

SERVICE AGREEMENT

THIS AGREEMENT is made and entered into this ____ day of _____, 2005, between Park Water Company, a Colorado nonprofit corporation (“Company”), and _____, and _____ (“Customer”), whose address is _____.

RECITALS

WHEREAS, the Property is located in the Wonderview Subdivision in Jefferson County, Colorado (the Subdivision) and is more specifically described as follows:

Lot _____, Wonderview Subdivision
County of Jefferson, State of Colorado

also known as _____, (the “Property”). and

WHEREAS, water service to the Property is or will be made available pursuant to this Service Agreement with the Company; and

WHEREAS, Customer acknowledges that improvements must be made and regular replacements and maintenance are necessary to assure the ability of the Company to provide reliable water services to the Property; and

WHEREAS, Customer also acknowledges that the Company must purchase water rights and administer the augmentation plan affecting such rights in order to provide water services in compliance with new water quality standards; and

WHEREAS, Customer also acknowledges that the Company’s duties with respect to the operation of wells within the Subdivision may require the Company to impose certain rules and regulations, including but not limited to volume limitations upon Customer’s water consumption, in order to assure the provision of water to all residents of the Subdivision in accordance with the terms of all applicable regulations and augmentation plans affecting the Property and the Subdivision;

WHEREAS, from time to time, the Company may be required to obtain outside funding in order to defray the expenses of obtaining water rights, improvements, replacements and regular maintenance; and

WHEREAS, Company and Customer agree that it is in the best interests of the Customer, the Subdivision and the Property, to assure to a reasonable extent, competent administration of plans designed to equitably allocate water services, to promote compliance with the obligations and duties upon which the operation of wells within the Subdivision are conditioned, and to promote harmonious relations among owners of properties within the Subdivision.

NOW, THEREFORE, in consideration of the premises, the mutual promises and covenants contained herein and other good and valuable consideration, Company and Customer agree as follows:

1. **MAIN EXTENSIONS.** As necessary, in accordance with criteria established by the Company, Company shall install main extension lines from Company-owned wells and storage facilities to serve the properties within the Subdivision. To the extent any such mains may cross the Property, Customers hereby conveys to the Company a perpetual easement for the maintenance and replacement of said mains and related facilities and for access thereto.

2. **SERVICE LINES.** Customer represents that Customer has or shall timely acquire all necessary permits from Jefferson County and other regulatory agencies for the installation of water service lines to serve the Property and that all connections to the Company's mains shall be made in accordance with criteria established by Company. All service lines shall be and remain the property of the owner of the Property served thereby and shall thereafter be maintained by and at the sole expense of said owner.

3. **WATER PRESSURE.** If water pressure is not sufficient to serve Customer's improvements on the Property, Customer shall install pumps or similar equipment to provide adequate water pressure. All such equipment shall be and remain the property of the owner of the Property served thereby and shall thereafter be maintained by and at the sole expense of said owner.

4. **METERING AND MONITORING.** Company has or shall equip each water service line with a shutoff valve and water meter (which may include a backflow prevention device) to measure water usage upon the Property and may install a collection box on the wastewater service line to allow the wastewater from the Property to be randomly sampled. Customer hereby conveys to the Company an easement the for installation and maintenance of the water meter and collection box and for Company to obtain access to the water meter for the purposes of reading and maintaining the meter and to the collection box for purposes of conducting random samples of wastewater from the Property.

5. **MONTHLY METER READING.** Company shall read the water meter on the Property monthly to measure the volume of water delivered thereto and record the readings in a permanent manner, and shall also provide a summary of the readings to Customer on a regular basis. Utilizing said information, Company shall comply with all water augmentation plans affecting the Property and shall bill Customer for water treatment and usage according to Company's rate schedule as the same may be amended from time to time.

6. **OUTSIDE USAGE AND EXCESS USAGE PROHIBITED.** Water services obtained from the Company shall be for household uses only and outside usage of water for any purpose is strictly prohibited. Customer also understands that the volume of water available to the Subdivision is limited. Excess usage thereof may be billed to Customer at penalty rates

according to Company's rate schedule as the same may be amended from time to time. In addition, Customer shall be liable to Company for the amount of any charges, penalties or other expenses imposed upon or suffered by Company as a result of outside or excess usage.

7. **PROHIBITED WASTEWATER.** Customer shall not discharge onto the ground or into Customer's individual sewage disposal system any wastewater or other material which may reasonably be anticipated to have a deleterious effect upon the wells located within the Subdivision or any person or property. Without limiting the generality of the foregoing, the foregoing shall be considered prohibited discharge: industrial waste, flammable or explosive substances, or petroleum products. Violation of this prohibition may result in immediate disconnection from the Company's water system.

8. **MONTHLY BILLING.** Company shall monthly bill Customer at Customer's address as set forth above, and Customer shall pay said monthly bills on receipt at Company's address as set forth below. Charges for all services as set forth in this Agreement may be billed together. Monthly billing shall be for and include the following:

- a. New service connection or commencement fees for each service provided hereunder, in accordance with Company's Rate Schedule, as the same may be amended from time to time;
- b. A monthly charge in accordance with Company's Rate Schedule, as the same may be amended from time to time, for each service provided by Company;
- c. A fixed sum representing a surcharge as a special assessment against Customer to aid Company in the recovery of compliance costs, drought related costs, costs related to legal proceedings, maintenance costs and costs of construction of main extensions and related facilities, improvements and replacements and all other capital improvements made by Company within the Subdivision; and
- d. Any repayment of debt or related finance charges¹
- e. Any other charges or fees directly attributable to Customer pursuant to the terms hereto.

If Customer defaults in respect to the payment of any such bill for a period of more than

¹In some cases Customer will be able to pay his *pro rata* share in full rather than participate in a financing arrangement through the Company. If that is an option, and if the Customer pays in full, then Customer shall not be responsible for costs of that particular financing arrangement.

thirty (30) days from the statement date, Company may, at its option, impose late fees and default interest as set by the Board from time to time. If said payment remains unpaid for a period of sixty (60) days from the statement date, Company may, at its option, terminate water service to the Property until all amounts due for water services have been paid in full, along with all charges imposed by Company in connection with the disconnection and reconnection of water services and all other collection costs incurred by Company, including administrative and court costs and reasonable attorney's fees.

9. LIEN RIGHTS. By signing this Agreement, Customer shall be deemed to covenant and agree to pay to the Company all amounts due as set forth above and to agree that all such charges shall be a charge on the land and shall be a continuing lien upon the Property until paid in full. All such liens shall be subject to foreclosure in accordance with applicable law. IT IS SPECIFICALLY AGREED BY THE PARTIES THAT IF CUSTOMER PAYS ALL AMOUNTS AS THEY FALL DUE PURSUANT TO THIS AGREEMENT, INCLUDING ANY ASSESSMENT MADE BY THE COMPANY, THEN NO LIEN SHALL BE AVAILABLE TO THE COMPANY.

10. LIABILITY. Customer shall indemnify and hold Company harmless from and against any claim, liability, damage, loss, surcharge, penalty and expense, including reasonable attorney's fees, arising out of or resulting from Customer's performance of or failure to perform any duty or responsibility specified hereunder or arising out of any misuse by Customer of Company's facilities.

11. SERVICE INTERRUPTION. Nothing herein contained shall be construed to place Company in the position of guarantor of the quantity or quality of water services and Customer hereby irrevocably waives any rights it may have against Company, its directors, officers and employees in connection with the quality, quantity, interruption or termination of services. In case of interruption of services, Customer's remedy shall be strictly limited to a refund of pre-paid fees, if any, attributable to the period during which water services were not provided by the Company.

12. RULES AND REGULATIONS. Company has adopted and reserves the right to amend from time to time rules and regulations not in conflict with the terms of this Agreement, and Customer shall abide by such rules and regulations. Said rules and regulations may include the assessment of fines to deter conduct which jeopardizes the ability of owners of property within the Subdivision to obtain water services or which increases the costs of those services. Any rules and regulations adopted by Company shall be provided in writing and shall remain on file in offices of Company for inspection during regular business hours.

13. TERM OF AGREEMENT. The term of this Agreement shall commence upon execution hereof and shall continue so long as water services remain available to Property from the Company. Customer may cancel this Agreement upon 60 days notice to the Company. Upon cancellation of this Agreement, Customer loses all rights to service from the Company; service will be immediately discontinued; and any future request to reattach to the water system

will be treated as a new application for service. Upon cancellation of this Agreement, Customer shall pay all amounts owed by Customer as determined by the Company, and shall remain liable for a pro rata share of any debt which the Company has incurred and which Customer has not paid.

14. **RECORDING AND BINDING EFFECT.** This Agreement shall be filed of record in the office of the Jefferson County Clerk and Recorder, shall constitute a covenant running with the Property and shall be binding upon all future owners and lessees of the Property during the term hereof. During the term hereof, deeds to subsequent owners shall provide notice of this Agreement and the obligations contained herein.

15. **NO WAIVER.** Failure of a party hereto to exercise any right hereunder shall not be deemed a waiver of any such right and shall not affect the right of such party to exercise at some future time said right or any other right it may have hereunder.

16. **SEVERABILITY.** If any provision of this Agreement shall be or become invalid or unenforceable, the remainder of the provisions shall not be affected thereby, and each and every provision shall be enforceable to the fullest extent permitted by law.

17. **AMENDMENT AND ASSIGNMENT.** Neither this Agreement, nor the obligations of any party hereto, nor the right to receive water service hereunder, may be amended without the written consent of the parties hereto. Notwithstanding the foregoing, however, upon sale of the Property, this Agreement shall be deemed assigned to the purchaser who shall be substituted for Customer for all purposes hereunder.

18. **ENTIRE AGREEMENT.** Except as otherwise provided herein and the requirements set forth in the Declaration, this Agreement supersedes and controls all prior written and oral agreements and representations of the parties and is the total integrated agreement among the parties governing the matters provided for herein.

20. **GOVERNING LAW; VENUE; ATTORNEYS' FEES.** This Agreement and the rights and obligations of the parties hereunder shall be governed by and construed in accordance with the laws of the State of Colorado. Venue for all actions arising under this Agreement shall be Jefferson County, Colorado. In the event legal remedies must be pursued to resolve any dispute or conflict regarding the terms of this Agreement or the rights and obligations of the parties hereto, the prevailing party shall be entitled to recover costs incurred in pursuing such remedies, including expert witness fees and reasonable attorney fees.

21. **AUTHORIZATION OF SIGNATURES.** The parties acknowledge and represent to each other that all procedures necessary to validly contract and execute this Agreement have been performed and that the persons signing for each party have been duly authorized to do so.

Customer

Customer

STATE OF COLORADO)
) ss.
COUNTY OF JEFFERSON)

The foregoing instrument was acknowledged before me this ____ day of _____, 2005, by _____ and _____.

WITNESS my hand and official seal.

[seal]

Notary Public
My commission expires: _____

COMPANY:
PARK WATER COMPANY

By: _____
Title: _____