OF SERVICE: Water service shall be metered by the Company.

6.03 - IMPROVEMENT FEE: Prior to connection, a one-time Improvement Fee shall be paid for the privilege of connecting to the water distribution system of the Company. The fee shall be paid pursuant to the Fee Schedule.

6.04 - AMENDED IMPROVEMENT FEES: Any customer who receives permission to make an attachment to the Company's water mains ("Customer") shall be liable for and make payment to the Company of the Improvement Fees of the Company as they exist on the date of execution of the Improvement Fee Agreement.

All such amounts shall be due and payable upon execution of an Improvement Fee Agreement and Water Services Agreement between the Company and the customer and prior to the actual connection of any of the Customer's facilities to the Company's mains, lines, or other Facilities.

Whenever possible, bills for service will be directed to the owner of record of the property rather than the occupant. Service charges shall be as reflected in the Fee Schedule and shall be based on equivalent units.

6.05 - SERVICE CHARGE: Service charges shall commence at the time the meter is installed or at the time an application for service by a subsequent owner of a property is approved. All customers must make a deposit for service prior to commencement of service, unless the Company provides an exemption in writing. The Service Deposit will not be refunded to the owner upon sale of the Lot, but the

owner of the Lot shall be entitled to payment in the amount of the Service Deposit from the purchaser of the Lot. Upon sale of the Lot and notification of the name and address of the new owner, the Company will continue to hold the Service Deposit in the name of the new owner.

- 6.06 - PAYMENT OF SERVICE CHARGES: Statements for charges shall be rendered on a monthly basis. Charges and penalties for late payments, turn-on, turn-off, etc., shall be added to the bills. All bills rendered by the Company shall indicate a "Billing Date." The payment shall be due upon the customer's receipt of the bill. All bills shall include a statement that a bill which is not paid in full by an indicated date (the "Due Date") shall be assessed a ten (10) percent late charge for each month or partial month between the Due Date and the date payment is received by the Company. In addition, if payment in full, including the late charge, if any, is not made by the 50th day following the Billing Date, then service is subject to shut-off upon appropriate telephonic or written notice. A Turn-Off Fee and Turn-On Fee shall be assessed upon shut off. Service shall not be resumed until all fees and late charges have been paid in full.
- 6.07 - REVOCATION OF SERVICE: Service shall be revocable by the Company upon non-payment of valid fees and charges owing to the Company, as set forth in Section 6.06, or upon failure to comply with the Rules and Regulations of the Company.
- 6.08 - SPECIAL SERVICE CONTRACTS: The Board may enter into special service contracts if it is to the best interest of the Company to do so.
- 6.09 - MISCELLANEOUS COSTS AND EXPENSES; INDEMNIFICATION AND RELEASE: All costs and expenses incident to the installation and connection of the Water Service Line to the Water Meter of the Company shall be borne by the property owner. The property owner shall indemnify, release, and hold harmless the Company for any loss or damage that may directly or indirectly be occasioned by the installation of the Water Service Line.
- 6.10 - LIABILITY FOR PAYMENT: Until paid, all rates, tolls, fees, penalties, and charges, including Improvement Fees, shall constitute a first and perpetual lien on or against the property served and any such lien may be foreclosed in the manner provided by law. If the Company determines that a foreclosure is necessary to obtain payment of such rates, tolls, fees and charges, a foreclosure fee shall be assessed against the property to offset the costs of prosecuting such foreclosure and such foreclosure fee shall constitute a perpetual lien on the property as well. The Company also may bring an action for collection of the outstanding rates, tolls, fees and charges in the county court or district court of Adams County, Colorado, in lieu of foreclosure of the lien.

The Company shall have the right to assess any customer who is tardy in payment of his account all legal, court and other costs necessary to or incidental to the collection of said account. In any legal action brought by the Company to collect outstanding rates, tolls, fees, or charges, the prevailing party in such action shall be entitled to recover its attorneys' fees and court costs from the other party to such action and to request the court to include such fees and costs in its judgment in such action.

The owner and the occupant are hereby deemed equally liable for charges of the Company. The Company assumes no responsibility hereby for any agreement made between owners and occupants regardless of how made or the Company having been notified of such agreement.

All costs incurred by the Company relating to service to a customer's property, including but not limited to the costs of collection of Company rates, fees, tolls, charges, late fees, system development fees, Improvement Fees, Improvement Fees, costs of enforcement, costs of shut-off, costs of inspections, and miscellaneous costs and expenses shall, until paid, constitute a first and perpetual lien on or against the property served and any such lien may be foreclosed in the manner provided by law. If the Company determines that a foreclosure is necessary to obtain payment of such amounts, a foreclosure fee shall be assessed against the property plus the costs of prosecuting such foreclosure and such foreclosure fee shall constitute a perpetual lien on the property as well. The Company also may bring an action for collection of the outstanding rates, tolls, fees and charges in the county court or district court of Adams County, Colorado, in lieu of foreclosure of the lien.

- 6.11 - VENDORS AND VENDEES RESPONSIBILITIES: The Company assumes no responsibility for agreements between vendors and vendees. It shall be the responsibility of the vendee to ascertain whether fees and charges have been paid by the vendor. Regardless of ownership or of the failure of the Company to collect fees and charges at the time of issuance of permits or any other act or omission of the Company, unpaid fees and charges shall constitute a first and perpetual lien on and against the property which lien may be foreclosed as provided by law.
- 6.12 - UNAUTHORIZED CONNECTION PENALTIES: An unauthorized connection penalty equal to twice the normal Improvement Fee due shall be payable by persons connecting to Company's lines without prior payment of Improvement Fees or Improvement Fees, approval of such connection, application for service, or opportunity given the Company for inspection of lines.
- 6.13 - TURN-OFF FEE: If the Company discontinues services due to delinquency, a turn-off fee will be charged.

- 6.14 - TURN-ON FEE: After the Company has shut off service due to a delinquent account, a turn-on fee shall be charged for turning on the service.
- 6.15 - PENALTY FOR "UNAUTHORIZED TURN-ON": It shall be illegal for any person other than employees or officials of the Company to turn on water and a penalty of \$500.00 shall be charged for any unauthorized turn-on, plus the estimated cost of the water used.
- 6.16 - CHANGE IN SQUARE FOOTAGE: A customer or user desiring to change the square footage of the Irrigable Property of its Lot from the maximum allowable square footage for the Lot at any time shall apply to the Company for approval to use more water as a result of the proposed change in square footage. The Company may deny the application if the service applied for would create an excessive seasonal, or other, demand on the Company's facilities or would exceed the original Landscape Plan for the Lot at the time of the Lot's initial development.
- 6.17 - METER SET FEE: A meter set fee in the amount set forth in the Company's Fee Schedule shall be paid by the owner of a Lot prior to installation of the Water Meter. This fee shall include both the cost of the meter and the cost of the installation of the meter.
- 6.18 PENALTIES FOR OTHER VIOLATIONS OF RULES AND REGULATIONS: If a customer violates the restrictions on water use adopted by the Company pursuant to the provisions of Section 4.08 above, damages or fails to properly maintain the Water Service Lines on their Lot as required under Section 4.08 above, the following penalties shall be assessed by the Company and paid by the customer within thirty days after receipt of a written Notice of Penalty from the Company: (i) first offense, \$50.00; (ii) second offense, \$100; (iii) third and subsequent offenses, \$200 per day for each offense. Each day on which a violation occurs is considered a separate offense. In addition to assessing the penalties described above, after the third offense, the Company shall have the right to terminate water service to any customer who violates the same restriction again in the same calendar year.

ARTICLE VII

700 - SERVICE LINE CONSTRUCTION

- 7.01 - SERVICE LINE REQUIREMENTS: A separate and independent Service Line shall be provided for every Lot. All Service Lines shall be installed at the expense of the property owner, except as otherwise provided herein.

Service Lines shall be installed in accordance with the specifications set forth in Appendix A attached hereto and incorporated herein by this reference.

No work by Company personnel shall be done on Saturdays, Sundays, or holidays unless written permission is granted by the Company Manager or in the event of an emergency. No work shall begin until all Company fees have been paid, and the Company office notified.

7.02 - CROSS-CONNECTION and BACKFLOW PREVENTION:

Interconnection Control-Separate Systems: Interconnection or cross-connection of services is prohibited.

Back-flow Control: Definitions for all terms pertaining to back-flow and back-flow prevention procedures and devices are set forth in the Colorado Department of Health Cross Connection Manual. The back-flow of non-potable water, other liquids or foreign materials into the Company's water system is prohibited unless approved by the Company. All underground non-potable irrigation systems (sprinkler systems) shall where prescribed by the Manual have approved back-flow prevention devices installed. All devices that have an effect on inter-connection and cross-connection control shall meet those standards described in the Manual.

ARTICLE VIII

800 - MAIN LINE EXTENSIONS

8.01 - MAIN SIZES: The minimum size water main shall be two inches (2") in diameter. The main required to serve any area shall be sized by the applicant, contingent upon approval by the Company.

8.02 - APPLICATION FOR LINE EXTENSION: It shall be unlawful for any person to construct an extension of the Company's Water Mains within the service area of the Company without first having executed an Improvement Fee Agreement with the Company and having complied with the regulations of the Board.

Plans for such extensions shall be submitted to the Company Engineer along with the application for a line extension. Said plans shall be approved for compliance with the Board's master plan and such study for compliance shall be at the developer's expense.

All line extensions shall be constructed according to the Board's specifications. All line extensions within the service area of the Company shall be made under the supervision of the Company's engineer at the developer's expense.

8.03 - LOCATION OF LINE EXTENSIONS AND ADDITIONS: Line extensions shall not be installed in roads or streets that the County, State Department of Transportation, or other public agency has accepted for maintenance as public right-

of-way. Line extensions shall be installed in easements granted to the Company. No waterline shall be placed in the same ditch as a sewer line. All waterlines must be at least ten (10) feet horizontally from any sewer line or potable water line.

- 8.04 - PROCEDURE FOR LINE EXTENSION CONSTRUCTION BY PARTIES OTHER THAN THE COMPANY: In the discretion of the Board, the Board may permit those persons desiring construction of a line extension to construct the line extension. In such a case, the Constructor shall enter into an Improvement Fee Agreement with the Company. The Company Engineer must approve the plans and inspect all construction. The cost of all construction, engineering and other expenses related to the design and installation of such lines shall be at the sole expense of the applicant and not the Company.

A performance and maintenance bond equal to the contract price of the line may be required by the Company from the Constructor. The bond shall hold the Company harmless for payment to the Contractor, and shall guarantee one year's maintenance on the line from the date of acceptance by the Company.

When application for a line extension is made, Constructor shall deposit with the Company an amount sufficient to compensate the Company for engineering fees, legal fees, (including the costs of preparing the Improvement Fee Agreement) and other costs anticipated to be incurred by the Company as a result of the application and the construction of the line. The engineering fees shall include the cost of reviewing the plans and supervising and inspecting construction of the line.

Constructors who have completed construction of line extensions shall, before these lines are accepted by the Company for connections, deed these lines and all appurtenances to the Company free and clear of all liens and encumbrances.

Prior to the acceptance of lines by the Company, all easements necessarily accompanying these lines shall be duly recorded or provided for.

Prior to the Company's acceptance of the lines, reproducible as-built drawings and a certified inspection report confirming that all Water Works required to be installed by the Developer have been completed in accordance with the approved plans and specifications from a licensed engineer approved by the Company, shall be provided to the Company by the Developer or reasonable provision, acceptable to the Company, is made for such drawings and report.

- 8.05 - SPECIAL STRUCTURES: Special structures required to ensure proper operation of line extensions shall be constructed from designs of the Board's Engineer and the cost of construction shall be the responsibility of the developer.

8.06 - OVERSIZING: The Company may, at its option, require the construction of larger than the minimum sizes specified in paragraph 8.01 of this Article. Participation by Company in the cost of installation of oversized mains shall be at the sole discretion of the Board, and shall be for the cost of oversizing only.

APPENDIX A

STANDARDS AND SPECIFICATIONS NON-POTABLE IRRIGATION

1.0 DESIGN/CONSTRUCTION SPECIFICATIONS

Design and Construction of non-potable irrigation facilities within the District shall conform to the applicable provisions of the Uniform Building Code (UBC), American Society of Testing and Materials, American Society of Irrigation Consultants (minimum standards) and Underwriters Laboratories (for wires and cables), latest editions, subject to adjustments to adapt to conditions specific to the District.

2.0 GENERAL

Construction of all Service Lines shall be done by plumbers licensed by Adams County and the State of Colorado in accordance with the Technical Plumbing Code of the State of Colorado. All such contractors must be licensed by, bonded, and able to present a certificate of adequate insurance to the Company.

3.0 WATER SUPPLY

Source: Alluvial wells
Wastewater effluent from Great Rock North Water and Sanitation District water treatment facility.

4.0 DISTRIBUTION

Water Mains

Minimum Size	2 inch diameter
Materials	HDPE (purple in color)
Minimum Cover	4 feet
Bedding	Approved bedding material and tracer wire required

Service Lines

Minimum Size	3/4" diameter; meter size to be at least as large as service
Materials	purple KITEC or other approved material
Minimum Cover	4 feet
Bedding	Approved bedding material and tracer wire required

5.0 IRRIGATION SYSTEM

All materials and equipment incorporated into the irrigation system shall be of recognized standard quality approved by the Board of Directors. Materials shall be of a standard line from a brand name manufacturer, or must be approved.

The system components shall be designed to operate within the parameters of the non-potable irrigation source described above.

6.0 SPECIFICATIONS FOR INSTALLATION OF 3/4" AND 1" OUTSIDE METER SETTINGS:

- 6.1 An outside meter setting shall be used.
- 6.2 Contractor must be licensed by, bonded to, and able to present a certificate of insurance to the Company.
- 6.3 Contractor will be responsible for purchase of all street cut permits from Adams County according to location of service.
- 6.4 Copper tubing shall be soft, underground, "K" type only.
- 6.5 Curb stop (neoprene ball type) may be installed in front of the meter pit, and beyond the property line. Curb stop service boxes shall be cast iron and shall be of the following type or an equivalent which is acceptable to Company's engineer.

Tyler 6500, 5' extension size, Size 94E Stop Box Buffalo Type Complete, 2" shaft.
- 6.6 There will be no soldered connections permitted underground.
- 6.7 Coppersetter or meter yoke must be a 3/4" or 1 " Ford KV-2 type or equivalent with locking type turn-on, as required.
- 6.8 Meter pit shall be a circular concrete type with 24 inch inside diameter rings or a pvc pit approved by the Board of Directors, approximately 54 inches in depth, and include frost cover and cast iron outer cover (purple in color) or other cover approved by the Board of Directors.
- 6.9 Top of Water Meter, when installed, shall be no less than three inches nor more than four inches below the inner lid of the frost cover, unless approved otherwise by the Board of Directors.

- 6.10 Meter pits are to be installed on the Lot so as to not be within ten (10) feet of a roadway or driveway.
- 6.11 Contractor or Owner will be responsible for exact location and correct elevation of meter pit in regards to finished grade of yard. Meter pit may not be placed in a location that allows the collection of water in the meter pit.
- 6.12 The Company will provide and install the meter (and only the meter) only after Meter Set Fee has been paid.
- 6.13 Meter Yoke will be furnished by Customer at its expense.

7.0 EXCAVATION

All excavations required for the installation of water service up through the Water Meters shall be open trench work unless otherwise approved by the engineer for the Company.

- 7.1 Adequate barricades, signs, and warning devices as required by the Company and the County of Adams, and/or the State of Colorado, whichever is applicable, shall be placed and maintained during the progress of the work.
- 7.2 Paving, curbs and gutters, sidewalk improvement services, or other street improvements, removed or damaged during construction shall be replaced, pursuant to all required permits, to the same elevation and alignment, with the same type and dimensions of units removed, and shall be equal to and consistent with the undisturbed portion of the improvements existing prior to trench excavation.
- 7.3 All contractors, plumbers, and others doing work on any Water Main, Service Line, or structure of the Company shall comply with Adams County or State Highway Department regulations on excavation, backfill, compaction, and restoration of surfacing, and shall file a performance bond with the Company in the amount requested by the Company.

8.0 MAINTENANCE OF BACKFILL AND SURFACE WARRANTY

All backfill shall be maintained in a satisfactory condition and all places showing signs of settlement shall be filled and maintained during the life of the contract and for a period of one year following the date of final acceptance for all work performed under the contract; except, the warranty period for settlement in asphalt surface streets shall be two years. When the developer or contractor is notified by the Company that any backfill is hazardous, he shall correct such hazardous condition at once. All work shall conform to the rules and regulations of the County of Adams and the State of Colorado.

9.0 INSPECTIONS

All daily inspection fees on water construction required by any governmental unit having jurisdiction over the construction shall be paid by the plumber, contractor, or others doing work for the Developer.

All work shall be inspected by the Company's representative, who shall have the authority to halt construction when, in his opinion, Company specifications or proper construction practices are not being followed or met. Whenever any portion of Company specification is violated, the Company representative shall, in writing, order further construction to cease until all deficiencies are corrected. No pipe shall be covered without the Company representative's prior approval.

10.0 TESTING

After backfilling and installation of all control valves, fill pressure supply line with water, and pressurize to 40 psi over the designated static pressure or 120 psi, whichever is greater, for a period of 2 hours. If applicable, distribution piping will be isolated and pressured to 120 psi. Also, the type of pressure test and the results of the pressure test shall be approved and verified by the Company's engineer.