

**COMMUNITY WELL ASSOCIATION AGREEMENT FOR:  
HIGHLAND KNOLLS  
WATER DISTRICT #1**

WHEREAS, the undersigned are respectively the record owners of the following lots situated within the Highland Knolls Subdivision in Lincoln County, Nevada:

- First Lot-47B: ✓ Pam Stiljes, HC 34, Box 18, Caliente, NV 89008-9801
- Second Lot-42B: ✓ John & Laurie Beer, 1310 McKinley, Rock Springs, WY 82901
- Third Lot-53: ✓ Richard & Marilyca Weideman, 26 Magnesium, Henderson, NV, 89015
- Fourth Lot-46B: ✓ Elvin Dale & Barbara Rush, 1280 Linn Lane, Las Vegas, NV 89110
- Fifth Lot-48: ✓ James F. Shepard, 1747 Chanut, Las Vegas, NV 89115
- Sixth Lot-49: ✓ Gerald & Norma Howard, 325 Heather Drive, Henderson, NV 89015
- Seventh Lot-51: ✓ Douglas & Patricia Butterfield, P.O. Box 297, Caliente, NV 89008
- Eighth Lot-58: ✓ Jerrell & Nancy McGill, 8300 W. Tropicana, Space 277, Las Vegas, NV 89103
- Ninth Lot-52: ✓ Ann M. Fischer, P.O. Box 478, Caliente, NV 89008
- Tenth Lot-44A: Fred & Shirlee Prawalsky, 8763 Fisher, Las Vegas, NV 89129
- Eleventh Lot-59: ✓ Garry & Madeline Kersey, 505 Mt. View Road, Henderson, NV 89015
- Twelfth Lot-54: ✓ Lura Beshears, 4281 El Campana Way, Las Vegas, NV 89112
- Thirteenth Lot-51: ✓ Edward Lee Garrett, 2995 S. Jones, Unit C, Las Vegas, NV 89102

AND WHEREAS, the undersigned wish to enter into mutually beneficial covenants pertaining to the use and enjoyment of water derived from that certain community well situated within an easement on Lot 61 of the Highland Knolls Subdivision, Lincoln County, Nevada.

NOW THEREFORE, in consideration of the mutual covenants and conditions herein created, in consideration of the sum of TEN DOLLARS (\$10.00), and for other good and valuable consideration, the receipt of which is acknowledged, the undersigned covenant and agree as follows:

1. The undersigned hereby join together and create the Highland Knolls Water District #1 (hereafter, "the Association"). Membership in the Association shall be limited to the undersigned for so long as they remain record owners of Lots described above, and to such other record owners of the said Lots as may hereafter enter into this Community Well Association Agreement and any amendments thereof. All new record owners of the Lots described above shall be given the opportunity to become a member of the Association by entering into the within Agreement and any amendments thereof. A member of the Association is a record owner of the said Lots who enters into the within Agreement and any amendments thereof by signing the Agreement and any amendments thereof.
2. Each Member shall share equally all the rights, privileges and responsibilities incident to the use and enjoyment of the water divided from the community well.
3. Each Member shall be responsible for one-thirteenth (1/13) of the cost of operation, pumping, maintenance, upkeep and repair of any portion of the community well, the community well distribution system, and their components, multiplied by the number of Lots subject to this Agreement he or she owns. In this regard, operation shall include without limitation the hiring of a caretaker to oversee and inspect the well and distribution system on a regular basis. Upkeep shall, in this regard, include without limitation general overhead and administrative expenses; including any necessary legal, accounting or professional fees, such as legal fees to create or enforce this agreement.

Each Member shall be solely responsible for the direct cost of operation, maintenance, upkeep and repair of water supply lines and fixtures situated on his or her own lot and which serve his or her own residence exclusively. In the event one or more Lots lose or withdraw from membership in the Association, each Member who owns any of the remaining Lots shall pay the expenses described in this paragraph as follows: he or she shall pay the total sum of such expenses divided by the number of Lots whose owners remain as Members of the Association, multiplied by the number of lots subject to this Agreement he or she owns.

4. In consideration of the undertakings of the Association and the Members described in paragraph 3 above, the Members who own Lot(s) upon which are situated the community well, the community well distribution system, or any component thereof, grant the Association reasonable rights of ingress and egress to and from said well, system or components for the purposes of maintaining, repairing, improving, replacing, removing, capping or sealing the community well, the community well distribution system, or any component thereof during the life of the Association.

5. The Association shall establish a non-profit community fund for payment of the expenses described in paragraph 3 above, and for payment of the operating expenses described in paragraph 7 below. The Association will elect one of its Members as Custodian of the community fund, and another Member as Alternate Custodian. The Alternate Custodian may take any act on authorized by this Agreement or its amendments in the absence of the Custodian. The Custodian shall collect monthly fees, deposit them in a checking account bearing the Association's name, and shall keep adequate written records of all transactions affecting the account and all transactions involving the maintenance, repair, replacement or removal of the community well. Checks drawn upon the Association's account must be signed by two Members who own different Lots. The records kept by the Custodian shall be available for inspection by Members upon reasonable advance notice.

6. Not later than the first day of each calendar month, Members shall, in addition to the regular monthly fees paid hereunder, pay into the community fund \$30.00 for each Lot they own to which water from the community well is available, to be held in the community fund against the expenses described in paragraph 3 above, until the community fund has a reserve of Ten Thousand Dollars (\$10,000) to meet such expenses. If current funds on hand are not sufficient to pay all of the expenses described in paragraph 3 above as they become due, then the Members shall pay their pro-rata share of the deficit not later than five days after the Custodian requests such payment. In the event one or more Lots lose or withdraw from membership in the Association, each Member who owns any of the remaining Lots shall pay the total sum of such deficit divided by the number of Lots whose owners remain as Members of the Association. If, at any time, this reserve falls below \$10,000, the members shall resume monthly payments in accordance with this paragraph until the funds are replenished.

7. Each member who actually uses water derived from the community well must, prior to drawing from the well, install at that member's sole expense, a water meter in accordance with the well permit issued by the State of Nevada

8. Any Member who fails to pay the sums described above for a period exceeding 30 days after the Custodian requests payment, shall be in default under this Agreement and shall be so notified in writing by the Custodian. The undersigned hereby stipulate and agree that if they are in default under this Agreement, and if they fail to cure their default within seven (7) days after receiving written notice of default from the Custodian, the Association may then file a lien of record upon the defaulting Member's property. Members hereby stipulate and agree that if they fail to cure a default within thirty (30) days after receiving written notice of default from the Custodian, the Association may expel the defaulting Member and may take such steps as are necessary to deprive the defaulting Member of water from the community well, at the defaulting Member's sole expense. Members further stipulate and agree that any Members in default under this Agreement shall pay the Association's reasonable attorney's fees and costs of suit incurred to enforce the provisions of this Agreement, or to protect the Association's interest pertaining to the default.

9. Any Member of the Association may voluntarily withdraw from the Association at any time by personally delivering to the Custodian, or to the Alternate Custodian in the Custodian's absence, a written notice stating the Member's intention to withdraw. Immediately upon receipt of the notice, the Association may stop the flow of water from the community well to the withdrawing Member's Lot at the withdrawing Member's sole expenses. Withdrawal from the Association shall not extinguish any debt or obligation owed by the withdrawing Member to the Association, and in the event of non-payment by the withdrawing Member, the Association may deal with a withdrawing Member in the same manner as a defaulting Member and may enforce against a withdrawing Member the same remedies which are available against a defaulting Member under the provisions of paragraph 8 above.

10. No action shall be taken by the Association in the ordinary course of its business unless (a) notice of the proposed action is given to at least one Member owning each Lot then represented in the Association at least three days before a vote is taken on the proposed action, and (b) the proposed action is approved by Members who own a majority of the Lots which are then represented in the Association. In all such votes, each Lot then represented in the Association is entitled to one vote, regardless of the number of Members who are record owners of any single Lot. Votes shall be gathered by the Custodian. Actions taken in the ordinary course of the Association's business include, without limitation, adjustment of monthly maintenance and operation fees, agreement on a list of well drillers and other repairmen whom the Association prefers to work on the community well, motions to expel defaulting Members from the Association and deprive their Lot of water from the community well, motions to distribute excess funds held in the Association's account, motions to improve or repair the community well on a non-emergency basis, nomination and

election of a Custodian and an Alternate Custodian, and motions to dissolve the Association and wind up its business.

11. If emergency repair of the community well is required, the Custodian shall use his best efforts to notify one Member who owns each of the Lots then represented in the Association and to secure their consent to effect immediate repairs. If for any reason the Custodian cannot notify one Member who owns any of the Lots then represented in the Association, or cannot secure a majority vote (as defined in paragraph 10) concerning a proposed emergency repair, within a period of 24-hours, the custodian may effect any emergency repair he deems advisable in this reasonable discretion.

12. Any written notice required by this Agreement or any amendment thereof shall be sent by Certified Mail to a Member at the address of the Member's Lot shown above, or at such other address as a Member may designate in writing delivered to the Custodian.

13. The rights, privileges and duties raised by this Agreement, and any amendments thereof, shall be appurtenant to each Lot described above and shall constitute a covenant to run with each Lot which shall be binding upon, and shall inure to the benefit of, the undersigned and their successors-in-interest during the life of the Association.

14. Each Member agrees that his or her use of water from the community well shall be restricted to "domestic use" as defined by NRS 534 013, and that he or she shall not use, or cause the use of, excessive or unreasonable amounts of water generated by the community well, or damage the community well or its distribution system, or do any thing or cause any act which impairs the service from the community well enjoyed by other Members of the Association.

15. At such time as municipal water shall be made available to the Lots, the community well shall be capped or sealed in conformity with all County and State regulations and statutes at the Association's expense. Thirty (30) days after payment of all debts and obligations of the Association, the Custodian shall disburse to the Members a sum equal to the total funds remaining in the Association's account divided by the number of Lots represented by Members of the Association, less any amount owned to the Association by each Member.

18. BY SIGNING BELOW, ALL MEMBERS AGREE THAT, UPON TRANSFER OF THE EASEMENT WITHIN WHICH THE WELL IS SITUATED TO THE ASSOCIATION CREATED HEREUNDER, THE FORMER OWNER, KENNETH AND JANE PRICE SHALL BE RELIEVED OF ALL LIABILITY CONNECTED WITH, ARISING FROM OR RELATED TO THE CREATION OF THE WELL OR THIS AGREEMENT AND SHALL HAVE NO FURTHER LIABILITY OF ANY KIND TO PROVIDE WATER TO THE LOTS OR

Enclosed is your copy of the well agreement. There is no charge to you. All who were promised water, are getting a copy of the agreement. No More will be allowed to join the system. You are getting two copies of this letter. One is for your file. The other is to be signed and returned to me. You may decline the agreement. In that case indicate that you do not desire the water. Return the letter saying that you do not want water from the community well.

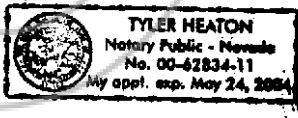
You have thirty days to make a choice. The system is now operative.

I WANT WATER. yes *Shirley A. Lively*  
I DO NOT WANT WATER FROM THE COMMUNITY WELL. \_\_\_\_\_

Water Master *Douglas L. Butterfield*  
*Douglas L. Butterfield*

State of Nevada  
County of Lincoln

*Tyler Heaton*  
Notary



NO. 116559

FILED AND RECORDED AT REQUEST OF  
SHIRLEY A. LIVELY

JUNE 29, 2001

AT 15 MINUTES PAST 10 O'CLOCK

AM IN ROOM 156 OF OFFICIAL

RECORDS BLDG. 209 LINCOLN

*Arthur Bochio*  
COUNTY RECORDER