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BY JEANNE

SHARED WELL AGREEMENT
Red Sky Subdivision
Cluster Well Water Group No. 1

This Agreement is made by and between Emily Grace, ("Developer") and all Lot Owners within Cluster Well No. 1 Group, as hereafter defined, with reference to the following facts:

A. The Lots affected by this Agreement are more particularly described as follows:
Lots 2,3,4,5 the Red Sky Subdivision, Taos County, New Mexico, as described on a plat of survey by Lawrence S. Montoya Survey dated December 02, 2004, Job No. 1236SUB2A.

B. Emily Grace, LLC, is the developer of Red Sky Subdivision in Taos County, New Mexico, pursuant to a subdivision plat filed on May 13, 2005 in Cabinet Cabinet E of Taos County, New Mexico ("Plat"). Pursuant to its plan of development for the Subdivision, Developer has constituted the Lots as a single cluster well water group no. 1 and has agreed to drill a well located on one of the Lots (the "Well") as depicted on the Plat, and to install a water system ("Water System") to service the Lots in Cluster Well Water Group 1, ("Water Group") subject to the Declaration of Covenants and Restrictions affecting the Lots and the terms and conditions of this Agreement.

C. The future costs of operation, maintenance and repair of the Well and the Water System, and the provisions governing the operation of the Water Group are set forth below.

IT IS THEREFORE AGREED as follows:

1. Location of Well. The Well for this Water Group is located on Lot #3 and #4 of the proposed Sacred Vista Subdivision, with a 30 foot by 30 ft. easement

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2. Installation of Well and Water System. Developer, at its expense will drill and equip the Well, install the supply tank and electrical components and construct the water distribution lines from the well to the boundary line of each Lot in the Water Group (collectively "Water System") to serve all Lots within this Water Group. Developer shall not be obligated to construct and install the Well and Water System until the Developer has received a copy of an application by a Lot Owner within the Water Group for a building permit, after which the Developer shall within a reasonable time construct and install the Well and Water System.

The water distribution line(s) leading from the Lot on which the Well is drilled to the other Lots served by the Well shall be constructed and installed at the expense of the Developer within the applicable utility easement to the boundary line of the Lot to be served in accordance with all applicable codes, laws, ordinances and regulations. The Lot Owners shall connect to their individual water distribution lines at their own expense and each such connection shall have a separate meter located on the Lot served by the connection. The individual water lines from the connection to the main distribution line and the individual meters shall be maintained in a good and functioning state of repair at all times by the owners of the Lot served by the water line.

3. Definitions.

(a) Vista West Homes, a New Mexico LLC, shall serve as the Administrator to manage, operate and maintain the Well and the Water System for this Water Group under this Agreement. Once the lots are sold, the members of the Well Association will hold annual elections to provide for the ongoing Administrator.

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quorum is considered two thirds of the property owner. The majority vote will determine the election of the Well Administrator.

(b) The Water System includes the water meter at the Well, the supply tank and electrical components and the water distribution lines from the well to the boundary of each Lot.

(c) The Well includes the casing, motor, pump, pump house and all pipes and electrical wires thereto.

(d) Capital Expenditures include the repairs to or replacement of components of the Well or Water System, which includes the 2 inch water lines from the well to the boundary of an individual lot.

(e) The Lot Owner is the named grantee in a deed. If there is more than one grantee, the grantees are collectively referred to as Lot Owner.

4. The Water Group Account. The Administrator shall maintain on behalf of this Water Group a separate checking account with a local banking institution (the "Water Group Account"), and shall keep current and adequate records showing all receipts to and disbursements from the Water Group Account. All Water Group assessments and other payments, except for surcharges under Paragraph 6, collected pursuant to this Agreement shall be deposited into the Water Group Account. The Administrator shall be the authorized signatory on the Water Group Account.

5. Water Supply and Metering.

5.1. Each Lot in the Water Group is limited to a maximum annual water consumption of .30 acre feet of water, or approximately 97,755 gallons per year. The

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maximum annual water diversion for the Well is three acre feet of water, or 477,533 gallons per year. A totalizing meter shall be installed by the Developer at the Well.

5.2. Water from the Well shall be used only for domestic purposes, both indoors and outdoors.

5.3. The Association shall take meter readings as required by the Taos County Planning Department for water consumption at the Well meter and at individual Lot meters. This information shall be sent by First Class Mail to the Taos County Planning Department, 105 Albright Street, Suite C, Taos, New Mexico 87571.

5.4. Information on water use shall also be submitted to the New Mexico State Engineers Office in compliance with its reporting requirements at the following address:

State Engineers Office
Post Office Box 25102
Santa Fe, New Mexico 87504-5102

6. Surcharges. In addition to any legal action to enforce compliance with the provisions of Paragraph 5.1, any Lot Owner within the Water Group who uses more than .30 acre feet of water annually shall be assessed and shall pay a surcharge equal to three times the regular per gallon rate assessed by the Water Department of the Town of Taos for all gallons which exceed the annual limit. All money collected from the surcharge shall be retained by the Association in its General Water Account to be used by the Association only for projects within the Subdivision which promote water conservation.

7. Initial Reserve Funds. Upon closing of the sale of a Lot in the Water Group, Developer shall collect from the owner of the Lot the sum of \$250.00 for deposit to the Water Group Account. These funds shall constitute the initial reserve for

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administrative expenses. The Developer shall not be required to contribute to this reserve.

8. Administrative Provisions.

8.1. The first Lot Owner within the Water Group to connect to the Well shall be responsible for transferring the exploratory well permit from the Developers name to the name of the Water Group. The Developer will assist the Lot Owner in the transfer of the Well permit. All fees shall be paid by the Association Out of the Water Group Account.

8.2. The first Lot Owner to connect to the Well shall be responsible for obtaining the electric meter to serve the Well and Water System. The electric meter shall be in the name of the Water Group and any utility deposit shall be paid by the Association from the Water Group Account.

8.3. The location of the Well as shown on the Plat is an attempt to optimize the production capabilities of the Well. If a Well needs to be relocated or does not have sufficient capacity to supply the designated Lots, the Developer, at its sole discretion, shall have the right to reduce the number of Lots served by the Well or drill a replacement Well or a supplemental Well. The Lot Owners in the Water Group shall grant easements as needed in order to drill a new Well, relocate the Well or add a supplemental Well and provide necessary easements for utility extensions and normal maintenance of the Well. The Developer, at its expense, shall be responsible for the platting of all easements necessitated by the change in the location of the Well or the supplemental Well.

8.4. If, because of drought or other conditions, the Well is incapable of

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producing sufficient water to meet the annual consumption of .30 acre feet of water per lot per annum, then the Lot Owners in the Water Group shall take steps to proportionately reduce the amount of water being withdrawn from the Well so that each Lot Owner receives an equitable amount of available water. The Lot Owners may agree among themselves on the allocation of water provided, however, that in no case shall the annual individual water use exceed .30 acre feet per lot per annum, and if the Lot Owners fail to so agree within thirty (30) days of receipt of notice from the Association of the need to do so, then the Association shall proportionately reduce the amount of water that can be consumed on each Lot.

8.5. The Administrators agent shall have access at reasonable times and after reasonable notice to the Lot Owner to examine the meter on each Lot.

9. Assessments; Capital Expenditures; Liens for Assessments and Liability.

9.1. After the sale by Developer of all Lots in this Water Group, the Association and the Lot Owners shall meet at least annually to review the condition of the Well and Water System, the annual water use reports and the Water Groups financial status and determine what assessments, if any, should be levied against each Lot in the Water Group to provide an adequate reserve for and to pay administrative expenses, electrical charges, maintenance and capital expenditures. The consent of a majority of the Lot Owners in the Water Group shall be necessary to authorize any assessment.

9.2. If the monthly assessment for maintaining, repairing, replacing, rebuilding, deepening of the Well or the Water System is insufficient to cover the annual

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cost of such expenditures, the Lot Owners within the Water Group shall each pay their pro rata cost of the additional expense upon receipt of a notice of additional charges from the Association.

9.3 The Lot Owners shall pay all monthly assessments and any surcharges to the Association within thirty (30) days after the delivery of a statement therefor. A twelve percent (12%) interest rate per annum shall be added to all delinquent bills which have not been paid within thirty (30) days after delivery of the statement.

9.4. Each Lot shall be assessed the same amount for administrative expenses, electrical charges, maintenance and capital expenditures regardless of the amount of water used on each Lot.

9.5. The Association shall have a lien against each Lot and against each Owners interest in the Lot to secure payment of any assessment or other amount due and owing to the Association with respect to that Lot. To evidence such lien, the Association shall prepare a written notice of lien assessment setting forth the amount of such unpaid indebtedness, the amount of the accrued interest thereon, the name of the Owner of the Lot, and the description of the Lot. The notice of lien shall be signed by an officer of the Association, and shall be recorded in the land records of Taos County. Such lien shall attach and be effective from the actual due date of the assessment until all sums, with interest and other charges thereon, shall have been fully paid. Such lien may be enforced by the foreclosure thereof on the defaulting owners Lot by the Association in like manner as a mortgage on real property. In any such proceedings, the

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Lot Owner shall be required to pay the costs, expenses and attorneys fees incurred for filing the lien, and all additional costs, expenses and reasonable attorneys fees incurred. 9.6. The amount of any assessment shall be a joint and several obligation to the Association. A party acquiring an interest in the Lot shall be jointly and severally liable with the former Owner for all such amounts which had accrued and were payable at the time of the acquisition of such interest without prejudice to that party's right to recover any of the amounts paid from the former Owner. Each such amount, together with interest thereon, may be recovered by suit for a money judgment by the Association without foreclosing or waiving any lien securing the same.

9.7. The holder of a first mortgage or first deed of trust on a Lot shall not be liable for any such assessment, interest or charge, and the lien for any such assessments, interest or charges shall be junior to any lien or encumbrance on a Lot taken in good faith and for value and perfected by recording in the office of the Taos County Clerk before the time a notice of such lien is recorded in the office. Any mortgagee holding a lien on a Lot may, but shall not be required to, pay an unpaid assessment on a Lot and upon such payment, such encumbrancer shall have a lien on such Lot for the amount paid of the same rank as the lien of its mortgage or encumbrance without the necessity of having to record a notice of claim of such lien. Upon written request of the mortgagee, the Association shall report an unpaid assessment or other charges remaining unpaid for longer than thirty (30) days after the same is due.

10. Maintenance. The Administrator shall be responsible for routine maintenance and repairs of the Well and the Water System, Except for emergencies,

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all Capital Expenditures shall be approved by a majority of the Lot Owners in the Water Group. Legitimate emergency expenditures may be made by the Administrator without authorization from the Lot Owners.

11. Equal Rights; Metering. No Lot by first commencing to use the Well on a regular basis shall obtain any priority over the other Lot served, and each Lot shall have equal rights to the water produced by the Well as above defined. The water lines from the Well serving each Lot shall each contain a shut-off valve and one totalizing meter on each line shall show the water usage from the Well by each Lot Owner. A meter shall be installed as soon as a Lot Owner has commenced construction of a residence, or as soon after installation of the Well as practicable, whichever occurs later. Meters shall be maintained by each Lot Owner in good working condition.

12. Authorized Expenses. Without further approval or authorization of the parties hereto, the Administrator is hereby authorized and directed to pay from the Water Group Account the monthly electric utility charges attributable to the electrical meter serving the well pump; postage, stationery expenses, and other administrative expenses; and costs of emergency repairs to the Well or Water System as may be required to ensure a continuous supply of water. Electrical charges shall be divided among the Lot Owners on a pro rata basis, based upon the amount of water used by each Lot Owner for the period covered by the charges. The Administrator shall have the monthly electrical bill sent to the mailing address of the Administrator and it shall be responsible for calculating and recording the water usage of each Lot on a monthly basis. If a Lot Owner advances funds needed to make emergency repairs to the Well or

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Water System because the Water Group account does not have sufficient funds, the other Lot Owners shall pay their pro rata share within ten (10) days after receipt of a statement itemizing such repairs ("Due Date"). Unpaid amounts shall bear interest at twelve percent (12%) per annum after the Due Date until paid.

13. Well System Easement. The Lot upon which the Well is located shall be subject to an easement in favor of other Lots served thereby for the purpose of installation, operation, maintenance and repair of the Well and of the Water System. This easement shall include the right (a) to maintain the Well and distribution lines after installation, (b) to operate, inspect, maintain and repair the Well and Water System, and to use such vehicles and rigs as are commonly and reasonably used for the purposes of well drilling, equipping and repair, and for the purposes of water and power line installation, repair and replacement. Access to and use of the easement shall be such as to minimize the impact upon the surface of the Lot which shall be restored after use to as near its original condition as reasonably possible. If necessary, the surface shall be re-seeded with a mixture of crested wheat and grama grasses. The cost of restoration shall be paid by the Administrator out of the Water Group Account.

14. Default — Enforcement. If a party fails to perform any of the obligations required of him under this Agreement, that party shall be in default, in which event the Association may notify the defaulting party in writing and if the default is not corrected within fifteen (15) days after delivery of written notice, the Association may commence a legal action on behalf of the Water Group to require the defaulting party to perform his obligations hereunder. If the non-defaulting party obtains substantially the relief sought

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in any legal action, the defaulting party shall pay the non-defaulting party's reasonable attorneys fees and all other costs related to such legal action.

15. Notice. Notice shall be deemed delivered on the earlier of delivery in person, or three days after deposit in the U.S. Mails of Certified Notice, Return Receipt Requested, addressed to the Lot Owner at the address set forth in the Associations records.


16. Binding Effect. This Agreement shall be binding upon and inure to the benefit of all Lot Owners in this Water Group and all subsequent owners or representatives of owners of the Lots, and the provisions hereof shall be deemed to be covenants running with the title to the Lots.

17. Term. The term of this Agreement shall commence as of the date written below and shall continue for so long as the Well is able to produce a volume of water adequate to serve the reasonable and lawful domestic needs of the Lot Owners.

18. Enforcement; Attorneys Fees. The terms of this Agreement may be specifically enforced. The prevailing party shall be entitled to recover his reasonable attorneys fees and costs incurred in the judicial enforcement of this Agreement.

19. Amendment. This Agreement may be amended only with the written consent of at least seventy (70) percent of the Lot Owners in the Water Group. Each Lot Owner shall be entitled to one vote per Lot. Any amendment shall be recorded and shall reference this Agreement.

Dated this 21st day of DEC, 2005

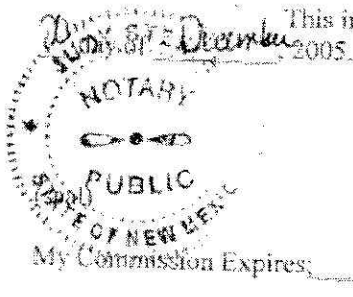

David Mitchell, Agent for Emily Grace, LLC

ACKNOWLEDGEMENT

State of New Mexico)

County of Taos)

This instrument was acknowledged before me by David C. Mills on this



Judy Steele
Notary Public

