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WATER WELL AGREEMENT

THIS AGREEMENT, made and entered into this 8th day of October, 1998, by and between WILLIAM F. HAGEDORN of 1924 Broadway, Vancouver, Washington 98663, hereinafter referred to as "William"; CAROLYN N. HAGEDORN of 1924 Broadway, Vancouver, Washington 98663, hereinafter referred to as "Carolyn"; and BLUE SLIDE RANCH, INC of 1924 Broadway, Vancouver, Washington 98663, hereinafter referred to as "BSR"

WITNESSETH:

WHEREAS, William is the owner of Tract I-A on Certificate of Survey No. 1974RB, Sanders County records, and by this reference hereby made a part hereof;

WHEREAS, Carolyn is the owner of Tract I-B on Certificate of Survey No. 1974RB, Sanders County records, and by this reference hereby made a part hereof;

WHEREAS, BSR is the owner of Amended Tract II on Certificate of Survey No. 1974RB, Sanders County records, and by this reference hereby made a part hereof;

WHEREAS, there exists a water system on William's property described above, as shown on Certificate of Survey No. 1974RB, and by this reference hereby made a part hereof;

WHEREAS, all of the parties hereby desire to enter into this Water Well Agreement for the purpose of establishing, in writing, their relationship as to the use, ownership, maintenance, repair, replacement and operation costs of said water system, and to assure that the common system be used, operated and maintained to assure adequate supply of safe and potable water for the present and future owners of the tracts of land herein described, and

WHEREAS, all of the parties hereby agree that this agreement shall run with the land, and be binding upon all heirs, assignees and future owners of the property described;

NOW, THEREFORE, for valuable consideration and the faithful performance of all covenants hereinafter mentioned to be mutually performed by the parties, the parties do hereby agree as follows

1. The water well and appurtenances as above referred to, water well casing, pump and pumping facilities used in connection therewith, shall be shared and owned equally, with each party owning an undivided one-third interest each for each tract described above.
2. The parties agree that the water system shall be installed in the easement shown on Certificate of Survey No. 1974RB, said easement more particularly appurtenant to the real property described above. Each party shall have the perpetual right to enter upon the property of the other parties, within the easements, for the purpose of maintenance, repair and/or replacement of water lines, pump, pump house and appurtenances

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3. All of the parties hereto agree that the water used from said well shall be used only as a source of domestic water for household consumption and lawn and landscaping, watering and maintenance, and the parties shall not use the water from said water well on or in relation to any property other than that described above. In this connection, it is understood and agreed that the well and all interest thereto shall be used only for one (1) single family residence for each interest owned.

4. The shares of interest in the well, the water, the pump and pumping facilities and easements appurtenant thereto, and the duties and obligations created in this agreement in connection therewith, are for the benefit of and appurtenant to the respective tracts of land described; and the obligations, grants and reservations herein shall run with the land and be binding upon and inure to the benefit of the parties, their heirs, successors and assigns. Any deed of conveyance of these tracts of land shall subject the tract being conveyed to the restrictive covenants contained herein.

5. The parties hereto, and any future owners of the water system shares and tracts herein described, shall pay equally, on a per share basis, upon receipt thereof, all bills incurred in maintaining, operation and/or replacing said well, pump and pumping facility, and other accessories thereto necessary and convenient to the operation of said well and appurtenances. The parties shall consult from time to time concerning the necessity for repairs and maintenance of the water system, and shall cooperate in keeping the water system in good operation and repair for their mutual benefit.

6. If any party to this agreement shall fail to pay their portion of any installation, maintenance, repair or operation cost as demanded, the other party or parties shall retain and are hereby given a lien on the property of the non-paying party to the extent of the unpaid amounts due. The party who owes the money shall be responsible to pay the costs of collecting said money or foreclosing said lien, including but not limited to reasonable attorney's fees, interest or other associated costs of collection or foreclosure.

7. Each party shall be separately and solely responsible for the cost of installation, maintenance and repair of the individual service lines to their respective residences from the well.

8. The parties hereto further agree that each shall not be liable to the other for the quality of the water or performance of the well.

9. If any of the parties hereto voluntarily cease to use said water well and the water therein, and wish to be relieved of the terms of this agreement and withdraw therefrom, such party may convey his interest in the water system to the other parties and thus terminate this agreement. It is understood and agreed that a party's withdrawal and relinquishment of the rights created herein may only be conveyed in written form, and acknowledged, and cannot be lost by abandonment or non-use.

10. The parties acknowledge that they understand and agree that Amended Tract II is hereby granted an open, perpetual, non-exclusive easement for water line, 10 feet in width, from the

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well site to the South boundary of Tract 1-A, which easement location is shown on Certificate of Survey No. 1974RB.

11 The parties further understand and agree that Tract 1-B is hereby granted an open, perpetual, non-exclusive easement, 10 feet in width, for installation, maintenance, repair and replacement of a waterline from the well site to said Tract 1-B. The location is to be determined by the owner of Tract 1-B, but in no event shall be closer than 300 feet to any permanent improvements. The owner of Tract 1-B shall restore the surface to a condition that is reasonably as good or similar to the same as it is immediately prior to commencement of construction.

12. No amendment or change shall be made to this agreement unless first approved by each party hereto.

13. The terms and provisions of this agreement shall inure to the benefit of and be binding upon the heirs, personal representatives and assigns of the parties hereto.

IN WITNESS WHEREOF, the undersigned have executed this agreement the day and year first above written.

William F. Hagedorn
WILLIAM F. HAGEDORN

Carolyn N. Hagedorn
CAROLYN N. HAGEDORN

BLUE SLIDE RANCH, INC.

By: *Allen L. Hagedorn*
ALLEN L. HAGEDORN
Vice President

STATE OF Montana)
) ss.
County of Sanders)

This instrument was acknowledged before me this 14 day of October, 1998 by WILLIAM F. HAGEDORN and CAROLYN N. HAGEDORN, individually, and ALLEN L. HAGEDORN as Vice President of BLUE SLIDE RANCH, INC.



Notary Public - State of Montana
Residing at _____
My Commission Expires 233019

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