

DECLARATION OF SHARED WELL AND MAINTENANCE AGREEMENT
CASAS MONTANES WELLS NOS. RG-80734 POD 1 and POD 2

This Declaration of Shared Well and Maintenance Agreement (this "Agreement") is made as of this 15th day of January, 2015 by LPP Mortgage Ltd., a Texas limited partnership ("LPP").

RECITALS

WHEREAS, LPP is the owner of a fee simple estate in certain residential lots located in Sandoval County, New Mexico, more particularly described as Lots numbered Lots 5, 6, 7, 11 and 12 (collectively, the "Lots"), Plat of Casas Montanes Subdivision, as the same is shown and designated on the plat thereof, filed in the office of the County Clerk of Sandoval County, New Mexico, on December 10, 2007, in Volume 3, Folio 2871-A (the "Plat");

WHEREAS, LPP's predecessor has completed, or LPP will soon complete, the installation of a water well on Lot 7 and a water well on Lot 11 (as shown on the Plat), and water lines from the wells to the lot lines of each of the Lots, and wishes to allow the owners of all of the Lots to share the wells for domestic water use;

WHEREAS, upon information and belief, a total of 3.0 acre feet per annum of water can be pumped from the wells on Lot 7 and Lot 11 (the "Wells") and used for the benefit of the Lots;

WHEREAS, LPP also wishes to establish the rights and duties of the current and future owners of the Lots with respect to the maintenance and use of the Wells, and to establish an association of the Lot owners for the purposes of maintaining the Wells and water lines, and to provide for an association of the Lot owners to own the Wells, the related water system and the permit allowing water use from the Wells. .

NOW THEREFORE, by these presents LPP declares:

1. The Wells, the Permits for Water Use and the Water System.

A. The Wells, as well as their casings and pumps, their pump houses, a 1,800 gallon pressure storage tank, the electric meters for the pumps, booster pumps and the water lines from the Wells to the street and the water line under the street to the lot line of each Lot sharing the Wells have been installed by LPP's predecessor, or have been installed by LPP, and shall furnish water for one single family dwelling on each of the Lots. LPP, or LPP's predecessor, has already installed distribution lines along the street to bring the water to each Lot line.

B. Water use from the Wells is subject to all of the conditions set forth in the Office of the New Mexico State Engineer ("OSE") Permits No. RG-80734 POD 1 and RG-80734 POD 2. The total amount of water that can be pumped and used from the Wells is 3.0 acre feet per annum ("Water Rights"). The Water Rights are for exclusive use from the Wells. The

Wells are designated as Well No. RG-80734 POD 1 and Well No. RG-80734 POD 2 in OSE records.

C. The Wells and the Water Rights shall be exclusively utilized to provide water for domestic purposes for each one of the Lots and no more than five (5) single-family dwellings, and no more than a total of twenty-four (24) people, shall be entitled to receive water for domestic purposes from the Wells. Consequently, under no circumstances may the Lot owners ever allow more than five (5) single-family dwellings to share the Wells, nor may any other lot, including any future subdivision of a current Lot, be entitled to receive water from the Wells.

D. The Wells and all related equipment, storage tanks, distribution lines, meters, shutoff valves, materials, supplies and related personal property up to the water meter on each Lot is the "Water System."

2. Creation of Association. An unincorporated association of Lot owners is hereby created to manage the Wells and water supply (the "Association"). The Association shall be governed by the following provisions:

A. Name. The name of the Association shall be Casas Montanes Well Share Association #7.

B. Membership/ One Vote Per Lot. The owner(s) of the Lots shall be members of the Association. The owner(s)/member(s) shall be entitled to one vote for each Lot owned.

C. Purpose. The purpose of the Association is to own the Water System and the Water Rights, and to manage and maintain the Water System for the purpose of providing water to the Lots for domestic uses.

D. Duration. The Association shall continue as long as its facilities are used to supply water to its members unless it is terminated with the consent of all members or as otherwise provided by law.

E. Transfer of Ownership. Sale or transfer of the legal title in any Lot shall terminate the membership of the seller and shall cause the new titled owner of the Lot to be a member, who shall thereupon be bound by this Agreement. The rights and obligations provided in this Agreement shall run with the land. Transfer of a membership interest in the Association shall not affect or change any existing or accrued obligations of the prior Lot owner, however, any outstanding obligations of the prior Lot owner shall run with the Lot. The Association, in its sole discretion, may choose to withhold water service from the new Lot owner until all fees, charges and assessments incurred for serving the Lot transferred are brought current.

3. Initial Installation of Water Lines to Houses. Each Lot owner shall be responsible for installing the water line from his Lot line to his single-family dwelling unit ("in-tract infrastructure"), and for installing a totalizing meter and shutoff valve. The shutoff valve and

totalizing meter shall be placed to the extent practicable on the owner's Lot, but near the street. The Association, or its agent or designee, shall have access to all of the Lot owners' totalizing meters for the purpose of acquiring meter readings to make necessary reports to the OSE and to determine the respective Lot owners' water usage. Each Lot owner shall be responsible for maintaining the in-tract infrastructure within the Lot, and his shutoff valve and totalizing meter, in good condition and repair, at his sole cost and expense.

A. Annual Meeting. The Association Manager shall call an Annual Meeting of the members, to be held in January or February. At this meeting a report will be given regarding the financial matters of the Association. A report on the status of all equipment also will be made. A discussion of operations and maintenance will be conducted. A decision will be made regarding the water rates and assessments to be charged to each member during the upcoming year. The Association Manager will be elected for the coming year. Notice will be mailed or delivered to all members at least thirty days prior to the holding of the Annual Meeting. The meeting will be held in Placitas, New Mexico or such other place as may be approved by the members.

B. Special Meetings. Special Meetings of the membership of the Association may be held at any time upon the call of the Association Manager or any member of the Association. Notice and purpose of such Special Meeting shall be given at least three days prior to such meeting.

C. Association Manager. The Association Manager will be a member of the Association, and will be elected at the Annual Meeting or any Special meeting called for the purpose of electing the Association Manager. The Association Manager will be elected by a majority vote of the members attending a meeting where the Association Manager is to be elected, and each member will be entitled to one vote for each Lot that he owns. At a Special Meeting of the Association, the Association Manager may be removed by a vote of the majority of the members. The Association Manager may resign at any time. Initially, the Association Manager shall be Kyle McKelvey.

D. Duties of the Association Manager. The Association Manager shall carry on the normal business of the Association. The Association Manager shall be authorized to enter into contracts on behalf of the Association for the purpose of maintaining or replacing parts of the Water System and keeping the Water System operational. He shall prepare, or cause to be prepared, all billings and State reports, shall maintain the books and records and make (or cause to be made) necessary meter readings. The Association Manager shall, to the extent required by law, and/or by the Casas Montanes Subdivision Comprehensive Declaration of Covenants, Conditions and Restrictions (the "CCRs"), submit the meter readings to the State Engineer's Office for the State of New Mexico and/or to the Casas Montanes Homeowners Association (the "HOA"). The Association Manager shall perform all the other duties necessary to conduct the business of the Association. The Association may require that the Association Manager be bonded for a sum deemed prudent. The Association Manager may also be compensated in a manner approved by the membership.

4. Easements. Each member hereby grants the Association an easement upon and over his or her property for power and water lines, pump stations, storage tanks and the general distribution system necessary to serve the Association members. In locating the well(s), storage tank(s), pump house and distribution lines, the Association will try to locate such facilities so that they will not interfere with any member's use of his or her Lot. Care shall be taken so that the needs of the Association and the property owner/member can be accommodated to the greatest extent possible. Each member agrees that he or she will not place a septic tank nearer than fifty feet, or a drain field nearer than one hundred feet, from the Wells or any other well operated by the Association.

5. Bank Accounts. The Association shall maintain such bank accounts as are necessary for the proper conduct of its business. All funds of the Association shall be deposited in a bank selected by the Association Manager or approved by the membership.

6. Operating Costs. Operating costs are those usual costs incurred for routine maintenance, electricity and other utility costs, insurance, supplies, water testing, purification, accounting, administrative and other miscellaneous expenses.

7. Major Maintenance. Major maintenance costs are those expenses and costs associated with the replacement of or major repair of any equipment or property of the Association. They also include alterations or improvements that might be made to the Water System. If it becomes necessary to incur such an expense and if such maintenance or repair is not urgent, the Association Manager will send a letter to all members advising them of the necessity and expense to be incurred, and giving them five business days to respond. If no response is received within such time, the Association Manager will take the action he or she recommends in the letter. If such maintenance or repairs are urgent, the Association Manager shall incur such costs and then notify the members that he or she has incurred such expenses.

8. Limitation on Water Pumped. WATER USE PER LOT PER YEAR IS STRICTLY LIMITED. It is understood and agreed that the Wells are permitted to divert a total of 3.0 acre-feet of water per year pursuant to OSE Permit No. RG-80734 POD 1 and RG-80734 POD 2 ("Permits"). The Permits require the submission of metering reports to the OSE for the purpose of ensuring total water use does not exceed 3.0 acre feet per year. Each Lot is entitled to receive .6 acre-feet per year of water for domestic purposes from the Wells (or 195,510 gallons). The Association shall take appropriate measures to ensure that each of its members do not use water in excess of .6 acre feet per Lot including, but not limited to, the adoption of rate schedules that include appropriate fines or penalties for excess water usage. Lot owners should keep in mind that this is a desert environment. Swimming pools should be initially filled from sources other than the Water System, i.e. water hauling. The Lot owners shall be bound by any water usage and landscape conservation plans set forth in the restrictive covenants which apply to CCRs and which have been adopted by the HOA, from time to time, including any penalties for violation thereof. Each Lot owner shall provide evidence of his water usage and compliance with the CCRs upon reasonable request by the HOA.

9. Land Use Limitations. The only land use permissible is residential use. Agricultural uses are not permitted. Commercial use is not permitted except home occupations

of the Lot owner if conducted in the home or studio and in compliance with rules and regulations of any state or local government having jurisdiction over the Lots.

10. Monitoring Water Use. The Association shall monitor each Lot owner for compliance with the restrictions on water consumption set forth in paragraph 8. The Association shall assess a penalty for Lot owners who exceed .6 acre feet per year per Lot. The penalty shall be based on a sliding scale, becoming more severe the more water is used. Funds collected as penalties shall be used as the Lot owners may direct.

11. Meter Readings. The master water meter connected to the main water distribution line from the Wells shall be read, and readings shall be submitted to the OSE, in accordance with the requirements of the Permit.

12. Fees. Initially, Lot owners not yet using water from the Water System, excluding LPP, shall pay the Association a \$30.00 ("Stand-by Fee") quarterly. Each Lot owner using water from the Water System shall pay the Association a fee (User Fee) quarterly based on the following rates:

UP TO 6,000 GALLONS	\$60.00/Quarter user fee
6,001-18,000 GALLONS	\$90.00/Quarter user fee
18,001-30,000 GALLONS	\$120.00/Quarter user fee
30,001-42,000 GALLONS	\$150.00/Quarter user fee
42,001-54,000 GALLONS	\$210.00/Quarter user fee
Over 54,000 GALLONS	\$300.00/Quarter user fee

The fees for water usage may be adjusted by the Association's membership by majority vote of the members.

13. Reserve Fund. Initially, the fees for water usage shall cover operating costs and shall be sufficient to create a reserve fund of \$20,000.00. The fees shall be applied first to normal operating and maintenance costs and the balance shall accrue to the reserve fund. When the reserve fund reaches \$20,000.00, the user fees may be adjusted to meet only those expenses of operating the Water System. All fees shall be billed on a quarterly basis and shall be due within 30 days of the date of billing. The Association shall maintain a reserve fund of not less than \$20,000.00, or as otherwise determined by a majority vote of the membership.

14. Emergency Assessments. In addition to the fees authorized above, the Association may levy emergency assessments to pay major maintenance or replacement costs that shall apply equally to all Lot owners, provided that any such assessment shall have the affirmative vote of a majority of the members of the Association.

15. Delinquencies; Liens. If any fee or assessment is not paid within 30 days of billing, it shall be delinquent. All delinquent bills shall accrue interest from the delinquency date at a rate of 18% per annum. If the amount due is not paid within 30 days thereafter, the Association shall have the option to turn off the water supply of the delinquent member. Under such circumstances any reinstatement of service shall include a minimum service fee of \$100.00.

All fees or charges to any member shall, if not paid, become a lien upon the Lot of the delinquent owner. Said lien shall be subject to foreclosure in the same manner as mortgages, and the redemption period in the event of foreclosure shall be one (1) month in lieu of nine (9) months. Said lien shall be subordinate to the lien of any bona fide first mortgage/deed of trust of a commercial lender.

16. Personal Obligation. All fees and assessments, together with interest, costs, and reasonable attorney's fees, shall be the personal obligation of the then current Lot owner(s) and shall be a continuing lien upon the Lot against which said amount is levied. The personal obligation for delinquent assessments shall not pass to successors in title, unless expressly assumed by them, but will remain a lien against the Lot until paid in full.

17. Accounting. The Association Manager shall prepare or cause to be prepared an annual report and financial statement of the Association which shall be mailed or delivered to each member.

18. Amendments. This Agreement may be amended by recording a notarized document signed by all of the Lot owners.

19. Withdrawal. Any Lot owner may voluntarily withdraw from the force and effect of this Agreement by relinquishing all right, title, and interest to the Water Rights, the Water System, water allocation and property of the Association. A document executed by the withdrawing Lot owner(s) and the Association will be recorded in the real estate records of Sandoval County, New Mexico, reflecting the withdrawal.

20. Ingress & Egress. The Association shall have the right of ingress and egress upon any Lot to repair and maintain the Wells and the Water System, and upon all the Lots for all other purposes contemplated by this Agreement. The Association shall exercise reasonable care in exercising its access rights and shall return the Lot to as near the same condition as practicable after any such access.

21. Tax Status. The Association has been organized to operate the Water System and shall be considered only as the collective body of the members and not as a separate legal entity. Payments to the Association shall not be considered as payments for services rendered but shall be considered only as pro rata payments for the costs of operating and maintaining the Water System.

22. Priority. No Lot owner, by first commencing to use the Water System on a regular basis, shall obtain any priority over any other Lot owners.

23. Term. The term of this Agreement shall commence on the date of filing for record of this Agreement in the records of the Office of the County Clerk of Sandoval County, New Mexico, and shall continue thereafter for a term of 30 years, and shall thereafter be renewed for automatic successive terms of 10 years each until terminated by all owners of the Lots. This Agreement may also be terminated at such time, if ever, that a community water system is

capable of providing water to the Casas Montanes Subdivision, which includes the Lots, provided the Lot owners elect to receive water service from such system.

24. Purchase of Additional Water Rights. If additional wells or water rights are ever needed to supply the Lots, the Lot owners, not LPP or the HOA, shall be responsible for obtaining and paying for such wells or water rights.

25. Recording, Binding on Successors to Title. This Agreement shall be recorded in the records of the Sandoval County, New Mexico, and shall be binding upon and inure to the benefit of all subsequent owners of the Lots. This Agreement shall be considered as a covenant running with the land.

26. Severability. If any provision of this Agreement is determined to be invalid by any judgment, order or finding of any court or other governmental agency having competent jurisdiction, such determination will in no way affect the validity of any other provisions of this Agreement, which will remain in full force and effect.

27. Release. The Association, the members, the Lot owners, and their successors and assigns, and anyone claiming by, through or on behalf of them, including but not limited to their successors, assigns, heirs, personal representatives, executors, agents, employees, officers, attorneys, and any and all other related persons, associations or corporations, whether or not herein named or referred to ("Releasing Parties"), for good, sufficient and valuable consideration received, including without limitation, this Declaration and the quitclaim of the Water System, the sufficiency of which consideration is hereby acknowledged, do hereby release and forever discharge LPP, its predecessors and successors, their agents, employees, officers, attorneys,, assigns, administrators, and any and all other related persons, associations or corporations, whether or not herein named or referred to, of and from any and all actions and causes of action, rights, suits, covenants, contracts, agreements, judgments, claims, and demands whatsoever, in law or equity, arising from and by reason of any and all known or unknown, foreseen or unforeseen events, and the consequences thereof, including, but not limited to, those arising out of or related to the Water System and the Water Rights, and the Releasing Parties hereby acknowledge that statements made or attributed to LPP herein are not representations or warranties.

28. Limitation of Liability. NOTWITHSTANDING ANYTHING CONTAINED IN THIS AGREEMENT TO THE CONTRARY, IN NO EVENT WILL LPP OR MICHAEL D. WYANT BE LIABLE TO ANY MEMBER, LOT OWNER, OR OTHER PERSON OR ENTITY AS A RESULT OF ANY BREACH HEREOF OR FAILURE TO PERFORM HEREUNDER, EXCEPT IN THE CASE OF GROSS NEGLIGENCE OR WILLFUL MISCONDUCT. FURTHERMORE, EVEN IN THE EVENT OF GROSS NEGLIGENCE OR WILLFUL MISCONDUCT, DAMAGES SHALL BE LIMITED TO ACTUAL DAMAGES, AND NO INCIDENTAL, CONSEQUENTIAL, PUNITIVE, SPECIAL OR OTHER DAMAGES SHALL BE AWARDED OR RECOVERABLE.

[SIGNATURE PAGE FOLLOW]

IN WITNESS WHEREOF, LPP has executed this Agreement on the date first written above.

LPP MORTGAGE LTD.,
a Texas limited partnership

By: Property Acceptance Corp.,
its general partner

By: *Michael D. Wyant*
Print: Michael D. Wyant
Its: Its Authorized Signatory

ACKNOWLEDGMENT

STATE OF TEXAS)
) ss.
COUNTY OF COLLIN)

The foregoing instrument was acknowledged before me this 15 day of Jan., 2015 by Michael D. Wyant, the Authorized Signatory of Property Acceptance Corp., a Texas corporation, the general partner of LPP Mortgage Ltd., a Texas limited partnership.

Meredith Marie Reilly
Notary Public Meredith Marie Reilly

My commission expires:

11/27/2016

