

**RESOLUTION OF THE
4-WAY RANCH METROPOLITAN DISTRICT NO. 2**

Adoption of Rules and Regulations

WHEREAS, 4-Way Ranch Metropolitan District No. 2 (the "District") is a special district located within El Paso County, Colorado, organized pursuant to Article 1 of Title 32, Colorado Revised Statutes (the "Special District Act"); and

WHEREAS, in accordance with the provisions of § 32-1-1001(1)(m), C.R.S., the District is authorized to promulgate and adopt Rules and Regulations to govern the operations of the District (the "Rules and Regulations"); and

WHEREAS, the Board of Directors of the District (the "Board") desires to adopt Rules and Regulations.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF 4-WAY RANCH METROPOLITAN DISTRICT NO. 2, EL PASO COUNTY, COLORADO, AS FOLLOWS:

1. The Board, having determined that it is in the best interests of the District, and its customers, residents and property owners to adopt the Rules and Regulations as set forth in **Exhibit A** attached hereto, hereby adopts such Rules and Regulations.
2. This Resolution constitutes a legislative measure of the District, which may be modified only by formal action of the Board of Directors of the District.

APPROVED, ADOPTED, AND EFFECTIVE as of this 2nd day of May, 2018.

4-WAY RANCH METROPOLITAN
DISTRICT NO. 2



President

ATTEST:



Secretary/Assistant Secretary

EXHIBIT A
Rules and Regulations

RULES AND REGULATIONS
OF THE
4-WAY RANCH METROPOLITAN DISTRICT NO. 2
EL PASO COUNTY, COLORADO

ADOPTED AND EFFECTIVE: May 2, 2018

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ARTICLE I

GENERAL PROVISIONS

1. GENERAL

1.1 Authority: These Rules and Regulations are adopted in accordance with the authority conferred in Title 32, Article 1, and other provisions of the Colorado Revised Statutes, by the 4-Way Ranch Metropolitan District No. 2, a quasi-municipal corporation and political subdivision of the State of Colorado with all the powers thereof that are specifically granted to the District, or are necessary or incidental to or implied from powers specifically granted by statute, constitution or other law, for carrying out the objectives and purposes of the District.

1.1.1 The District is empowered by § 32-1-1001(1)(m), C.R.S. and by Colorado law to adopt, amend and enforce rules and regulations, not in conflict with the Constitution and laws of the State of Colorado, for carrying on the business and affairs of the District.

1.1.2 The District is empowered by § 32-1-1001(1)(d)(I), C.R.S. and by Colorado law to enter into contracts and agreements affecting the affairs of the District.

1.1.3 The District has the authority to implement the Rules and Regulations provided herein by policies and resolutions.

1.2 Policy: These Rules and Regulations are established to serve a public use and promote the health, safety, and general welfare of the inhabitants and visitors of the District.

1.3 Purpose of Water System: The water system of the 4-Way Ranch Metropolitan District No. 2 is designed as a central water system, supplied with treated Denver Basin groundwater, including a booster station and tank for delivery pressure and potable water storage, and water distribution and transmission lines. The water system is owned, controlled, managed and operated by the District. The District's water system does not include a wastewater system; wastewater service is to be provided by contract by a separate entity. Water service by the District will be available only in accordance with these Rules and Regulations.

1.4 Scope: These Rules and Regulations shall be considered a comprehensive set of Rules and Regulations governing the control, management and operation of the District. However, these Rules and Regulations do not cover every conceivable aspect of the control, management and operation of the District and the Board reserves the right to make rulings and adopt resolutions concerning matters not covered herein as and when appropriate, in the opinion of the Board. In addition, these Rules and Regulations are not intended to supersede or contravene specific terms or conditions of any agreement, contract, or other document entered into between the District and a party, unless such agreement or contract is made subject to these Rules and Regulations.

1.5 Regulations By Other Governmental Entities: Any additional limitations, restrictions or prohibitions validly placed upon the District by any governmental entity or by any

agreement between the District and any other governmental entity is hereby incorporated into these Rules and Regulations by this reference and shall constitute a limitation, restriction and/or prohibition on the District's ability to provide service, and on each customer of the District.

1.6 Effective Date: These Rules and Regulations shall be effective immediately upon adoption by a majority of the Board at a public meeting.

1.7 Construction: It is the intent of the Board that these Rules and Regulations shall be liberally construed to affect the general purposes and policies set forth herein. Nothing set forth herein shall be construed as an alteration, waiver or deviation from any grant of power, or any limitation or restriction thereof, conferred or imposed upon the District by the statutes, constitutional provisions or other laws of Colorado as they currently exist and as they may exist in the future.

1.8 Amendments: These Rules and Regulations may be amended, withdrawn, changed or added to by the Board at any regular or special meeting.

1.9 Severability: The invalidity of any section, clause, sentence or provision of these Rules and Regulations shall not affect the validity of any other part of these Rules and Regulations that can be given effect without such invalid part or parts, and to this end the provisions of these Rules and Regulations are hereby declared to be severable.

1.10 Delegation to District Staff: The District's Board of Directors may delegate decision-making authority under these Rules and Regulations to District staff.

1.11 Acceptance of Service. Acceptance of service from the District shall constitute acceptance by the Customer of all of the terms and conditions of such service as set forth in these Rules and Regulations, as they may be amended from time to time in accordance with the law.

2. DEFINITIONS

All definitions set forth in this Article I apply throughout these Rules and Regulations, unless otherwise specifically indicated.

2.1 Applicant: The party requesting an extension, connection, new or additional service or an increase in tap size from the District.

2.2 Board or Board of Directors: The Board of Directors of the 4-Way Ranch Metropolitan District No. 2.

2.3 Connection: The connection of water service lines to District lines for either a permanent or temporary purpose.

2.4 Connection Fee(s): The sum of the fees and charges associated with obtaining water service from the District.

2.5 Contractor: Any person, firm, partnership, corporation, or other entity acting as an independent contractor that is hired by either the District or other persons or entities; is authorized by the District to perform work on District Facilities, on facilities to be connected to the District's Facilities, or on facilities to be dedicated to the District; is authorized by the District to furnish materials within the District for use in connection with the District's Facilities; and from whom the District will accept completed facilities so long as such facilities are constructed in accordance with the District's Rules and Regulations and Design Standards. All contractors, hired by either the District, Developer or other Persons or entities shall be required to comply with all District requirements.

2.6 Cost(s): All costs associated with the construction, reconstruction, enlargement or dedication of any water system facilities, including, but not limited to, costs associated with planning, engineering, inspection, administration, acquisition of facilities, acquisition of rights-of-way, acquisition of water rights, attorney fees and all other fees and/or costs necessary to provide new, different or additional service.

2.7 Customer: Any Person, company, corporation, public entity or authority, Developer, Property Owner, lessee, tenant or occupant of such property owner, who is supplied with service by the District or authorized by the District to use water or to connect to the District's public water facilities.

2.8 Design Standards: Specifications established by the District relating to the standards for the design and construction of water facilities within the District.

2.9 Developer: Any person, firm, partnership, corporation or other entity engaged in the construction, remodeling or development of improvements on real property within the District either for its own use or for sale to others. A developer shall be held directly responsible by the District for ensuring that all work performed by it or its Contractor(s) is completed in accordance with all District requirements.

2.10 District: The 4-Way Ranch Metropolitan District No. 2, acting by and through its Board of Directors.

2.11 District Engineer: A registered professional engineer in the State of Colorado charged with the responsibility for District engineering.

2.12 District Facilities: Any and all improvements owned and operated by the District for the provision of water service, including without limitation main lines, treatment units, storage and pumping units.

2.13 District Representative: The District Manager or other person authorized to conduct and carry out business for the District.

2.14 Dwelling: Any building or portion thereof that contains living facilities including provisions for sleeping, cooking and sanitation.

2.15 ERU (Equivalent Residential Unit): An approximate measure of the level of service necessary to serve a single-family dwelling, which is used to calculate the cost of connection fees and service charges.

2.16 Extension: A main required in order to provide service to properties according to the terms and conditions set forth herein.

2.17 Main Line: Water pipe owned by the District and used for the purpose of conveying water to a service connection.

2.18 Manager or District Manager: The person retained by the Board to administer and supervise the affairs of the District and its employees, including, but not limited to, enforcement of the District's Rules and Regulations, and who may, among other things, operate, inspect and approve all connections, excavations, extensions, installations, systems and facilities owned or under the control of the District.

2.19 May: "May" is permissive.

2.20 Permit: Written permission of the Board given pursuant to these Rules and Regulations, subject to the specific terms and conditions contained therein.

2.21 Person: Any individual, partnership, co-partnership, firm, company, corporation, association, joint stock company, trust, estate, governmental entity, or any other legal entity, or their legal representatives, agents or assigns.

2.22 Property Owner or Owner: The Person or Persons who hold title to a parcel of land as shown on the property tax assessment roll in the office of the El Paso County Assessor.

2.23 Service Area: The area to which the District is authorized to provide water services, within its legal boundaries or by contractual arrangement.

2.24 Service Lines: See "Water Service Line."

2.25 Shall, Will: "Shall" and "will" are mandatory.

2.26 Stub-In: The curb stop.

2.27 Subdivision Plat: A map of a platted subdivision recorded with the proper land use authority for the purpose of creating land parcels that can be identified uniquely by reference to such map.

2.28 Unit: A building or portion thereof used for a single-family residence, individual commercial use or which is provided separate service by the District.

2.29 User: Shall mean and refer to a Person utilizing water from a Water Tap on the Premises and may include the Owner, Customer, tenant or homeowner's association.

2.30 Water Main Line: Any pipe, system of piping and appurtenances used as a conduit for water in the District's Water System and owned by the District.

2.31 Water Meter Fee: A water meter fee shall be collected at the time of tap purchase. The amount of the Water Meter Fee shall be set by the Board from time to time and shall include the cost of the meter, the cost of setting the meter, and administrative costs.

2.32 Water Resource Development Charge: Provides funds for the development of water supplies needed to serve new customers.

2.33 Water Service Line: Any pipe, system of piping, tap line and appurtenances used as a conduit for water from the Water Main Line to the building where the water service is provided to the Customer. Ownership and maintenance responsibilities for Water Service Lines are described in Article I, Section 3.6.

2.34 Water System: All structures, facilities, equipment and processes used for diverting, transporting, distributing, storing, pumping, treating and measuring the water of the District. The terms "water system" and "water facility" are used interchangeably throughout these Rules and Regulations.

2.35 Water Tap: The physical connection of the District's Water System, including all rights for water service granted upon payment and satisfaction of all applicable connection charges.

2.36 Any Other Term: Any other term not herein defined shall be defined as presented in the "Glossary - Water and Sewage Control Engineering," A.P.H.A., A.W.W.A., A.S.C.E., and F.W.S.A., latest edition.

3. OPERATING PRINCIPLES AND LIMITATIONS

3.1 Policy: The District is responsible for providing water service in an economical manner within the District subject to any capacity limitations, and providing for the operation, maintenance, repair and replacement of all facilities owned by the District, in accordance with these Rules and Regulations. The use of the District's Water System is only by permission of the District. The District reserves full right to determine all matters related to the control and use of its Water System, with the right to use the District's Water System being subject to suspension or revocation by the District.

3.2 Facilities Construction Costs: Notwithstanding any other provision of these Rules and Regulations to the contrary, all costs of new construction, reconstruction or enlargement of any water facilities, including all associated planning, engineering, administration and attorney fees, which are necessary to provide new, different or additional water service within the District's Service Area (including, but not limited to, service lines, main lines and water treatment facilities), shall be paid for by the Owner(s) of the property or building to be provided service. The provisions of these Rules and Regulations apply regardless of whether the District or some other Person contracts for, or initially pays for, such construction, reconstruction or

enlargement, or whether such service is compelled by the District. The Board may act other than as required in this section when it determines, in its sole discretion that such action is in the best interests of the District, or is necessary to provide for the health, safety and welfare of the inhabitants and visitors of the District.

3.3 Compliance with Design Standards: All water facility construction, repair, maintenance or modification work within the District shall comply with the District's Design Standards, as they currently exist and may be amended.

3.4 Liability:

3.4.1 District Not Liable: No claim for damage shall be made against the District, and the District and its officials and employees shall not be liable by reason of damage resulting from, but not limited to, any of the following: breaking of any service line, supply line, main line, pipe, cock or meter by any employee of the District; failure of the water supply; shutting off or turning on water in the Water Main Lines; the making of connections or extensions; damage caused by water running or escaping from open or defective faucets; burst service pipes or other facilities not owned by the District; damage to water heaters, boilers, or other appliances resulting from shutting water off, or from turning it on, or from inadequate, sporadic and excessive pressures; breakage of main lines by District personnel; interruption of water service and the conditions resulting therefrom where said interruption of service is brought about by request of claimant, or by circumstances beyond the District's control; failure of water facilities to be located where the District's map indicates they should be; failure to obtain access to isolation valve; or for taking certain actions with respect to the Water System of the District deemed necessary by the Board of Directors or its agents. This paragraph shall not relieve the District from liability for negligence of its employees, if such liability would otherwise have existed.

3.4.2 District Not Responsible for Damages: These Rules and Regulations shall not be construed to hold the District in any manner responsible for any damages to Persons or property resulting from any inspections as herein authorized or resulting from the issuance or denial of any permit as herein provided, or resulting from the institution of court action as allowed by law, or the forbearance by the District to so proceed.

3.4.3 Officials Not Liable: Any District official or employee, charged with the enforcement of these Rules and Regulations, acting in good faith and without malice on behalf of the District in the discharge of his official duties, shall not thereby render himself or herself personally liable for any damages that may accrue to persons or property resulting from any such act or omission committed in the discharge of such duties. Any suit or proceeding instituted against such official or employee, stemming from any act or omission performed by him in the enforcement or attempted enforcement of any provision of these Rules and Regulations, shall be defended by the District until final termination of the proceedings, in such a manner as to be consistent with the District's resolution indemnifying such officials and employees.

3.4.4 Non-Liability for Work of Others: The District does not assume any liability for any work performed by others. No claim shall be made against the District or any of

its officers or employees on account of errors of omission or commission made by the District's licensees or independent contractors.

3.4.5 Indemnity: The Property Owner(s) shall indemnify the District from any loss or damage that may directly or indirectly be occasioned by the installation of a Main or Service Line, and shall obtain any guarantee required by these Rules and Regulations.

3.4.6 Non-Waiver: The foregoing shall not constitute a waiver by the District of the defense of sovereign immunity or the Colorado Governmental Immunity Act, or any other defenses it may have to an action against the District, its officials or employees, nor a waiver of its insurance coverage.

3.5 Ownership and Maintenance of Water Facilities: Except as otherwise provided in these Rules and Regulations, all existing and future water facilities connected with and forming an integral part of the District's Water System shall become and are the property of the District. The District shall be responsible for maintenance, repair and reconstruction of such property, including Water Main Lines, at the cost of the District, unless the facility is under warranty or unless the situation necessitating such repair or reconstruction is the result of a change or enlargement of use, abnormal use or damage to such facilities, in which case such repair or reconstruction will be done at the expense of the Person responsible for such change or enlargement of use, abnormal use or damage. The District's ownership will remain valid regardless of whether such property is constructed, financed, paid for, or otherwise acquired by the District or by other Persons. No other Persons, except those authorized by the District, shall have any right to enter upon, inspect, operate, adjust, change, alter, move or relocate any portion of the foregoing or any of the District's facilities.

3.6 Ownership and Maintenance of Water Service Lines:

3.6.1 Water Service Lines from the District-owned Main Line to the water meter are the property and maintenance responsibility of the District. Water Service Lines from the meter to the building or unit are the property and maintenance responsibility of the Owner of said property. All curb boxes, valve boxes and meter pits are owned and shall be maintained by the District.

3.6.2 Leaks, stoppages or breaks in such portions of such Service Lines shall be repaired by the Property Owner within a reasonable period of time after discovery or notification of such condition by the District. If satisfactory progress toward repairing the said leak, stoppage or break has not been accomplished within such time period, the District may shut off the water service until the leaks, stoppage or breaks have been repaired or take actions necessary to make all required repairs at the full expense of the Owner. The District reserves the right to make the repair at the expense of the Owner when, in the opinion of the District, such repair is necessary to protect the health, safety and welfare of the inhabitants and visitors of the District. Responsibility for maintenance shall remain valid whether the Service Lines are constructed, financed or paid for by the District or by other Persons.

3.7 Ownership and Maintenance of Water Meters, Related Assembly and Remote Register:

3.7.1 All water meters, remote registers and transmitters shall be owned and maintained by the District. If the District determines that the water meter remote register has been abused, neglected or willfully damaged, the District shall have the equipment repaired or replaced and shall charge the Owner as part of the District's charges for water service.

3.7.2 It shall be the duty of all customers to notify the District if a water meter and/or remote register are operating defectively. It shall also be the duty of all Owners to maintain free and clear access to the water meter and all component parts making up the meter assembly and the remote register.

3.7.3 The District may at any time test, repair or replace a Customer's water meter to ensure the meter is recording within the accuracy limits recognized by the A.W.W.A. If the District determines that a water meter or remote register is not functioning properly, the District will assess the meter or remote register and at the District's discretion, the District may elect to repair or replace the damaged equipment.

3.7.4 If any water service meter and/or its related remote register shall fail to register in any billing period, the Owner shall be charged the average period consumption as determined by the District. No adjustment will be made to any prior bills.

3.8 Service Outside the District Boundaries: Service outside the boundaries of the District is available only by contract with the District. Contract service may be offered at the sole discretion of and upon terms established by the Board of Directors.

4. GENERAL USE PROVISIONS

4.1 Allowed Uses: The District will furnish water for ordinary domestic, household, business, industrial and community use and for fire protection purposes as the District's System may reasonably supply and as may be approved by the Board.

4.2 Use Allowed Only Within Service Area: The District will not provide water for use outside the boundaries of the District without the approval of the Board.

4.3 Use Restricted to Premises: Except with prior written authorization of the District, no Customer shall use, or permit the use of, any water furnished by the District on any premises other than that specified in the User's application for service, nor shall any Customer resell or distribute any water furnished by the District for resale to any Person.

4.4 Drought Conditions: The Board, in its sole discretion, may make a determination that drought conditions exist.

4.4.1 Limitations Imposed During Drought Conditions: In the event the Board determines that drought conditions exist, the District may take such action as it deems necessary

or advisable to ensure the efficient use and conservation of limited water supplies. The District may adopt supplemental regulations relative to water rationing, time of use schedules, limitation of use and such other measures as it deems necessary or appropriate for the conservation of limited water supplies, insuring continued water availability, and appropriate utilizations of limited water resources.

4.4.2 Responsibilities of Users During Drought: It shall be the responsibility of the Users to carefully observe all rules, regulations, and prohibitions established by the District in the event the Board shall determine that drought conditions exist. The unavailability of water or limitation of water use at certain times shall not relieve the Customer from the payment of all fees and charges established by the District.

5. EXPANSION OF DISTRICT BOUNDARIES

5.1 Policy: Subject to the District's Service Plan, the District's boundaries may be expanded by inclusion (annexation) of property into the District. Properties located outside the boundaries of the District may propose inclusion of such property into the District. Growth and development to be included within the District's boundaries must pay for itself and neither the District nor its existing residents shall be required to subsidize growth and development of any property to be included within the District's boundaries.

5.2 Conditions for Inclusion: All requests for inclusion of property within the boundaries of the District shall be made pursuant to the provisions of § 32-1-401, *et seq.*, C.R.S. Any property proposed for inclusion within the District must provide all of the water facilities and water resources needed to serve the property or, in the District's sole discretion, financial resources sufficient to compensate the District for the provision of service to the property. In addition, the District may require that a Property Owner seeking to include property within the District's boundaries satisfy certain conditions as determined on a case-by-case basis.

5.3 Mill Levies: Applicable mill levies shall be assessed upon inclusion of the property within the District's boundaries.

5.4 Inclusion Fee: Any request for inclusion into the District's boundaries shall be accompanied by a nonrefundable inclusion fee, established by the District, to cover engineering, legal and administrative fees and the estimated cost of processing the application for inclusion. Any additional costs or fees which may occur shall be assessed and paid prior to approval of inclusion by the Board.

6. USE OF PUBLIC WATER SYSTEMS REQUIRED

6.1 Unlawful to Deposit Waste in Unsanitary Manner: It is unlawful for any person to place, deposit or permit to be deposited in any unsanitary manner, on public or private property within the District, any human excrement or other objectionable waste.

6.2 Water Wells Prohibited: Unless otherwise approved by the Board, after the effective date of these Rules and Regulations, the construction, use or connection to the District's facilities of any water well within the District is prohibited.

7. INSPECTIONS

7.1 Powers and Authority of Inspectors: The District Manager or Representative shall be permitted to enter all private property within the District for the purposes of reading meters, testing public water system, inspection, observation, measurement, sampling, repair, maintenance of any portion of the Water Facilities lying within said properties, and related matters.

7.2 Construction Inspection: The District Manager or Representative shall have the right to inspect any and all work during construction to ensure installation in accordance with District standards. After completion of construction of any Water Line, the District Manager or Representative shall make a final inspection of construction.

8. PROTECTION OF DISTRICT FACILITIES

8.1 Compliance With Statutes and Regulations: For all projects that require digging, boring, directional drilling or excavation around District Facilities, the Person, Contractor or excavator wishing to dig or excavate around said facilities shall comply with all applicable statutes and regulations of the State of Colorado, including, without limitation, §§ 9-1.5-101, *et seq.*, C.R.S.

8.2 Locate Information: For projects that require digging, boring, directional drilling or excavation around District Facilities, a contractor or excavator must provide locate information to the District and must call in the location to the Utility Notification Center of Colorado at phone number 811, or 800-922-1987; or, by fax at 303-234-1712 or website www.uncc.org prior to commencing any digging, boring, directional drilling or excavation. No activity will take place until signed paperwork defining the dig area is received by the contractor or excavator. The original locate is considered an extended job, and all locates shall be done on a day-to-day basis.

8.3 District Not Liable: The District is not responsible for locating water service lines as they are owned by the Property Owner. The District's records may show only where the tap is made on the District's Main Line and not for all service line connections. The District may locate the water tap to the best of its ability as a courtesy, but assumes no responsibility for damages to such water services by the Contractor.

9. ENFORCEMENT

9.1 Prohibitions: No unauthorized person shall turn on service from, uncover, make any connection or reconnection with, open, extend, use, alter or disturb any public water main facility or appurtenance, or fail to comply with these Rules and Regulations, or construct a main

line extension without first obtaining a written permit from the District, and paying all applicable fees and charges and complying with all applicable Rules and Regulations of the District.

9.2 Violations: In case of violation of the District's Rules and Regulations, the District may revoke service, disconnect service, turn off service, require the responsible Person to disconnect, or require the responsible Person to return the District's system to its original condition, and shall require payment of all applicable fees and charges provided by these Rules and Regulations and all costs associated with the violation, including any expense, loss, damage or attorney fees caused by such violation by the responsible Person prior to the District providing any service to any property or facilities owned, leased or occupied by the responsible Person, whether or not such property or facilities are directly involved in the violation of this section. This section shall not be construed to limit the right of the District to pursue other fees, charges, remedies or forms of relief provided in these Rules and Regulations and by other applicable law.

9.3 Misdemeanor Offenses: Any person who maliciously, willfully or negligently, breaks, damages, destroys, uncovers, defaces or tampers with any part of the District's Water System or facilities, or takes water from the District's facilities, including fire hydrants, without written authorization, may be charged with a misdemeanor or other appropriate offense, and upon conviction thereof, shall be fined in an amount as established by the court for each violation, along with whatever additional penalties as may be appropriate.

9.4 Shut-off/Revocation of Service: In addition to any other remedies available, the District shall be authorized to shut off service to any property for which District charges remain unpaid and past due. Service shall be revocable by the District upon non-payment of fees or charges owed to the District, upon failure to comply with the District's Rules and Regulations, or when the District Manager or District Representative determines that an emergency exists and such revocation is necessary to protect the health, safety and welfare of the inhabitants and visitors of the District.

9.5 Perpetual Lien: Until paid, all fees, rates, tolls, penalties, or charges due and as set by the District from time to time, shall constitute a perpetual lien on and against the property served. Any such liens may be foreclosed as provided by law and shall take superior priority status as against all other liens which may have attached and have been perfected against any property jointly and severally/served or benefited or to be served or benefited by the District.

ARTICLE II
REQUIREMENTS FOR ACQUIRING
WATER SERVICE

1. WATER SERVICE

1.1 Application for Service: Provision of water service by the District to property located within the District's boundaries, to property proposed for inclusion within the District's boundaries, or to property receiving contractual service by the District, is subject to these Rules and Regulations. All parties desiring to obtain or required to obtain water service must submit an application for a water tap at the District business office on a form provided by the District. The application to the District shall be supplemented by any plans, specifications, or other information deemed necessary by the District to determine compliance with all ordinances, regulations or rules concerning the Water Systems. Applications for water taps will not be approved until the Connection Fees, capital improvement charges and any other fees, rates, tolls, charges or deposits, required by the Board of Directors, are paid in full. Connection fees, capital improvement charges and all other fees, rates, tolls and charges are non-refundable. The District may deny any application for water service based on the District's determination that the District lacks sufficient water treatment capacity, water and/or water resources to serve the property, or in the Board's sole discretion, it determines that service would not be in the best interests of the District or its residents and Property Owners. The District will determine the water ERUs needed to serve each property by analyzing the potable and irrigation water demand associated with the planned development of the property.

1.2 Amended Connection Permits: Any time an application for service has been granted and a connection permit has been issued, and subsequently the meter size is changed, the classification of the property is changed or level of service is changed or recalculated by the District, so as to increase the level of service, quantity of water, or amount of water treatment necessary, the Property Owner shall apply for an amended connection permit and pay the amended connection permit fee as set forth in the District's schedule of fees, in addition to any other fees and charges required by the District.

1.3 Cancellation of an Application for Service: An application for service will be canceled under the following conditions: (1) where there are existing frontage mains, but the Connection Fees have not been paid; or (2) where there is an extension contract and accompanying deposit, but the Connection Fees are not paid.

The District reserves the right to deny, cancel or revoke any application previously granted, before service has been provided, in which case any applicable fees paid by the Applicant shall be refunded.

1.4 Limitations on Connection Permits: Each connection permit shall allow only one Service Line connection. Connection permits issued to a Property Owner are applicable only to the real property and building(s) or portion thereof specified in the connection permit, and all rights under the connection permit shall be deemed to be automatically conveyed with title to

such property. The connection permit shall not be transferable for use on other property or for use on other buildings on the same property.

1.5 Expiration of Connection Permit: If tap rights are not utilized by a physical connection within one year of the date of payment as recorded by the District, a new tap application is required. If the new tap application is approved, current charges and fees will be assessed with credit for any amount previously paid.

1.6 Building Permits: Before a Property Owner can acquire water service from the District; he shall obtain a valid building permit from the appropriate agency for the property for which service is requested.

1.7 Conditions on Connection Permits:

1.7.1 Requirements for Construction: All Service Line extensions and connections to Main Lines shall be in accordance with the requirements provided in these Rules and Regulations and the District's Design Standards. A water tap will not be authorized until the Water Facility on which the tap will be installed has been preliminarily accepted by the District.

1.7.2 Connection Permits Do Not Authorize Road Cuts: Issuance of any Connection permit by the District does not authorize the holder thereof to make any cut in a public road or street or to do anything for which separate permission is required of another governmental entity.

1.7.3 Revocation: Any connection permit or grant of service may be revoked at any time by the District's Manager or Board if the planned installation or use of Water Service Lines is changed or not made in accordance with these Rules and Regulations.

1.7.4 Subject to Rules and Regulations: All connection permits, grants of service and any other agreements issued or entered into by the District shall be subject to each of the provisions of these Rules and Regulations as they may be amended from time to time, and shall be subject to each of the conditions and limitations set forth herein.

1.7.5 Cancellation: The District reserves the right, in its sole discretion, for cost-related, lack of capacity or other reasons, to cancel any connection permits or grants of service issued by the District, including grants of water service or approvals of Main Line extensions at any time prior to connection to the District's Water System. The District shall then refund all fees previously paid that have not been expended for evaluation of the respective application for service.

1.8 Non-Potable Irrigation System: In certain areas of the District a Property Owner seeking to acquire water service from the District may be required to pay for the construction of a separate non-potable irrigation system for the subject property.

1.9 Temporary Water Service Through Fire Hydrants: Special permission from the District is required for temporary water service supplied through fire hydrants. Such use shall

require the use of a hydrant meter and regulating valve for the monitoring of water use, and payment of the hydrant meter permit fee, established by the District. Connections and disconnections shall be made by authorized personnel only.

2. EXTENSION OF FACILITIES

2.1 Extension of Water Facilities: When District Water Facilities are not already located adjacent to a proposed development within the District's boundaries; it shall be the responsibility of the Property Owner/Developer seeking service to extend existing Water Facilities to provide service to the property. The Property Owner/Developer shall pay all costs associated with the Water Facility extensions; such costs may include engineering, legal and construction costs. If the District constructs the water facility extensions, the Property Owner/Developer shall provide all funds necessary for such construction. All Water Facility extensions shall be constructed in accordance with these Rules and Regulations and the District's Design Standards. No work on a proposed Water Facility extension shall commence, and no Water Facility extension shall be constructed within the District, prior to payment of all fees and the issuance of applicable permits.

2.2 Extension of Water Facilities In and Through a Platted Subdivision: In addition to the other provisions set forth herein, a Developer shall install necessary Water Facilities in and through the subdivision upon approval of the plans and specifications for construction by the Board. The District shall inspect the construction of the Water Facilities, and shall not accept the Water Facilities until final approval is granted by the Manager.

2.3 Additional Water Facilities: The District shall determine if any additional Water Facilities, including, but not limited to, storage tanks, treatment facilities and booster pumps, will be required to provide service in conjunction with a Water Facility extension. The applicant shall be responsible for the installation of such facilities in accordance with the District's Rules and Regulations and Design Standards.

2.3.1 Fire Hydrants: The installation of public fire hydrants shall be determined by the appropriate fire protection authority and shall be subject to approval by the District.

2.4 Costs: All costs associated with Water Facility extensions and the provision of service by the District shall be the responsibility of the Property Owner or Developer seeking to acquire water service, unless otherwise determined by the District. Costs of Water Facility extensions shall include the actual cost of the extensions, labor and equipment used, plus overhead at the prevailing District overhead rates for the required extension. If pavement excavation and replacement or repairs are required for the Water Facility extension, the additional costs of the required excavation and replacement or repairs will be added to the cost of the Water Facility extension. There may be additional costs required to provide adequate fire flow as determined by the fire protection authority including, but not limited to, Main Lines, storage tanks and booster pumps. The costs of extending Water Facilities that will benefit land for more than one Property Owner may be subject to District participation or special assessment. Booster Pumps placed on any service line shall be prohibited.

2.5 Ownership and Control of Extension: Ownership of any Water Facility extension shall at all times be and remain vested in the District. All facility extensions are under the sole control and jurisdiction of the District. This includes the right to connect additional Customers without the consent of the Applicant, make further facility extensions beyond or running laterally from said facility extension, or connect the facility extension with any other portion of the water distribution systems of the District, without incurring any obligations to the Applicant or Property Owner receiving services from the facility extension except as hereinafter provided.

2.6 Service Line Extension and Connection to District Water Lines: Property Owners seeking to acquire water service from the District are responsible for extension of the building facilities and Service Lines to the District's Water Main Lines. A separate and independent Water Service Line shall be provided for every building, business, Dwelling and subdivided lot except approved outbuildings or as otherwise approved herein. All service line extensions and connections shall be constructed in accordance with these Rules and Regulations and the District's Design Standards. Payment of all fees and the issuance of a connection permit are required prior to connection to the District's Main Lines.

2.6.1 Reserved.

2.6.2 Commercial/Industrial/Business Buildings: Each commercial, industrial, or business unit within a building shall have a separate and independent Water Service Line and connection for each commercial, industrial or business unit in the commercial, industrial, or business building.

2.6.3 Contractor Qualifications: No person, other than a Contractor licensed by the District, shall construct a building Water Service Line or make a connection to the District's Facilities as allowed by a connection permit, and all Contractors and subcontractors shall be approved by the District Manager or Representative prior to commencing work. Service Line connections shall be made by bonded, licensed plumbers or pipe layers, but plumbing contracted by a licensed master plumber may be performed through journeyman plumbers or apprentices under their direction. The District assumes no responsibility for work performed by general Contractors or subcontractors or their agents.

2.6.4 Inspections: The Applicant shall notify the District when the Service Line is ready for inspection and connection to the District's Facilities. The connection and testing shall be made under the supervision of the District or representative. The entire length of the trench containing the Service Line, from the building to the District's Facilities, or a Main Line extension, shall not be backfilled until inspection by the District's Representative. If the District has not conducted such inspection within 48 hours, Saturdays, Sundays, and legal holidays excepted, after receipt of notification that the line is ready for inspection and connection to the public system, the line may be backfilled by the Property Owner; however, the Property Owner will be responsible for costs, expenses or damages resulting from improper connection or construction.

2.6.5 Costs: All costs and expenses of the installation and construction of Water Service Lines or connections shall be the responsibility of the Property Owner or Developer seeking to acquire water service.

2.6.6 Damages: The Property Owner shall indemnify and hold the District harmless from any loss or damage that may directly or indirectly be occasioned by the installation of a Water Service Line or connection to the District's lines.

2.6.7 Maintenance/Replacement of Service Lines: Each Property Owner shall be responsible for maintaining and/or replacing his Water Service Lines.

3. FEES, RATES AND SERVICE CHARGES

3.1 Connection Fees for Water Service: Connection fees shall be calculated to recover all expenses and costs associated with providing water service, and shall be assessed in accordance with the District's schedule of fees. Water connection fees will be charged to all Property Owners or Developers seeking water services from the District by means of a new, additional or increased size of tap, meter or connection to District Main Lines. The connection fees shall be determined according to the District's schedule of fees. If it is determined that the demand associated with a particular connection exceeds the typical demand for that connection as set forth in the connection fee schedule, the District's Manager will determine appropriate connection fees.

3.1.1 Components of Water Connection Fees: Water connection fees may consist of different components such as: water tap fee, tap-in charge, development plan review fee, water resource development charge, system development charge, labor charge and/or meter charge.

3.1.2 Payment of Connection Fees: The connection fees will be due and payable when application is made to the District for new or additional water service and prior to the installation of a water connection. Connection fees can be prepaid.

3.1.3 Abandonment of Connection: Any and all connections must be installed and put into service within one (1) year of purchase. Failure to do so may result in the abandonment of the connection and refund of the applicant's original purchase amount.

3.1.4 Increase or Change in Type of Service: A request for an increase in water meter size will be granted upon payment of the difference in water connection fees for the water meter size requested and the water meter size existing at the time of request, provided that sufficient capacity is available in the District's Facilities.

3.2 Payment of Fees: Subject to the terms of individual agreements with the District, all fees due to the District shall be paid prior to the issuance of the connection permit and provision of service. However, when Developers or proposed Customers pre-install service lines prior to road paving, no fee shall be required to be paid until such time as the application for service is made as required above. Connection fees shall be non-refundable.

3.3 Decrease or Abandonment of Service: No refund shall be made to any Applicant for a decrease in size of water meter or abandonment of water service.

3.4 Turn-On-Service Fee: When service has been turned off by the District, and the stoppage of service was not voluntary on the part of the Customer, the District will turn on service only upon payment of a turn-on-service fee as provided in the District's schedule of fees. A turn-on-service fee shall not be charged when service has been voluntarily turned off at the request of the Customer; the payment of the voluntary turn-off-service fee being deemed as covering the subsequent turn-on request.

3.5 Inclusion Fee: The fee charged by the District that is intended to cover the costs incurred by the District in evaluating a petition for Inclusion and requirements for service.

3.6 Special Service Fee: If, in order to enforce compliance with District regulations, employees or representatives of the District provide special services at a property which, after appropriate notice, the Owner or occupant neglects or refuses to perform himself, or which are not related to the general maintenance of Water Facilities, the cost of such work, including without limitation all materials, shall be charged to the Property Owner as a special service fee.

3.7 Miscellaneous Fees: Other fees may be adopted from time to time by the District's Board.

3.8 Service Charges: Service charges shall be paid by all Customers as provided in the District's schedule of service charges. Statements for service charges shall be sent out on a monthly basis. Charges for late payments, turn-on, turn-off, etc., shall be added to such statements. Statements shall be payable upon receipt.

3.9 Billing Procedures:

3.9.1 Customer Deposit: Each customer shall be required to pay an account set-up fee prior to establishment of service.

3.9.2 Commencement of Service: Balances on the account associated with a particular property must be current prior to the commencement of service to said property.

3.9.3 Service Charges: Upon the securing of a connection permit for service and upon payment of the connection fees, service charges shall commence at the time of meter installation. Whenever possible, service charges will be directed to the User/occupant, although the Owner of the property remains ultimately liable for such charges. In no event shall the District be obligated to bill the owners of individual units within a condominium unless service to each unit is metered separately.

3.9.4 Billing Cycle: Statements of service charges will be mailed monthly. Except as specifically provided by written agreement between the District and an Owner, all service charges are due upon receipt.

3.9.5 Delinquent Charges: All charges not paid and received at the District's office within thirty (30) days of the billing date shall be considered delinquent. The owner or customer is responsible for all delinquent charges, plus all fees and costs incurred by the District associated with the collection of delinquent charges. If such charges are delinquent, the District may stop service to the property after providing notice of the proposed termination of service for non-payment of fees and charges. In addition, the District may either certify the delinquency to the El Paso County Treasurer or initiate lien foreclosure proceedings. The District assumes no responsibility for agreements between Owners and occupants and vendors and vendees.

3.9.6 Liens for Unpaid Charges: All charges shall be charged against the Owner or Customer of the property served and shall be a perpetual lien upon the property to which said service is provided or requested from the time when due.

3.9.7 Returned Checks: If any check or other negotiable instrument tendered to the District for payment is returned to the District or dishonored for any reason whatsoever, the owner or customer shall be subject to immediate discontinuance of service, until the owner or customer's account is paid in full. The District may charge a returned check fee.

3.9.8 Abandonment: When abandonment has occurred, the District shall not refund or reimburse any fees, charges or any other monies paid for service to the affected property. In order to renew service to the property, the Property Owner must apply for service in accordance with the District's then-current Rules and Regulations and pay all applicable connection fees and other fees. Abandonment occurs when either of the following occurs:

3.9.8.1 A building or other structure receiving service is voluntarily demolished or destroyed.

3.9.8.2 There is no service to a property for three (3) years.

3.9.9 Tampering Charge: The District may assess a charge established by the Board, to be charged to any Owner, Customer or Developer who tampers with, in any manner, District-owned property, including without limitation, meter pits, meters, yokes, meter pit lids, stop boxes, remotes and other District-owned property. The District may disconnect service to any property benefited by such District-owned property for failure to pay the charge. This charge is in addition to costs accrued by the District for repair or replacement of any damages.

ARTICLE III

GENERAL CONSTRUCTION REQUIREMENTS FOR WATER FACILITIES/WATER LINE EXTENSIONS

1. GENERAL

1.1 Policy: This Article is enacted to provide for the orderly development of the District's Water Facilities for the benefit of all current and potential users of these facilities. All Developers desiring to proceed with development within the District must conform to all the Rules and Regulations of the District and to the specific conditions contained in this Article.

1.2 District Planning: The District considers it imperative to engage in long range planning of the overall development of the District's Water Facilities. The District reserves the right to establish system development priorities as determined within the sole and unlimited discretion of the Board.

1.3 General Conditions for Providing Services to Developments: The following general conditions shall apply to all developments within the 4-Way Ranch Metropolitan District No. 2's Service Area. All Contractors, plumbers and others doing work on any Water Main, Service Line or any part of the District's Water System shall comply with all of the following:

1.3.1 Developer shall pay all costs involved in providing water services within the proposed development.

1.3.2 All proposed facilities will be sized in accordance with the strict engineering requirements of the District. Cost sharing or reimbursement provisions may be made by the Board of Directors of the District at its sole and unlimited discretion when the Water Facilities are of general benefit to the District.

1.3.3 Developer will be required to install all facilities to reach the proposed development in accordance with District's Standards and pursuant to plans and specifications approved by the District, when the need for the services arises prior to the time the District has planned to install the facilities.

1.3.4 Upon completion of construction of the Water Mains and appurtenances thereto and upon acceptance by the Board of Directors after recommendation by the District's Engineer and after an appropriate warranty period, which shall not be less than one year, the Water Mains and appurtenances shall become the property of the District and the District will immediately assume maintenance of such facilities.

1.3.5 At the completion of the warranty period it will be the responsibility of the project owner to inform the District that the Water Mains and appurtenances are ready for final inspection and acceptance and to obtain the approval of the District.

2. APPLICATION FOR SERVICE TO PROPOSED DEVELOPMENT

2.1 Construction Options: Construction of Water Mains or extensions thereof which are to be owned and operated by the District shall conform to the provisions of these Rules and Regulations. At the option of the Developer, construction may proceed either by the District, with funding provided by the Developer, or directly by the Developer.

2.2 District-Built Facilities: Funded by Developer: In cases where the Developer desires to furnish funds for the purpose of allowing the District to contract for the construction of facilities, the following shall apply:

2.2.1 Application for Approval: No Person shall construct a Water Main or extension thereof within the Service Area of the District without first having made formal application to the District for approval and having complied with the Rules and Regulations of the District.

2.2.2 Responsibility for Providing Facilities: The cost for the Water Main, including design and construction costs, shall be the sole responsibility of the Developer. Any Water Main including all sites, rights-of-way and easements required to serve development of the property, as determined by the District, shall be provided by the Developer at his or her expense.

2.2.3 Plan Submittal: Plans for all Water Mains within the Service Area of the District shall be submitted to the District's Engineer together with any other pertinent documents. All of the Water Mains shall be designed and installed so as to provide an acceptable level of service to the specific parcel as well as to all existing and potential Customers of the District. All Water Mains shall be constructed according to the District's standards and specifications. All costs of plan review shall be an expense of the applicant.

2.3 Location of Extensions and Mains: Water Mains shall be installed in roads or streets which the County, Colorado Department of Transportation, or other public agency has accepted for maintenance as public rights-of-way, or, when approved by the District, in easements granted to the District. If the Water Mains are to be installed within an easement to be granted to the District, Developer shall comply with the procedures contained in these Rules and Regulations.

2.4 Contract for Construction: After the District has approved the engineering layout or design for the facilities to be constructed, the Developer shall enter into a facility extension agreement and deposit in advance with the District an amount equal to the estimated cost plus contingencies as determined by the District so that the District can contract for the construction of the facilities. If the deposit is not great enough to equal the lowest responsible bid plus contingencies as determined by the District, the Developer shall be notified and no contract shall be let until the deficiency is added to the deposit. Upon completion of the work, the final cost including engineering, observation, legal and administrative shall be certified by the District and any overage refunded to or deficiency made up by the Developer.

2.5 Inspection Fees: All inspection fees on Water Main facilities required by the District, El Paso County, the Colorado Department of Transportation, or any other entity with

jurisdiction shall be paid for by the Developer, or other Person performing the work in the District.

2.6 Performance and Payment Bonds: A performance and payment bond shall be furnished to the District which is equal to 100% of the construction cost and contingencies on all Water Main construction contracted for by the District.

2.7 Developer-Built Facilities: Dedication To and Acceptance by the District: In cases where the Developer desires to install facilities by private contract for dedication to and acceptance by the District, the following shall apply:

2.7.1 Application for Approval: No Person shall construct a Water Main or extension thereof within the Service Area without first having made formal application to the District for approval and having complied with the Rules and Regulations of the District.

2.7.2 Responsibility for Providing Facilities: The cost for the Water Main, including design and construction costs, shall be the sole responsibility of the Developer. Any Water Mains including all sites, rights-of-way and easements required to serve development of the property, as determined by the District, shall be provided by the Developer at his or her expense.

2.7.3 Plan Submittal: Plans for all Water Mains within the Service Area of the District shall be submitted to the District's Engineer together with any other pertinent documents. All of the Water Mains shall be designed and installed so as to provide an acceptable level of service to the specific parcel as well as to all existing and potential Customers of the District. All Water Mains shall be constructed according to the District's standards and specifications. All costs of plan review shall be an expense of the applicant.

2.8 Construction of Facilities: After the District has accepted the engineering layout or design; the Developer shall install the facility extension by private contract upon approval of the plans, specifications and contractor by the District and subject to District field observation of actual construction.

2.9 Easements: In the event the Water Mains are to be located within an easement to be granted to the District, Developer shall comply with the following:

2.9.1 Developer shall submit to the District Engineer for review and approval the legal description and a drawing clearly depicting each interest proposed to be granted to the District.

2.9.2 Developer shall deliver to the District, or, at the discretion of the District the District shall cause to be prepared, a commitment for title insurance, prepared by a title company approved by the District, on the proposed easement interest, subject to the following requirements.

2.9.3 The title commitment shall be effective within 30 days of the submittal date.

2.9.4 The title commitment shall show the proposed insured as "4-Way Ranch Metropolitan District No. 2, a quasi-municipal corporation and political subdivision of the State of Colorado."

2.9.5 The title commitment shall reflect the amount of insurance on the proposed easement interest to be a minimum of \$5,000.

2.9.6 The proposed easement shall be free and clear of all encumbrances, except such encumbrances agreeable to the District. Any deeds of trust or mortgages shall be subordinated to the District's easement interest.

2.9.7 All costs incurred in providing the easement to the District shall be borne by the Developer. Such costs include, but are not limited to, the costs of the preparation of the title commitment, the title insurance policy insuring the District's easement interest, recording fees, legal fees involved in the review of the title work and legal fees for document preparation in connection with the granting of the easements.

2.10 Subordination Agreements: Upon receipt of the title commitment, the District shall prepare and provide to Developer for execution an easement agreement in a form acceptable to the District for the conveyance of the proposed easement to the District from the Developer, and accompanying subordination agreements acceptable to the District, where appropriate. If necessary, in the discretion of the District, the District may request an update of the title commitment from the title company.

2.11 Right of Inspection: During the construction of facilities to be dedicated to or otherwise connected to District facilities, the District Engineer or other District representatives shall have a continuing and ongoing right of inspection.

2.12 Preliminary Inspection: Following completion of the Developer's construction activities, and upon payment of all fees and charges, the District Engineer shall conduct a preliminary inspection and certify the line or other facility as conditionally acceptable.

2.13 Warranty: The Developer shall warrant the facilities for a period of a minimum of 24 months from the date of conditional acceptance, until all deficiencies have been corrected to the satisfaction of the District.

2.14 Warranty Bond: Prior to conditional acceptance, the Developer shall provide to the District a warranty bond to be executed in the District's favor in the minimum amount of ten percent (10%) of all construction costs, effective upon commencement of conditional acceptance, such bond to be security for any corrections required as a result of the post-warranty inspection.

2.15 Certification of Costs. Prior to conditional acceptance of Water Mains or other Developer-built District facilities, the Developer shall provide the District with a certification of costs in a form satisfactory to the District to establish the cost of the facilities.

2.16 As-Builts. Prior to conditional acceptance of Water Mains, or other Developer-built District facilities, the Developer shall provide the District with "as-builts" or equivalent executed by a licensed professional engineer, certifying the accurate size and location of the Public Infrastructure, together with supporting maps and other documentation, in the form, format and detail required by the District.

2.17 Conditional Acceptance: Upon recommendation by the District Engineer for conditional acceptance of the Water Mains or other Developer-built District facilities, and upon provision to the District of all appropriate easements for the maintenance and operation of such facilities, payment of all fees and charges due hereunder, completion of an appropriate bill of sale dated to coincide with the expiration of the 24 month warranty period, and compliance with any other applicable requirements contained herein, the District shall conditionally accept the facilities.

2.18 Final Inspection/Acceptance: Following expiration of the warranty period, and upon request of the Developer, the District Engineer shall then make a final inspection and upon correction of any defects or deficiencies, at the expense of the Developer, and satisfactory evidence of an executed bill of sale, the District Engineer may recommend final acceptance of the Water Mains.

2.19 Oversizing: If, in the opinion of the District, an increase in line size is necessary in order to provide an acceptable level of service to the Developer parcel or other Customers within the District, the Developer may be required to provide oversized pipelines and/or facilities. The cost for the "oversizing" of such pipelines and/or facilities shall be borne by the Developer. The basis for such costs shall be the difference in unit prices between the maximum line size which is the Developer's responsibility and the actual size to be constructed. The cost for the design and preparation of contract documents for these "oversized" pipelines shall be the sole responsibility of the Developer. If the District determines that it will construct the facilities, the Developer shall submit payment for the cost. The District will not issue a notice of award until such payment has been made. The District may collect fees or charges as determined by the Board from other Customers served by the "oversized" facilities and may, as determined by the Board, reimburse the Developer for all or a portion of the oversizing costs incurred by the Developer.

2.20 Inspection: The District shall have a right to inspect at all times all facilities connected to, or to become connected to, the District's Water Mains. Authorized employees and representatives of the District shall be allowed free access at all reasonable hours to any building, premises or property receiving water service to ensure compliance with these Rules and Regulations.

ARTICLE IV

WATER CONSERVATION

1. GENERAL

The District requires the conservation of water within its Service Area. No Person shall use any water provided by the District other than for uses permitted by the District.

1.1 Determination of Available Water Supply: The District shall, from time to time, determine the amount of available potable water supply for use and shall determine the expected demands for said water by all Customers of the District's Water System for any given period of time. In the event the Board shall determine at any given time that there are insufficient potable water supplies to meet all of the present and anticipated needs, the Board may order restrictions, curtailments or prohibitions upon the use of water.

1.1.1 Any restrictions, curtailments or prohibitions contemplated will be uniformly applied to all similarly situated water users within the District's Service Area. Nothing herein shall be construed to prevent the District from treating different categories of water users and/or Customers in different geographical areas of the District in a different fashion.

1.2.2 Except in cases of emergency, the Board shall cause written notice by publication in a paper of general circulation within the District prior to imposing any curtailments, restrictions or prohibitions upon the use of water as herein provided. The notice shall include a statement as to said restrictions, curtailments or prohibitions, together with a statement of the penalties for violation thereof and the time period for which they shall be in effect.

1.2.3 Any Person, Customer or user of the District violating any provision of this section shall be subject to penalties as may be set by the Board.

1.2 Required Water Conservation Devices: Water service shall not be furnished to any Customer unless the Customer has fully complied with the water conservation standards set forth by the District.

ARTICLE V

CROSS CONNECTION CONTROL AND BACKFLOW PREVENTION POLICY AND REGULATIONS

1. CROSS-CONNECTION CONTROL AND BACKFLOW CONTROL POLICY

1.1 Purpose: As described in detail in the District's Design Standards, the District requires the installation of appropriate cross-connection and backflow controls to protect the District's public water system from the possibility of contamination or pollution by backflow or backsiphonage, and to assure the safety of the water quality for the District's customers.

1.2 Authority: The authority to implement and maintain and the standards to administer this program on cross-connection and backflow control is contained in the following legislative actions, regulations and documents:

- Colorado Department of Public Health and Environment Law C.R.S. 1973 Title 25-1-114-, 25-1-114.1;
- Colorado Primary Drinking Water Regulations Article 12 (Hazardous Cross Connections);
- Colorado Cross-Connection Control Manual, Colorado Department of Public Health and Environment, or latest edition;
- Occupational Safety and Health Administration Federal Register #202 part 2, page 22234, subparts J;
- Uniform Plumbing Code of the International Plumbing and Mechanical Officials, latest version;
- Uniform Pool, Spa and Hot Tub Code;
- Uniform Solar Code;
- Colorado Swimming Pool and Mineral Bath Regulations;
- "Manual for Cross Connection Control", Foundation for Cross Connection Control and Hydraulic Research, University of Southern California;
- Cross-Connection Control Committee, Pacific Northwest Section AWWA Manual of Accepted Procedures and Practices;
- "Recommended Practice for Backflow Prevention and Cross-Connection Control", AWWA Manual M14;
- The Environmental Protection Agency, "Cross-Connection Control Manual."

1.3 Costs: All costs for design, installation, maintenance, repair, and testing of backflow prevention devices are to be borne by the Customer/Owner.

1.4 No Grandfather Clause Exists: All laws and regulations apply regardless of the age of the facility.

2. DEFINITIONS

2.1 Approved Backflow Prevention Device: A device that has been manufactured in full conformance with the standards established by the Colorado Department of Public Health and Environment Cross Connection Control Manual and by the District.

2.2 Backflow: The undesirable reversal of the direction of flow of the water or mixtures of water and other liquid, gases, or other substance into the distribution pipes of the potable water supply from any source or sources caused by backpressure and/or backsiphonage.

2.3 Backflow Prevention Device: An approved device or method, designed to prevent backflow or backsiphonage into the public water supply by containing or isolating the owner's water system from the public water system.

2.4 Back-Pressure: The backflow of water or other contaminated fluids caused by a pump, elevated tank, boiler or other means that could create pressure within the Owner's system greater than the District's supply pressure.

2.5 Backsiphonage: The backflow of water or other liquids, mixtures or substances into the distribution pipes of a potable water supply system from any source other than its intended source caused by the sudden reduction of pressure in the potable water supply system.

2.6 Certified Inspector and/or Tester: A person who has passed a State approved and/or sponsored testing and/or inspection course and who is listed by the State as a certified inspector and/or tester.

2.7 Colorado Department of Public Health and Environment Cross Connection Control Manual: Manual published by the state addressing cross connection control practices, which will be used as a guidance document for the District in implementing the cross connection control program.

2.8 Contamination: Any impairment of the quality of the potable water by pollution from sewage, industrial fluids or waste liquids, compounds or other materials to a degree that creates an actual hazard to the public health.

2.9 Cross Connection: Any physical arrangement whereby a public water supply is connected, directly or indirectly, with any other water supply system, sewer, drain, conduit, pool, storage reservoir, plumbing fixture, or other device which contains, or may contain, contaminated water, sewage, or other waste or liquid of unknown or unsafe quality which may be capable of imparting contamination to the public water supply as a result of backflow. Bypass arrangements, jumper connections, removable sections, swivel or changeover devices, and other temporary or permanent devices through which, or because of which, backflow could occur are considered to be cross connections.

2.10 Cross Connections, Controlled: A connection between a potable water system and a non-potable water system with an approved backflow prevention device properly installed

that will continuously afford the protection commensurate with the degree of hazard.

2.11 Customer System: The Customer's system shall include those parts of the facilities beyond the meter termination of the distribution system that are utilized in conveying district-delivered domestic water to the points of use.

2.12 Double Check Valve Assembly: An assembly of two independently operating approved check valves with tightly closing shut-off valves on each side of the check valves, plus properly located test cocks for the testing of each check valve.

2.13 Any Other Term: Any other term not herein defined shall be defined as presented in Article I of these Rules and Regulations.

* Definitions used in this section are those contained in the "Colorado Cross-Connection Control Manual," Colorado Department of Public Health and Environment, Water Quality Control Division.

3. INSTALLATION

3.1 Requirements: Backflow prevention devices are to be installed in accordance with the District's Design Standards.

3.2 Installation of New Backflow Prevention Devices: The District will be informed of all backflow prevention devices that are installed on any premises. Upon installation, the device will be inspected and tested by a certified inspector and/or tester. The District will be informed in writing of the results of this inspection and test.

4. STANDARDS FOR BACKFLOW PREVENTION DEVICES

4.1 Backflow Prevention Devices: Any backflow prevention device required herein shall be a model and size approved by the District. The term "Approved Backflow Prevention Device" shall mean a device that has been manufactured in full conformance with the standards established by the Colorado Department of Public Health and Environment Cross Connection Control Manual and by the District. Exception: Residential containment may be accomplished with a device not approved by the Foundation for Cross-Connection Control and Hydraulic Research, but approved by the American Society of Sanitary and Mechanical Engineers and designated as approved by the Water Division Manager. Backflow devices used on fire lines shall have O.S. & Y. valves and be listed by the National Fire Protection Association.

4.2 Testing and Final Approval: Final approval shall be evidenced by a "Certificate of Approval" issued by an approved testing laboratory certifying full compliance with Colorado Department of Public Health and Environment standards and FCCC and HR specifications. The following testing laboratory is qualified to test and certify backflow prevention devices:

Foundation for Cross-Connection Control and Hydraulic Research University of Southern California OHE 430-D University Park-MC 1453 Los Angeles, CA 90089-1453.

Testing laboratories other than the one listed above will be added to an approved list as they are qualified by the Manager.

4.3 Replacement of Existing Devices: Backflow preventers currently installed that are not approved shall be replaced with an approved device at the time it fails an operational test.

5. USE OF DISTRICT HYDRANTS

5.1 Policy: No person shall take water from a District hydrant without prior authorization from the District.

5.2 Hydrant Permit: Any person seeking to take water from a District hydrant shall submit a Hydrant Permit Application on the form prescribed by the District and shall pay the District's hydrant permit fee. Approval of any Hydrant Permit Application shall be at the sole discretion of the District.

5.3 Requirements: Only District approved meters and backflow prevention devices shall be used for the withdrawal of water from District hydrants. No backflow prevention device of any kind shall be installed directly to a District hydrant.

5.4 Backflow Prevention: The only authorized methods of backflow prevention for the withdrawal of water from a District hydrant are as follows:

5.4.1 Air Gap. An air gap on the vessel that is at least twice the diameter of the delivery pipe.

5.4.2 Reduced Pressure Principle Device. A reduced pressure principal device if it is permanently connected to the vessel.

5.4.3 Testing: All backflow prevention devices used in conjunction with the withdrawal of water from a District hydrant shall be tested at least once each year by a certified cross connection control technician and all test reports must be kept current and with the vessel at all times.

6. TESTING AND MAINTENANCE

6.1 Policy: At least once per year, it will be the duty of the Customer/User at any premises where any backflow prevention devices are installed to have certified tests made of these devices. In those specific instances where the District Manager deems the hazard great enough, he will require certified inspections at more frequent intervals. These tests shall be made at the expense of the water User and shall be performed by a certified technician approved by the Colorado Department of Public Health and Environment and Water Division Manager or Water Distribution and Wastewater Collection Systems Certification Council. An inspection of the device may be performed at any time. All testing gauges shall be checked for accuracy yearly, or more often, in the event of questionable readings.

6.2 Testing of Existing Backflow Devices: Existing backflow devices installed on all systems, including irrigation systems, shall be required to be tested by June 30 of each calendar year. Any failed devices, as evidenced on the test inspection report, must be repaired within ten (10) business days. Existing devices shall be sealed by the technician performing the test at the completion of the test.

6.3 Installation and Testing of New Devices: If determined by the District that a device is required, owner has sixty (60) business days, from the time a District inspection was performed, to install and test the device. New devices must be tested upon installation. Deadline for installation and device testing will be noted on the District inspection report, and a copy will be provided to the customer.

6.3.1 If a new device is found to not have been tested, owner has ten (10) business days, from the time a District inspection was performed, to have the device tested. Deadline for testing will be noted on the District inspection report, with a copy provided to the customer.

6.3.2 All test reports should be mailed to:

4-Way Ranch Metropolitan District No. 2
District Cross-Connection and Backflow Prevention
c/o JDS Hydro
545 East Pikes Peak Avenue, Suite 300
Colorado Springs, Colorado 80903

6.4 Replacement/Repair: As necessary, the device shall be repaired or replaced at the expense of the Customer/User whenever the device(s) are found to be defective. Records or copies of same, of all such tests, repairs or replacement shall be kept with a copy sent to:

4-Way Ranch Metropolitan District No. 2
District Cross-Connection and Backflow Prevention
c/o JDS Hydro
545 East Pikes Peak Avenue, Suite 300
Colorado Springs, Colorado 80903

6.5 District Testing: The District retains the right to test or otherwise check the installation and operation of any containment device.

7. RIGHT OF ENTRY

7.1 District's Right of Entry: The District shall have the right of entry during usual business hours to inspect any and all buildings and premises for cross-connection. This right of entry shall be a condition of water service in order to provide assurance that the health, safety, and welfare of the people throughout the District are being protected.

7.2 Location of Backflow Devices: Where building security is required, the backflow device(s) should be located in an area not subject to security.

8. VIOLATIONS AND PENALTIES

8.1 Discontinuance of District Service: Failure of the customer to cooperate in the installation, maintenance, testing or inspection of backflow prevention devices required by the District's Rules and Regulations shall be grounds for the discontinuance of water service to the premises or the requirement for an air-gap separation from the public water system. Service of water to any premises may be discontinued by the Manager of the District after written notification, if unprotected cross-connections exist on the premises or if any defect is found in an installed backflow prevention device, or if a backflow prevention device has been removed or bypassed. Service shall not be restored until such conditions or defects are corrected to the District's satisfaction.

8.2 Penalties: In addition to any other penalties allowed, the District may recover reasonable actual damages incurred by the District by appropriate suit at law against the person or entity who is found to have violated any provision of these regulations.