

Rate Schedule

Elk Ridge Estates Water Company

Notes: This initial rate structure for Elk Ridge Estates Water Company is proposed by the Developer for approval of the Public Service Commission. The rates are subject to change with approval of the Public Service Commission and to change by the owners of the subdivision after they take control of the water company, subject to any controls of the Public Service Commission.

This Water Company provides seasonal service only, unless the member provides additional water rights to the company, as outlined in the Bylaws, to receive constant service.

Certificate Fees: Members of Elk Ridge Estates Water Company become such by purchase of a lot in Elk Ridge Estates Subdivision. There is no separate fee payable for water certificates apart from purchase of a lot. The developer makes no separate charge for water certificates. There are 84 lots within Elk Ridge Estates Subdivision. The developer will recover his investment in the water company from lot sales and will not have any amounts receivable from the Water Company. The Water Company will not have any liabilities representing costs of installation, construction or design of the water system, as all those costs will have been paid by the developer as the system is installed, prior to the sale of lots.

Annual Assessment (Standby Fee): Every certificate holder is assessed \$50 per year on the water stock. This amount is to be paid by every certificate holder whether or not water service is in use. No connection is available to any unconnected user who has a certificate with unpaid assessments. No water service is available to any member who has a certificate with unpaid assessments.

Connection Fee: There is no fee for initial connection of an individual lot to the water system.

Meter Fee: If a meter is required pursuant to the Bylaws, the actual cost of the meter and installation cost for a contractor to do the work will be charged.

Service Fee: The annual assessment includes any fee for water service. No additional amount is charged to a member who is actually using water, beyond the annual assessment.

Water users will be subject to the Bylaws of Elk Ridge Estates Water Company, Inc.

Issued: June 9, 1993

Effective: June 10, 1993

Docket No. 92-2192-01

**BYLAWS
OF
ELK RIDGE ESTATES WATER COMPANY**

ARTICLE I

OFFICES

The principal office of the corporation shall be located at _____, _____, County of Washington, State of Utah. The corporation may have such other offices, either within or without the State of Utah, as the Board of Trustees may determine from time to time.

ARTICLE II

MEMBERS

Section 1. Membership. Every person or entity who is a record owner of a fee or undivided fee interest in any lot located in the Elk Ridge Estates Subdivision shall be a member of the Water Company (the "Association"). Ownership of a lot in the subdivision shall be the sole qualification for membership. The term "owner" does not include persons who hold an interest merely as security for the performance of an obligation unless and until title is acquired by foreclosure or similar proceedings. No owner, whether one or more persons or entities, shall have more than one membership per lot owned, except the Declarant of the subdivision shall have three (3) votes for each share associated with a lot which has not been sold and on which there is no dwelling constructed. Membership is appurtenant to and may not be separated from lot ownership. Membership in the Association automatically transfers upon transfer of title by the record owner to another person or entity.

Section 2. Qualification for Membership. No person, persons, entity or entities shall exercise the rights of membership until satisfactory proof has been furnished to the secretary of the Association of qualification as a member, or nominee of a member. Such proof may consist of a copy of a duly executed and acknowledged warranty

deed or title insurance policy showing such person, persons, entity or entities, or the person nominating him qualified in accordance therewith, in which event the deed or title insurance policy shall be deemed conclusive in the absence of a conflicting claim based upon a later deed or title insurance policy.

Section 3. Suspension of Membership. The rights of membership are subject to the payment of annual and special assessments levied by the Association. The obligation for payment of assessments becomes a lien upon the stock as provided herein. If a member fails to make payment of any annual or special assessment levied by the Association within thirty (30) days after the same shall become due and payable, the voting rights of such member may be suspended by the Board of Trustees and such member's right to use water may be suspended by the Board of Trustees until such assessment has been paid. Such rights of a member also may be suspended after notice and hearing, for violation of these Bylaws, the Rules of Operation established by the Board of Trustees governing the use of the services, facilities or equipment of the Association and for violation of the User Agreement.

ARTICLE III

MEETINGS OF MEMBERS

Section 1. Annual Meetings. The first annual meeting of the members for the election of Trustees, the presentation of the annual financial report of the Association and for the transaction of such other business as the Board of Trustees may determine, shall be held at such time and place as may be designated by the Board of Trustees within one year from the date of incorporation of the Association and each subsequent annual meeting of the members shall be held on the first _____ in _____, at the hour of ____:____ __.m., unless the Trustees, by resolution, direct otherwise.

Section 2. Special Meetings. Special meetings of the members may be called at any time by the President or by the Board of Trustees, or upon written request of the members who are entitled to vote one-fourth (1/4) of all of the votes.

Section 3. Notice of Meetings. Written notice of each meeting of the members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least thirty (30) days before such meeting to each member entitled to vote thereat, addressed to the member's address last appearing on the books of the Association. Such notice shall specify the place, date and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

Section 4. Waiver of Notice. The notice provided for hereinabove is not indispensable and any meeting of the members shall be deemed validly called for all purposes if all members are represented thereat in person or by proxy, or if a quorum is present and waivers of notice of time, place and purpose of such meeting shall be duly executed in writing either before or after said meeting by those members not so represented or not given such notice. The attendance of any member at a meeting in person or by proxy, without protesting prior to the conclusion of the meeting the lack of notice of such meeting, shall constitute a waiver of notice by him.

Section 5. Quorum. The presence at the meeting of members entitled to cast, or of proxies entitled to cast, twenty percent (20%) of the votes of the membership shall constitute a quorum for any action. If, however, such quorum shall not be present or represented at any meeting, the members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or be represented.

Section 6. Proxies. At all meetings of members, each member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary prior to

the meeting for which the proxy is valid. Every proxy shall be revocable and shall automatically cease upon conveyance by the member of his lot.

Section 7. Voting. If a quorum is present, the affirmative majority vote of the membership represented at the meeting shall be the act of all the members, unless the act of a greater number is expressly required by law, by the Articles of Incorporation, or these Bylaws. Upon direction of the presiding officer or upon demand of a member, the vote upon any business before a meeting shall be by ballot, but otherwise any such vote need not be by ballot.

Section 8. Procedure. The order of business and all other matters of procedure at every meeting of members shall be determined by the presiding officer.

Section 9. Action Without a Meeting. Whenever members are required or permitted to take any action by vote, such action may be taken without a meeting on written consent, setting forth the action so taken, signed by all members entitled to vote thereon.

Section 10. Voting by Mail. Whenever members are required or permitted to take any action by vote, such action may be handled by mail voting in the following manner, which may be, at the determination of the Board, the sole method of voting or used in conjunction with in-person voting. Ballots setting forth matters to be voted upon shall be sent to each member by the corporate secretary not more than sixty (60) days and not fewer than thirty (30) days before the date set for the vote. Ballots shall instruct members to seal their ballot in a ballot envelope and then place the sealed envelope into a larger envelope along with a signed paper, provided by the secretary, identifying the member whose vote is contained in the inner envelope. Ballots may be delivered to the secretary in person or by mail. Upon receiving the ballots, the corporate secretary shall open the outer envelope, remove the identification paper and record which members have voted. The identification paper and outer envelope shall

then be separated from the ballot envelope. The ballot envelope shall be retained by the secretary until opened on the date of the vote.

ARTICLE IV

BOARD OF TRUSTEES

Section 1. General Powers. The affairs of the corporation shall be managed by its board of trustees. Trustees need not be residents of the State of Utah.

Section 2. Number, Tenure, and Qualifications. The number of trustees shall be three (3). Trustees shall be elected at the annual meeting for terms of two (2) years and until the election and qualification of his successor, with an odd number of Trustees elected in odd-numbered years and an even number of Trustees elected in even-numbered years.

Section 3. Removal. Any Trustee may be removed from the Board with or without cause, by a majority vote of the members of the Association and any Trustee who shall be absent from three (3) consecutive Board meetings shall be automatically removed from the Board unless determined otherwise by the Board. In the event of death, resignation or removal of a Trustee, a temporary successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor.

Section 4. Compensation. No Trustee shall receive compensation for any service he may render as Trustee to the Association.

Section 5. Vacancies. Any vacancy occurring in the Board of Trustees and any trusteeship to be filled by reason of an increase in the number of trustees, shall be filled by the Board of Trustees. A trustee appointed to fill a vacancy shall serve for the unexpired term of his predecessor in office.

ARTICLE V

NOMINATION AND ELECTION OF TRUSTEES

Section 1. Nomination. Nomination for election to the Board of Trustees shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Trustees, and two (2) or more members of the Association. The Nominating Committee shall be appointed by the Board of Trustees at least sixty (60) days prior to each annual meeting of the members, to serve through such annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Trustees as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among members or non-members.

Section 2. Election. Election to the Board of Trustees shall be conducted by secret written ballot.

ARTICLE VI

MEETINGS OF TRUSTEES

Section 1. Regular Meetings. The first meeting of the Board of Trustees will follow the annual meeting of the members. Thereafter, regular meetings of the Board of Trustees shall be held at such date, time and place as may be determined from time to time by resolution of the Board of Trustees, without other notice than such resolution. Additional regular meetings shall be held at the principal office of the corporation in the absence of any designation in the resolution.

Section 2. Special Meetings. Special meetings of the Board of Trustees shall be held when called by the President of the Association or by any two (2) Trustees, after not less than seven (7) days' notice to each Trustee.

Section 3. Quorum. A majority of the number of Trustees shall constitute a quorum for the transaction of business.

Section 4. Action Without a Meeting. Whenever the Trustees are required or permitted to take any action by vote, such action may be taken without a meeting on written consent, setting forth the action so taken, signed by all Trustees. Such documents may be executed in counterpart.

Section 5. Board Decisions. The act of a majority of the trustees present at a meeting at which a quorum is present shall be the act of the Board of Trustees, unless the act of a greater number is required by law or by these bylaws.

ARTICLE VII

POWERS AND DUTIES OF THE BOARD OF TRUSTEES

Section 1. Powers. The Board of Trustees shall have power to:

(a) adopt and publish rules and regulations governing the use of water and the roads, the equipment and facilities of the Association and to establish penalties for the infraction thereof;

(b) suspend the voting rights, rights to use of water, and any other rights of a member during any period in which such member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended for a period of not to exceed sixty (60) days, after notice and hearing, for infraction of any published rules and regulations;

(c) enter into contracts, employ a watermaster, manager, an independent contractor or such other employees as they deem necessary, and to prescribe their duties;

(d) exercise all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these Bylaws, by law, or by the Articles of Incorporation.

Section 2. Duties. It shall be the duty of the Board of Trustees to:

- (a) cause the property, equipment and facilities of the Association to be maintained;
- (b) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the members, or at any special meeting when such statement is requested in writing by one-half (1/2) of the members who are entitled to vote;
- (c) supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;
- (d) fix the amount of the annual assessment against each lot at least thirty (30) days in advance of each annual assessment period;
- (e) send written notice of each assessment to every owner subject thereto at least thirty (30) days in advance of each annual assessment period;
- (f) Bring an action at law for unpaid assessments against the owner personally obligated to pay the same, or foreclose the lien against the stock, or take other action to collect unpaid assessments.
- (g) furnish a certificate upon demand, and for a reasonable charge, signed by an officer of the Association setting forth whether the assessment on a specified lot has been paid;
- (h) procure and maintain adequate liability and hazard insurance on property owned by the Association;
- (i) cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate.

ARTICLE VIII

OFFICERS

Section 1. Officers. The officers of the corporation shall be a president, one or more vice-presidents (the number thereof to be determined by the Board of Trustees), a secretary, a treasurer, and such other officers as may be elected in accordance with the provisions of this article. The Board of Trustees may elect or appoint such other officers, including one or more assistant secretaries and one or more assistant treasurers, as it shall deem desirable, such officers to have the authority and perform the duties prescribed, from time to time, by the Board of Trustees. Any two or more offices may be held by the same person, except the offices of president and secretary.

Section 2. Election and Term of Office. The officers of the corporation shall be elected annually by the Board of Trustees at the regular annual meeting of the Board of Trustees. If the election of officers is not held at such meeting, such election shall be held as soon thereafter as is convenient. New offices may be created and filled at any meeting of the Board of Trustees. Each officer shall hold office until his successor has been duly elected and qualified.

Section 3. Removal. Any officer elected or appointed by the Board of Trustees may be removed by the Board of Trustees whenever in its judgment the best interests of the corporation would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the officer so removed.

Section 4. Resignation. Any officer may resign at any time by submitting a written resignation to the Board of Trustees.

Section 5. Vacancies. A vacancy in any office, because of death, resignation, removal, disqualification, or otherwise, may be filled by the Board of Trustees for the unexpired portion of the term.

Section 6. Powers and Duties. The several officers shall have such powers and shall perform such duties as may from time to time be specified in resolutions or other directives of the Board of Trustees. In the absence of such specifications, each officer shall have the powers and authority and shall perform and discharge the duties

of officers of the same title serving in non-profit corporations having the same or similar general purposes and objectives as this corporation.

Section 7. Compensation. No salary or other compensation for services shall be paid to any officer of the Association for services rendered by such officer.

ARTICLE IX

CONTRACTS, CHECKS, DEPOSITS AND GIFTS

Section 1. Contracts. The Board of Trustees may authorize any officer or officers or agent or agents of the corporation, in addition to the officers so authorized by these bylaws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the corporation, and such authority may be general or may be confined to specific instances.

Section 2. Checks, Drafts, or Orders. All checks, drafts, or orders for the payment of money, notes, or other evidences of indebtedness issued in the name of the corporation, shall be signed and countersigned by persons specified by resolution of the Board of Trustees. In the absence of such determination by the board, such instruments shall be signed by the treasurer or an assistant treasurer and countersigned by the president or a vice president of the corporation.

Section 3. Deposits. All funds of the corporation shall be deposited from time to time to the credit of the corporation in such banks, trust companies or other depositories as the Board of Trustees may select.

Section 4. Annual Report. The Board of Trustees shall present at the annual meeting of the members the report of the treasurer, giving the annual budget and a statement of income and expenses, and a report of other affairs of the Association during the preceding year. The Board of Trustees shall provide all members, at the expense of the Association copies of said annual budget and statement of income and expenses.

ARTICLE X

BOOKS AND RECORDS

The corporation shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of its board of trustees having and exercising any of the authority of the Board of Trustees, and shall keep at the principal office a record giving the names and addresses of the members entitled to vote. All books and records of the corporation may be inspected at the principal office of the Association by any member, for any proper purpose at any reasonable time.

ARTICLE XI

FISCAL YEAR

The fiscal year of the corporation shall be the calendar year.

ARTICLE XII

WATERMASTER

If deemed necessary by the Board, it shall appoint a Watermaster. His duties shall be to repair the water system, or cause the same to be done when so authorized and directed by the Board and to maintain the system and attend to such other duties as shall be assigned to him by the Board. Subject to the approval of the President or the Board, he may employ any necessary assistants and labor, and discharge any person so employed. The Watermaster shall act as such only so long as the Board may designate and may be removed by the Board at any time, with or without cause. The Watermaster shall, as may be required by the Board at any time, or by the President, file a report in writing or make a report orally, whichever is requested, of the activities of the Watermaster and the condition of the water system, or such other

matters concerning the system as may be requested, and shall perform such other duties as the President or the Board may require.

ARTICLE XIII

INDEMNIFICATION OF TRUSTEES AND OFFICERS

Each Trustee and officer of the Association now or hereafter serving as such shall be indemnified by the Association against any and all claims and liabilities to which he has or shall become subject while or after serving by reason of serving as Trustee or officer, or by reason of any action alleged to have been taken, omitted, or neglected by him as such Trustee or officer; and the Association shall reimburse each such person for all legal expenses reasonably incurred by him in connection with any such claim or liability to the full extent allowed in the Utah Non-Profit Corporation and Co-operative Association Act.

The right of indemnification hereinabove provided for shall not be exclusive of any rights to which any Trustee or officer of the Association may otherwise be entitled by law.

ARTICLE XIV

WATER REGULATIONS

Section 1. Use of Water. All water furnished shall be used in reasonable quantities, not to exceed 400 gallons per day, and water shall not be permitted to be wasted. Water use shall be seasonal. No outside irrigation shall be permitted. However, any member of the Association may be entitled to receive water as an annual rather than a seasonal basis by conveying to the Association two tenths (.2) acre feet of water as may be acceptable to the Trustees.

Section 2 Inspections. The Association, or its authorized representative, will have the right upon reasonable notice, or in the event of an emergency without notice,

to inspect the water system within any lot or dwelling or other structure, to determine the condition of the same to prevent waste of water through leaking pipes, faucets or taps.

Section 3. Equal Rights. Excepting as otherwise provided in the Articles of Incorporation or these Bylaws, all members shall have equal rights to the use of water.

Section 4. Control of Water System and Distribution. The Board, through its duly authorized agents and employees, shall have exclusive control over the water system.

Section 5. Meters. If the board, in its discretion, shall determine to have one or more parcels of land metered, the land owner or owners may be required, after reasonable notice, to install a meter of a make or kind approved by the Board at the expense of the land owner or owners.

Section 6. Watermaster to Read Meters. The Watermaster shall have the right, at reasonable times and intervals, to go upon the lots and/or into any buildings where water meters are installed for the purpose of checking and reading the same.

Section 7. Water Rates. Water rates may be established, amended and repealed from time to time by resolution of the Board.

ARTICLE XV

ASSESSMENTS

Section 1. Annual and Special Assessments. Each member is obligated to pay to the Association an annual assessment, and all members are obligated to pay special assessments. Assessments are secured by a continuing lien upon the stock. No owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the facilities of the Association or abandonment of his lot.

Section 2. Creation of the Lien and Personal Obligation of Assessments. Every member and each subsequent owner of any land by acceptance of a share of stock

therefor, covenants and agrees to pay to the Association (1) annual assessments or charges, (2) special assessments for capital improvements, such assessments to be fixed, established, and collected from time to time as hereinafter provided, and (3) interest, costs of collection and a reasonable attorney's fee, as hereinafter provided. All such amounts shall be a charge on the stock. Such assessments and other amounts shall be the personal obligation of the person who was the owner of such property at the time when the assessment fell due. Successors-in-title shall not be personally liable for assessments delinquent at the time they took title unless that obligation is expressly assumed by them.

Section 3. Purpose of Assessments. The assessments levied by the Association shall be used exclusively for the purposes set forth in the Articles of Incorporation and in particular for the improvement and maintenance of the property and services of the Association, including the establishment of a cash reserve for repair, maintenance, taxes and other charges.

Section 4. Annual Assessments. After consideration of the financial needs of the Association, the Board shall fix the annual assessment. The annual assessment shall commence as to a lot on the first day of the month following when the member obtains a connection to the water system. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. At least thirty (30) days prior to the commencement of each new annual assessment period, the Trustees shall send or cause to be sent a written notice of the annual assessment to each owner subject thereto. Receipt of notice shall not be a pre-requisite to validity of the assessment.

Section 5. Special Assessments for Capital Improvements. In addition to the annual assessments, the Association may levy in any assessment year against all members, a special assessment, applicable to that year only. Special assessments may only be levied to defray, in whole or in part, the cost of any construction.

reconstruction, repair or replacement of a capital improvement of the Association. Special assessments must have the assent of one-half (1/2) of the votes of the members authorized to vote who are voting in person or by proxy, at a meeting duly called for this purpose, written notice of which shall be sent to all members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting setting for the purpose of the meeting.

Section 6. Rate of Assessment. Annual and special assessments must be fixed at a uniform and reasonable rate per lot or connection for each classification of members to whom the assessment applies. The Trustees may determine the classification and rates for each classification. The declarant of the subdivision shall be exempt from assessments unless if dwelling is on a lot in which case the share associated with that lot shall be assessed.

Section 7. Time and Record of Assessments

The assessment due dates shall be established by the Trustees. The Trustees may provide for the payment of annual and special assessments in equal installments throughout the assessment year.

The Trustees shall prepare a roster of the members and the assessments applicable to them at the same time that it shall fix the amount of the annual assessment, which roster shall be kept by the Treasurer of the Association, who shall record payments of assessments and shall allow inspection of the roster by any member at reasonable times.

Section 8. Effect of Non-Payment of Assessment - Remedies of the Association.

Any assessment or installment thereof not paid within thirty (30) days after the due date therefor shall be delinquent and shall bear interest from the due date at fifteen percent (15%) until paid. In addition, the Trustees may assess a late fee for each delinquent installment which shall not exceed twenty per cent (20%) of the installment.

The Trustees may, in the name of the Association, (a) bring an action at law against the owner personally obligated to pay any such delinquent assessment without waiving the lien of assessment, or (b) may foreclose the lien against the stock in accordance with the laws of the State of Utah, or in any manner permitted by law, and/or (c) may restrict, limit, or totally terminate any or all services performed by the Association in behalf of the delinquent member.

There shall be added to the amount of any delinquent assessment the costs and expenses of any action, sale or foreclosure, and a reasonable attorney's fee.

ARTICLE XVI

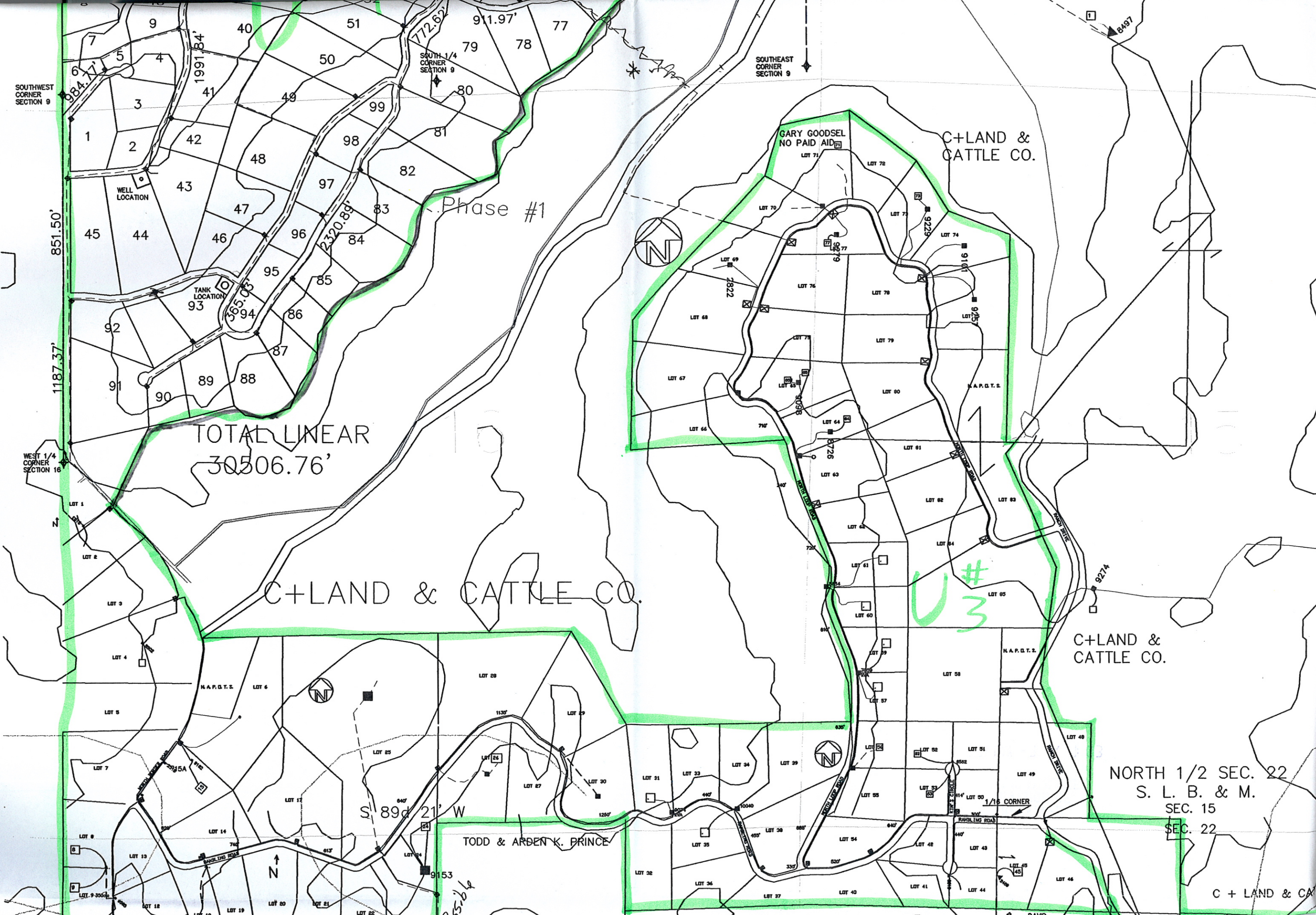
RULES AND REGULATIONS

The members shall at all times obey such rules and regulations passed by the Board of Trustees, and shall use their best efforts to see that they are faithfully observed by their lessees, invitees and the persons over whom they have or may exercise control or supervision, it being clearly understood that the rules and regulations apply and are binding upon all the owners.

ARTICLE XVII

AMENDMENT OF BYLAWS

These bylaws may be altered, amended, repealed, and new bylaws may be adopted by a majority of the trustees present at any regular meeting or at any special meeting, if at least two (2) days' written notice is given of intention to alter, amend, or repeal or to adopt new bylaws at such meeting. Notwithstanding the foregoing, amendment of Article XIV, Section 1, shall require the alternative vote of 2/3 of the members present in person or by proxy at a meeting duly called.



SOUTHWEST CORNER SECTION 9

SOUTHEAST CORNER SECTION 9

SOUTH 1/4 CORNER SECTION 9

WEST 1/4 CORNER SECTION 16

851.50'

1187.37'

TOTAL LINEAR 30506.76'

Phase #1

C+LAND & CATTLE CO.

GARY GOODEL NO PAID AID

C+LAND & CATTLE CO.

C+LAND & CATTLE CO.

TODD & ARDEN K. PRINCE

NORTH 1/2 SEC. 22
S. L. B. & M.
SEC. 15
SEC. 22

C + LAND & CA

U#3

Possible

DAVID McNALLY

