



COLORADO

Colorado Water Conservation Board

Department of Natural Resources
1313 Sherman Street, Room 718
Denver, CO 80203
303-866-3441

February 2, 2021

Sanchez Ditch and Reservoir Company
11733 Hwy 142
San Acacio, CO 81151

Subject: Loan Contract No. C153755
Loan Compliance Confirmation

Attached for your records are the original documents relative to the agreement between the Sanchez Ditch and Reservoir Company, and the Colorado Water Conservation Board (CWCB), Loan Contract No. C153755. The documents have been stamped "PAID IN FULL" denoting that the Company has satisfied the terms of the agreement in full. Additionally, letters releasing assigned deposit accounts from First Western National Bank are included.

Should you have any questions, please contact me at Telephone No. (303) 866-3441, ext 3205 or email at lauren.miremont@state.co.us. If we can be of any further assistance to you in the near future, please let us know.

Sincerely,

Lauren Miremont

Lauren Miremont, Finance Manager
Finance Section

Attachments

cc: CWCB Files



Original Note and Deed of Trust Returned to:

WHEN RECORDED RETURN TO:

CWCB

1313 Sherman Street, Room 718

Denver, CO 80203

Prepared/Received by: Jessica Halvorsen

REQUEST FOR FULL ☒ / PARTIAL ☐

RELEASE OF DEED OF TRUST AND RELEASE BY OWNER OF INDEBTEDNESS WITH PRODUCTION OF EVIDENCE
OF DEBT PURSUANT TO § 38-39-102 (1) (a), COLORADO REVISED STATUTES

December 10, 2020

Sanchez Ditch and Reservoir Company

11733 Hwy 142

San Acacio, CO 81151

☐ Check here if current address is unknown

Colorado Water Conservation Board

August 1, 1997

February 11, 1998

212239

352/7

County Rept. No. and/or Film No. and/or Book/Page No. and/or Torrens Reg. No.

Date

Original Grantor (Borrower)

Current Address of Original Grantor,

Assuming Party, or Current Owner

Original Beneficiary (Lender)

Date of Deed of Trust

Date of Recording and/or Re-Recording of Deed
of Trust

Recording Information

TO THE PUBLIC TRUSTEE OF

Costilla

COUNTY (The County of the Public Trustee who is the appropriate grantee to whom the above Deed of Trust should
grant an interest in the property described in the Deed of Trust.)

PLEASE EXECUTE AND RECORD A RELEASE OF THE DEED OF TRUST DESCRIBED ABOVE. The indebtedness secured
by the Deed of Trust has been fully or partially paid and/or the purpose of the Deed of Trust has been fully or partially satisfied in
regard to the property encumbered by the Deed of Trust as described therein as to a full release or, in the event of a partial release, only
that portion of the real property described as: **(IF NO LEGAL DESCRIPTION IS LISTED THIS WILL BE DEEMED A
FULL RELEASE)**

Full Release

State of Colorado, Colorado Water Conservation Board, 1313 Sherman Street, Ste. 718 Denver, CO 80203

Name and Address of Current Owner, Holder of the Indebtedness and Successor in Interest from the Department of Natural Resources, Secured by Deed of Trust

Kirk Russell, Finance Section Chief, CWCB, 1313 Sherman Street, Ste. 718 Denver, CO 80203

Name, Title and Address of Officer, Agent, or Attorney of Current Owner and Holder

Signature/Date

State of Colorado, County of Denver

The foregoing Request for Release was acknowledged before
me on (date) by*

Kirk Russell

Finance Section Chief

Date Commission Expires

*If applicable, insert title of officer and name of current owner and holder

LAUREN CASS MIREMONT
Notary Public
(Notary State of Colorado
Notary ID # 20104038240
My Commission Expires 05-18-2024)

Notary Public

Witness my hand and official seal

RELEASE OF DEED OF TRUST

WHEREAS, the Grantor(s) named above, by Deed of Trust, granted certain real property described in the Deed of Trust to the
Public Trustee of the County referenced above, in the State of Colorado, to be held in trust to secure the payment of the indebtedness
referred to therein; and

WHEREAS, the indebtedness secured by the Deed of Trust has been fully or partially paid and/or the purpose of the Deed of Trust
has been fully or partially satisfied according to the written request of the current owner and holder of the indebtedness;

NOW THEREFORE, in consideration of the premises and the payment of the statutory sum, receipt of which is hereby
acknowledged, I, as the Public Trustee in the County named above, do hereby fully and absolutely release, cancel and forever discharge
the Deed of Trust or that portion of the real property described above in the Deed of Trust, together with all privileges and
appurtenances thereto belonging.

State of Colorado

County of Costilla

Signed by: Annette M. Carino

(Deputy) PT on: 12-30-20

(Notarization no longer required CRS 38-35-106)

(Public Trustee's Seal)

Public Trustee

Annette M. Carino

Deputy Public Trustee

(If applicable: Notary Seal)

(If applicable, Name and Address of Person Creating New Legal Description as Required by § 38-35-106.5, Colorado Revised Statutes.)



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1 of 3 R 16.00 D 0.00 ROY D. MARTINEZ, COSTILLA

OF TRUST

This indenture, made this 1st day of AUGUST 1997, between **THE SANCHEZ DITCH AND RESERVOIR COMPANY**, whose address is Route 1, Box 215, San Acacio, CO 81150, hereinafter referred to as GRANTOR, and the Public Trustee of the County of Costilla, State of Colorado, hereinafter referred to as PUBLIC TRUSTEE,

Witnesseth, that whereas, GRANTOR has executed a Promissory Note, which is a part of Contract C153755, as amended (the Contract) for a loan in the principal sum of \$335,000 to be repaid to the STATE OF COLORADO for the use and benefit of the Department of Natural Resources, Water Conservation Board, whose address is 1313 Sherman Street, Room 721, Denver, Colorado 80203, with interest thereon from the date of first disbursement of funds under the Contract at the interest rate of 3% per annum on the first \$200,000 and 3 $\frac{3}{4}$ % on the remaining \$135,000, payable in 25 annual installments, in accordance with the terms of the Promissory Note, or until loan is paid in full.

And whereas, the GRANTOR is desirous of securing payment of the principal and interest of said promissory note to the State of Colorado.

Now, therefore, the GRANTOR, in consideration of the premises and for the purpose aforesaid, does hereby grant, bargain, sell and convey unto the said PUBLIC TRUSTEE in trust forever, to wit: an undivided one hundred percent (100%) interest in and to the Sanchez Dam and Reservoir and all appurtenant structures thereto, including all land underlying these facilities, as described as follows: *The land underlying and included within the high water line of the Sanchez Reservoir as shown on the Map and Statement of said Sanchez Reservoir filed in the Office of the State Engineer of Colorado on the 28th day of December 1908, numbered 5412, and the Map and Statement of the Sanchez Reservoir filed in the Office of the State Engineer of Colorado on April 18, 1910, numbered 7220, subject to all existing easements, the land covered hereby being limited to the land underlying and included within the high water line of the Sanchez Reservoir, and not including any land occupied by the Culebra-Sanchez Canal.*

Also, the SW $\frac{1}{4}$ of the SW $\frac{1}{4}$ of Section 24, Township 2 North, Range 72 West, lying north and east of the dam of the Sanchez Reservoir and that part of the west half of the NW $\frac{1}{4}$ of Section 25, Township 2 North, Range 72 West, lying east of the high water line of the Sanchez Reservoir.

Also, the necessary rights of ingress and egress therefor, as contained in deeds of the owners of lands bordering on said reservoir, together with all easements and rights-of-way appurtenant thereto and all improvements thereon, including the dam, reservoir, measuring devices, spillway, outlet works, and all other physical and legal features known as Sanchez Reservoir, collectively or hereinafter referred to as the "Property".

To have and to hold the same, together with all and singular the privileges and appurtenances thereunto belonging: In Trust nevertheless, that in case of default in the payment of said note, or any part thereof, or in the payment of the interest thereon, according to the tenor and effect of said note or in the payment of any prior encumbrances, principal or interest, if any, or in case default shall be made in or in case of violation or breach of any of the terms, conditions, covenants or agreements contained in the Contract, the beneficiary hereunder may declare a violation of any of the covenants contained in the Contract and elect to advertise said Property for sale, and demand such sale by filing a notice of such election and demand for sale with the PUBLIC TRUSTEE. Upon receipt of such notice of election and demand for sale, the PUBLIC TRUSTEE shall cause a copy of the same to be recorded in the recorder's office of the county in which said Property is situated, it shall and may be lawful for the PUBLIC TRUSTEE to sell and dispose of the same (en masse or in separate parcels, as the said PUBLIC TRUSTEE may think best), and all the right, title and interest of the GRANTOR, its successors or assigns therein, at public auction at such time and at such location as shall be designated in the PUBLIC TRUSTEE's Notice of Sale, for the highest and best price the same will bring in cash, four weeks public notice having been previously given of the time and place of such sale, advertisement once each week for five consecutive weeks, in some newspaper of general circulation at that time published in said county, a copy of which notice shall be mailed within ten days from the date of the first publication thereof to the GRANTOR at the address herein given and to such person or persons appearing to have acquired a subsequent record interest in said Property at the address given in the recorded instrument; where only the county and state is given as the address then such notice shall be mailed to the county seat, and to make and give to the purchaser of the Property at such sale, a certificate in writing describing the Property purchased, and the sum paid therefor, and the time when the purchaser (or other person entitled thereto) shall be entitled to the deed therefor, unless the same shall be redeemed as is provided by law; and said PUBLIC TRUSTEE shall, upon demand

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se, when said demand is made, or upon demand by the person entitled to a deed to and for the Property purchased, at the time such demand is made, the time for redemption having expired, make and execute to such person a deed to the Property purchased, which said deed shall be in the ordinary form of a conveyance, and shall be signed, acknowledged and delivered by the said PUBLIC TRUSTEE and shall convey and quitclaim to such person entitled to such deed, the Property purchased as aforesaid and all the right, title, interest, benefit and equity of redemption of the GRANTOR, its successors and assigns made therein, and shall recite the sum for which the said Property was sold and shall refer to the power of sale therein contained, and to the sale made by virtue thereof; and in case of an assignment of such certificate of purchase, or in case of the redemption of the Property, by a subsequent encumbrancer, such assignment or redemption shall also be referred to in such deed; but the notice of sale need not be set out in such deed and the PUBLIC TRUSTEE shall, out of the proceeds or avails of such sale, after first paying and retaining all fees, charges and costs of making said sale, pay to the beneficiary hereunder the principal and interest due on said note according to the tenor and effect thereof, and all moneys advanced by such beneficiary or legal holder of said note for insurance, taxes and assessments, with interest thereon at ten per cent per annum, rendering the surplus, if any, unto the GRANTOR, its legal representatives or assigns; which sale and said deed so made shall be a perpetual bar, both in law and equity, against the GRANTOR, its successors and assigns, and all other persons claiming the Property, or any part thereof, by, from, through or under the GRANTOR, or any of them. The holder of said note may purchase Property or any part thereof; and it shall not be obligatory upon the purchaser at any such sale to see to the application of the purchase money.

And the GRANTOR, for itself and its successors or assigns covenants and agrees to and with the PUBLIC TRUSTEE, that at the time of the unsealing of and delivery of these presents it is well seized of the Property in fee simple, and has good right, full power and lawful authority to grant, bargain, sell and convey the same in the manner and form as aforesaid; hereby fully and absolutely waiving and releasing all rights and claims it may have in or to said Property as a Homestead Exemption, or other exemption, under and by virtue of any act of the General Assembly of the State of Colorado, or as any exemption under and by virtue of any act of the United States Congress, now existing or which may hereafter be passed in relation thereto and that the same is free and clear of all liens and encumbrances whatever, except for a lien held by U.S. Dept of Agriculture Farmer's Home Administration to secure a loan in the original principal amount of \$150,000 evidenced by a promissory note and mortgage both dated January 2, 1975, and the above bargained Property in the quiet and peaceable possession of the PUBLIC TRUSTEE, its successors and assigns, against all and every person or persons lawfully claiming or to claim the whole or any part thereof, the GRANTOR shall and will Warrant and Forever Defend.

Until payment in full of the indebtedness, the GRANTOR shall timely pay all taxes and assessments levied on the Property; any and all amounts due on account of principal and interest or other sums on any senior encumbrances, if any; and will keep the Property insured in accordance with the requirements of the Contract. Should the GRANTOR fail to insure the Property in accordance with the Contract or to pay taxes or assessments as the same fall due, or to pay any amounts payable upon senior encumbrances, if any, the beneficiary may make any such payments or procure any such insurance, and all monies so paid with interest thereon at the rate of ten percent (10%) per annum shall be added to and become a part of the indebtedness secured by this Deed of Trust and may be paid out of the proceeds of the sale of the Property if not paid by the GRANTOR. In addition, and at its option, the beneficiary may declare the indebtedness secured hereby and this Deed of Trust to be in default for failure to procure insurance or make any further payments required by this paragraph. In the event of the sale or transfer of the Property by the GRANTOR, the beneficiary, at its option, may declare the entire balance of the note immediately due and payable.

And that in case of any default, whereby the right of foreclosure occurs hereunder, the PUBLIC TRUSTEE, the State as holder of the note, or the holder of a certificate of purchase, shall at once become entitled to the possession, use and enjoyment of the Property aforesaid, and to the rents, issues and profits thereof, from the accruing of such right and during the pendency of foreclosure proceedings and the period of redemption, if any there be, and such possession shall at once be delivered to the PUBLIC TRUSTEE, the State as holder of the note, or the holder of said certificate of purchase on request and on refusal, the delivery of the Property may be enforced by the PUBLIC TRUSTEE, the State as holder of the note, or the holder of said certificate of purchase by an appropriate civil suit or proceeding, and the PUBLIC TRUSTEE, or the holder of said note or certificate of purchase, or any thereof, shall be entitled to a Receiver for said Property, and of the rents, issues and profits thereof, after such default, including the time covered by foreclosure proceedings and the period of redemption, if any there be, and shall be entitled thereto as a matter of right without regard to the solvency or insolvency of



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without regard to the value thereof, and such Receiver may be appointed by any court of competent jurisdiction upon ex parte application and without notice-notice being hereby expressly waived-and all rents, issues and profits, income and revenue therefrom shall be applied by such Receiver to the payment of the indebtedness hereby secured according to the law and the orders and directions of the court.

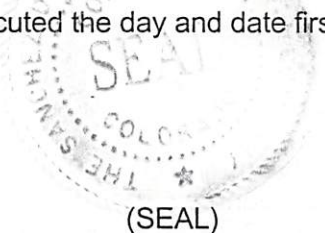
And, that in case of default in any of said payments of principal or interest, according to the tenor and effect of said promissory note or any part thereof, or of a breach or violation of any of the covenants or agreements contained herein and in the Contract, by the GRANTOR, its personal representatives or assigns, then and in that case the whole of said principal sum hereby secured, and the interest thereon to the time of the sale, may at once, at the option of the legal holder thereof, become due and payable, and the said Property be sold in the manner and with the same effect as if said indebtedness had matured, and that if foreclosure be made by the PUBLIC TRUSTEE, an attorney's fee in a reasonable amount for services in the supervision of said foreclosure proceedings shall be allowed by the PUBLIC TRUSTEE as a part of the cost of foreclosure, and if foreclosure be made through the courts a reasonable attorney's fee shall be taxed by the court as a part of the cost of such foreclosure proceedings.

It is further understood and agreed, that if a release or a partial release of this Deed of Trust is required, the GRANTOR, its successors or assigns will pay the expense thereof; that all the covenants and agreements contained herein and in the Contract shall extend to and be binding upon the heirs or assigns of the respective parties hereto; and that the singular number shall include the plural, the plural the singular, and the use of any gender shall be applicable to all genders.

Executed the day and date first written above.

GRANTOR: The Sanchez Ditch and Reservoir Company

By: *Jerry Lorenz*
Jerry Lorenz, President



ATTEST

By: *Gerald Mathes*
Secretary

State of Colorado)
County of Conjio) SS.

The foregoing instrument was acknowledged before me this 1st day of August 1997, by Jerry Lorenz, as President of the Sanchez Ditch and Reservoir Company. Witness my hand and official seal.

Natalie C. Johnson
Notary Public

My commission expires 10-14-2000



PROMISSORY NOTE

Principal Amount: \$200,000
Term: 25 Years
Loan Contract: #C153755

Interest Rate: 3%
Loan Payment: \$11,485.57
Date: ~~March~~ April 10, 1997

1. FOR VALUE RECEIVED, the Sanchez Ditch and Reservoir Company ("BORROWER") promises to pay the State of Colorado Water Conservation Board ("STATE"), the principal sum of \$200,000 with annual payments of \$11,485.57 based on the interest rate of three percent (3%) per annum on the outstanding principal balance for a term of 25 years, or until paid in full, pursuant to Loan Contract #C153755 ("LOAN CONTRACT").
2. The first installment shall be due one year from the date the STATE determines that the PROJECT described in the LOAN CONTRACT has been substantially completed, and annually thereafter until the entire principal sum and any accrued interest shall have been paid in full.
3. All payments received shall be applied first to accrued interest and then to the retirement of the principal. Payments shall be made payable to the Colorado Water Conservation Board and mailed to 1313 Sherman Street, Room 721, Denver, Colorado 80203.
4. This Note may be prepaid in whole or in part at any time without premium or penalty, with prepayments applied first to any accrued interest and then to reduce the principal amount. Any partial prepayment shall not postpone the due date of any subsequent payments or change the amount of such payments.
5. This Note is issued pursuant to the LOAN CONTRACT between the STATE and the BORROWER. The LOAN CONTRACT creates security interests in favor of the STATE to secure the prompt payment of all amounts which may become due hereunder. The security interests, evidenced by a Security Agreement dated April 10, 1997, a Deed of Trust dated April 6, 1997, and an Assignment of Certificate of Deposit dated April 11, 1997, cover certain revenues, real property and accounts of the BORROWER. The LOAN CONTRACT, Security Agreement, Deed of Trust and Assignment of Certificate of Deposit grant additional rights to the STATE, including the right to accelerate the maturity of this Note in certain events.
6. If any payment of principal or interest is not paid promptly when due or any default under the LOAN CONTRACT or the Security Agreement or Deed of Trust or Assignment of Certificate of Deposit securing this Note occurs, the STATE may declare the entire outstanding principal balance of the Note, and all accrued interest, immediately due and payable, without notice or demand, and the indebtedness shall bear interest at the rate of 15% per annum from the date of default.
7. The BORROWER, any guarantor, and any other person who is now or may hereafter become primarily or secondarily liable for the payment of this Note or any portion thereof hereby agree that if this Note or interest thereon is not paid when due or suit is brought, then it shall pay all reasonable costs of collection, including reasonable attorney fees. In the event of any bankruptcy or similar proceedings, costs of collection shall include all costs and attorney fees incurred in connection with such proceedings, including the fees of counsel for attendance at meetings of creditors' committees or other committees.
8. This Note shall be governed in all respects by the laws of the State of Colorado.

PAID IN FULL

BORROWER: The Sanchez Ditch and Reservoir Company

By Jerry Lorenz
Jerry Lorenz, President

SEAL

Attest:

By: Gerald Mathes

Appendix B to Contract #C153755

PROMISSORY NOTE

Principal Amount: \$335,000

Term: 25 Years

Loan Contract: #C153755, as amended

Interest Rate: 3% on \$200,000 and 3¾% on \$135,000


Loan Payment: \$19,891.96

Date: AUGUST 1, 1997

1. **FOR VALUE RECEIVED**, the Sanchez Ditch and Reservoir Company ("BORROWER") promises to pay the State of Colorado Water Conservation Board ("STATE"), the principal sum of \$335,000, of which \$200,000 is at an interest rate of three percent (3%) per annum on the outstanding balance and \$135,000 is at an interest rate of three and three-quarters percent (3¾%) per annum on the outstanding balance with an annual payment of \$19,891.96, for a term of 25 years or until paid in full, pursuant to Loan Contract #C153755, as amended ("LOAN CONTRACT").
2. The first payment shall be due one year from the date the STATE determines that the PROJECT described in the LOAN CONTRACT has been substantially completed, and annually thereafter until the entire principal sum and any accrued interest shall have been paid in full.
3. All payments received shall be applied first to accrued interest and then to the retirement of the principal. Payments shall be made payable to the Colorado Water Conservation Board and mailed to 1313 Sherman Street, Room 721, Denver, Colorado 80203.
4. This Note may be prepaid in whole or in part at any time without premium or penalty, with prepayments applied first to any accrued interest and then to reduce the principal amount. Any partial prepayment shall not postpone the due date of any subsequent payments or change the amount of such payments.
5. This Note is issued pursuant to the LOAN CONTRACT, as amended, between the STATE and the BORROWER. The LOAN CONTRACT creates security interests in favor of the STATE to secure the prompt payment of all amounts which may become due hereunder. The security interests, evidenced by a Security Agreement, a Deed of Trust, an Assignment of Certificates of Deposit, and an Assignment of Deposit Account as Security, cover certain revenues, real property and accounts of the BORROWER. The LOAN CONTRACT, Security Agreement, Deed of Trust, Assignment of Certificates of Deposit and Assignment of Deposit Account as Security grant additional rights to the STATE, including the right to accelerate the maturity of this Note in certain events.
6. If any payment of principal or interest is not paid promptly when due or any default under the LOAN CONTRACT or the Security Agreement or Deed of Trust or Assignment of Certificates of Deposit or Assignment of Deposit Account as Security securing this Note occurs, the STATE may declare the entire outstanding principal balance of the Note, and all accrued interest, immediately due and payable, without notice or demand, and the indebtedness shall bear interest at the rate of 15% per annum from the date of default.
7. The BORROWER, any guarantor, and any other person who is now or may hereafter become primarily or secondarily liable for the payment of this Note or any portion thereof hereby agree that if this Note or interest thereon is not paid when due or suit is brought, then it shall pay all reasonable costs of collection, including reasonable attorney fees. In the event of any bankruptcy or similar proceedings, costs of collection shall include all costs and attorney fees incurred in connection with such proceedings, including the fees of counsel for attendance at meetings of creditors' committees or other committees.
8. This Note shall be governed in all respects by the laws of the State of Colorado.


BORROWER: The Sanchez Ditch and Reservoir Company

By


Jerry Lorenz, President

SEAL

Attest By


Secretary

Original Note and Deed of Trust Returned to:
WHEN RECORDED RETURN TO:
CWCB
1313 Sherman Street, Room 718
Denver, CO 80203
Prepared/Received by: Jessica Halvorsen

REQUEST FOR FULL ☒ / PARTIAL ☐

RELEASE OF DEED OF TRUST AND RELEASE BY OWNER OF INDEBTEDNESS WITH PRODUCTION OF EVIDENCE
OF DEBT PURSUANT TO § 38-39-102 (1) (a), COLORADO REVISED STATUTES

December 10, 2020

Sanchez Ditch and Reservoir Company

11733 Hwy 142

San Acacio, CO 81151

☐ Check here if current address is unknown

Colorado Water Conservation Board

March 25, 2013

November 18, 2013

279747

440 / 939

County Rept. No. and/or Film No. and/or Book/Page No. and/or Torrens Reg. No.

Date

Original Grantor (Borrower)

Current Address of Original Grantor,
Assuming Party, or Current Owner

Original Beneficiary (Lender)

Date of Deed of Trust

Date of Recording and/or Re-Recording of Deed
of Trust

Recording Information

TO THE PUBLIC TRUSTEE OF

Costilla

COUNTY (The County of the Public Trustee who is the appropriate grantee to whom the above Deed of Trust should
grant an interest in the property described in the Deed of Trust.)

PLEASE EXECUTE AND RECORD A RELEASE OF THE DEED OF TRUST DESCRIBED ABOVE. The indebtedness secured
by the Deed of Trust has been fully or partially paid and/or the purpose of the Deed of Trust has been fully or partially satisfied in
regard to the property encumbered by the Deed of Trust as described therein as to a full release or, in the event of a partial release, only
that portion of the real property described as: **(IF NO LEGAL DESCRIPTION IS LISTED THIS WILL BE DEEMED A
FULL RELEASE)**

Full Release

State of Colorado, Colorado Water Conservation Board, 1313 Sherman Street, Ste. 718 Denver, CO 80203

Name and Address of Current Owner, Holder of the Indebtedness and Successor in Interest from the Department of Natural Resources, Secured by Deed of Trust

Kirk Russell, Finance Section Chief, CWCB, 1313 Sherman Street, Ste. 718 Denver, CO 80203

Name, Title and Address of Officer, Agent, or Attorney of Current Owner and Holder

Signature/Date

State of Colorado, County of Denver

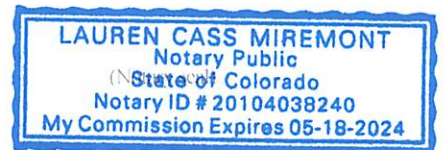
The foregoing Request for Release was acknowledged before
me on (date) by*

Kirk Russell

Finance Section Chief

Date Commission Expires

*If applicable, insert title of officer and name of current owner and holder



Notary Public

Witness my hand and official seal

RELEASE OF DEED OF TRUST

WHEREAS, the Grantor(s) named above, by Deed of Trust, granted certain real property described in the Deed of Trust to the
Public Trustee of the County referenced above, in the State of Colorado, to be held in trust to secure the payment of the indebtedness
referred to therein; and

WHEREAS, the indebtedness secured by the Deed of Trust has been fully or partially paid and/or the purpose of the Deed of Trust
has been fully or partially satisfied according to the written request of the current owner and holder of the indebtedness;

NOW THEREFORE, in consideration of the premises and the payment of the statutory sum, receipt of which is hereby
acknowledged, I, as the Public Trustee in the County named above, do hereby fully and absolutely release, cancel and forever discharge
the Deed of Trust or that portion of the real property described above in the Deed of Trust, together with all privileges and
appurtenances thereto belonging.

State of Colorado

County of Costilla

Signed by: Annette M. Carino

(Deputy) PT on: 12-30-20

(Notarization no longer required CRS 38-35-106)

abel)

(Public Trustee's Seal)

Public Trustee

Annette M. Carino

Deputy Public Trustee

(If applicable: Notary Seal)

(If applicable, Name and Address of Person Creating New Legal Description as Required by § 38-35-106.5, Colorado Revised Statutes.)



AMENDMENT NO.2 TO DEED OF TRUST

Date: March 25, 2013
Grantor (Borrower): Sanchez Ditch and Reservoir Company
Beneficiary (Lender): Colorado Water Conservation Board
Date of Deed of Trust: August 1, 1997
Recording Date of Deed of Trust: February 11, 1998
County of Recording ("County"): Costilla County
Deed of Trust Recording Information: 212239 B352 P7 (3 pages)
Original Loan Contract: C153755, dated May 7, 1997, as amended
September 3, 1997 and March 5, 2013
Promissory Note: Dated March 25, 2013, principal amount of
\$200,893.57, interest rate combined: 3%
per annum on \$117,757.34 and 3.75% per
annum on \$83,136.23, for a term of 9 years,

This AMENDMENT NO.2 TO ORIGINAL DEED OF TRUST is between the Grantor and the Public Trustee of the County, State of Colorado.

The ORIGINAL DEED OF TRUST was recorded to secure repayment of the indebtedness evidenced by the LOAN CONTRACT and PROMISSORY NOTE between the Grantor and the Beneficiary.

Grantor and Beneficiary have agreed to amend the ORIGINAL DEED OF TRUST to reflect the revised term of repayment, as described above.

NOW THEREFORE, the CWCB and Grantor agree that:

1. This AMENDMENT NO.2 TO DEED OF TRUST, APPENDIX B, to LOAN CONTRACT (C153755) AMENDMENT NO.2, dated March 25, 2013, shall supplement and operate in conjunction with the ORIGINAL DEED OF TRUST dated August 1, 1997 and incorporated herein by reference.
2. The Grantor has executed an AMENDMENT NO.2 TO PROMISSORY NOTE dated March 25, 2013, to secure the repayment of the indebtedness evidenced by CONTRACT NO. C153755, dated May 7, 1997, as amended on September 3, 1997 and March 25, 2013 for the total principal sum of \$200,893.57, to be repaid to the State of Colorado for the use and benefit of the Department of Natural Resources, Colorado Water Conservation Board ("CWCB") the beneficiary herein, whose address is 1313 Sherman Street, Room 721, Denver, CO 80203, payable in 9 annual installments, in accordance with said Promissory Note, or until the loan is paid in full.
3. In the event of any conflict, inconsistency, variance, or contradiction between the provisions of this amendment and any of the provisions of the original deed of trust, the provisions of this amendment shall in all respects supersede, govern, and control.
4. Any provisions of the original deed of trust not expressly modified herein remain in full force and effect.

5. Executed on the date first written above.

(SEAL)



GRANTOR:

Sanchez Ditch and Reservoir Company,
a Colorado nonprofit corporation

By Tom Caldon
Signature

Name Tom Caldon

Title Secretary

Date 8/14/13

ATTEST:

By Jerry Lorenz
Signature

Name Jerry Lorenz

Title President

Date 8/14/13

State of Colorado)
County of Costilla) ss.



The foregoing instrument was acknowledged before me on Aug. 14th, 2013, by
Tom Caldon (Name) as Secretary (Title) and
Jerry Lorenz (Name) as President (Title) of the Sanchez Ditch and
Reservoir Company. Witness my hand and official seal.

Annette M. Carino
Notary Public

My commission expires 12/14/14

Return recorded document to: CWCB Finance Section, Attn: Peg Mason,
Contracts Manager, 1313 Sherman St., Suite 721, Denver CO 80203 (Phone
Number 303-866-3441 ext. 3227)

AMENDMENT NO.2 TO PROMISSORY NOTE

Date: March 25, 2013

Borrower: Sanchez Ditch and Reservoir Company

Principal Amount: \$ 200,893.57

Interest Rate: 3% per annum on \$117,757.34 and 3.75% per annum on \$83,136.23

Term of Repayment: 9 years

Loan Contract No.: C153755, dated May 7, 1997, as amended September 3, 1997 and March 25, 2013

Loan Payment: As of September 2012 the annual payment will be \$19,900.35 for five (5) years. For the remaining years the annual payment will increase to \$34,900.35 until the loan is paid in full.

Payment Initiation Date*: September 3, 2011

Maturity Date*: September 3, 2020

* Payment Initiation Date and Maturity Date fields are filled in after the project has been substantially completed.

PAID IN FULL

1. FOR VALUE RECEIVED, the BORROWER promises to pay the Colorado Water Conservation Board ("CWCB"), the Principal Amount plus Interest for the Term of Repayment, pursuant to the LOAN CONTRACT and this PROMISSORY NOTE (NOTE).
2. This AMENDMENT NO.2 TO PROMISSORY NOTE, dated March 25, 2013 replaces and supersedes the PROMISSORY NOTE dated August 1, 1997, in the principal amount of \$335,000.
3. The BORROWER has paid the September, 2012 annual payment of \$19,900.35. As of September 2012, the annual payment will be \$19,900.35 for five (5) years. For the remaining years the annual payment will increase to \$34,900.35 until the loan is paid in full. All principal, interest, and late charges, if any, then remaining unpaid shall be due and payable on or before the Maturity Date.
4. Payments shall be made to the Colorado Water Conservation Board at 1313 Sherman Street, Room 721, Denver, Colorado 80203.
5. The CWCB may impose a late charge in the amount of 5% of the annual payment if the CWCB does not receive the annual payment within 15 calendar days of the due date.
6. This NOTE may be prepaid in whole or in part at any time without premium or penalty. Any partial prepayment shall not postpone the due date of any subsequent payments or change the amount of such payments.

Appendix B to Amendment No. 2 Loan Contract C153755

7. All payments received shall be applied first to late charges, if any, next to accrued interest and then to reduce the principal amount.
8. This NOTE is issued pursuant to the LOAN CONTRACT between the CWCB and the BORROWER. The LOAN CONTRACT creates security interests in favor of the CWCB to secure the prompt payment of all amounts that may become due hereunder. Said security interests are evidenced by a SECURITY AGREEMENT, APPENDIX D-2, DEED OF TRUST, APPENDIX E-2, ASSIGNMENT OF CERTIFICATED OF DEPOSIT, APPENDIX F-2, ASSIGNMENT OF DEPOSIT ACCOUNT AS SECURITY, APPENDIX G. ("SECURITY INSTRUMENTS") of even date and amount and cover certain revenues, real property, water rights and/or accounts of the BORROWER. The LOAN CONTRACT and SECURITY INSTRUMENTS grant additional rights to the CWCB, including the right to accelerate the maturity of this NOTE in certain events.
9. If any annual payment is not paid when due or any default under the LOAN CONTRACT or the Security Instruments securing this NOTE occurs, the CWCB may declare the entire outstanding principal balance of the NOTE, all accrued interest, and any outstanding late charges immediately due and payable, and the indebtedness shall bear interest at the rate of 7% per annum from the date of default. The CWCB shall give the BORROWER written notice of any alleged default and an opportunity to cure within thirty (30) days of receipt of such notice before the BORROWER shall be considered in default for purposes of this NOTE.
10. The BORROWER and any co-signer or guarantor hereby agree that if this NOTE or interest thereon is not paid when due or if suit is brought, then it shall pay all reasonable costs of collection, including reasonable attorney fees. In the event of any bankruptcy or similar proceedings, costs of collection shall include all costs and attorney fees incurred in connection with such proceedings, including the fees of counsel for attendance at meetings of creditors' committees or other committees.
11. This NOTE shall be governed in all respects by the laws of the State of Colorado.

(S E A L)

Attest:

By Jerry L. [Signature]
Signature/Title

Date 8-13-13

BORROWER:

Sanchez Ditch and Reservoir Company

By [Signature] **PAID IN FULL**
Signature/Title

Date 8-13-13

Appendix B to Amendment No.2
Loan Contract C153755

AMENDMENT NO.2 TO SECURITY AGREEMENT

DEBTOR: SANCHEZ DITCH AND RESERVOIR COMPANY
SECURED PARTY: COLORADO WATER CONSERVATION BOARD
DATE OF ORIGINAL SECURITY AGREEMENT: AUGUST 4, 1997
ORIGINAL PROMISSORY NOTE: \$335,000 DATED AUGUST 1, 1997, INTEREST RATE COMBINED 3.00% PER ANNUM ON \$200,000 AND 3.75% ON \$135,000 WITH AN ANNUAL PAYMENT OF \$19,900.35 FOR A PERIOD OF 25 YEARS OR UNTIL PAID IN FULL.
ORIGINAL LOAN CONTRACT: C153755, dated May 7, 1997, as amended September 3, 1997 and March 25, 2013

1. Pursuant to the Board's approval of an annual loan payment deferral, the September 2011 annual loan payment of \$19,900.35 and the interest of \$6,434.75 were deferred by CWCB. The unpaid interest was added to the loan principal changing the new loan principal amount to \$200,893.57.
2. The Parties expressly agree that this Amendment is supplemental to the Security Agreement dated August 4, 1997, of the ORIGINAL CONTRACT and all terms, conditions, and provisions thereof, unless specifically modified below, are to apply to this Amendment as though they were expressly rewritten, incorporated, and included herein.

Amended Loan Contract: Amendment No. 1 to Loan Contract No. C153755
Replacement Promissory Note: \$200,893.57, as of September 2013 the annual payment will be \$19,900.35 for five (5) years. For the remaining years the annual payment will increase to \$34,900.35 until the loan is paid in full.

Date of Amended Security Agreement: March 25, 2013

DEBTOR: SANCHEZ DITCH AND RESERVOIR COMPANY

By Tom Catala Secretary
Signature/Title

Date 8-13-13

ATTEST:

By Jerry Loney President
Signature/Title

Date 8-13-13

**Appendix C to Amendment No.1
Loan Contract C153755**



COLORADO

Colorado Water Conservation Board

Department of Natural Resources
1313 Sherman Street, Room 718
Denver, CO 80203

November 20, 2020

First Western National Bank
PO Box 719 - 501 Main Street
La Jara, CO 81140

SUBJECT: Release Assigned Certificates of Deposit for Loan Contract C153755

To Whom It May Concern:

This refers to the attached Assignment of Certificate of Deposit No. 09808 issued June 30, 1997 for \$8,406.39 and Certificate of Deposit No. 09774 issued on April 11, 1997 for \$11,485.57 relative to the above referenced agreement between Sanchez Ditch and Reservoir Company and the Colorado Water Conservation Board (CWCB). CWCB hereby authorizes you to release to the Company upon demand all funds available and held by this assignment of Certificate of Deposit.

Thank you for your assistance in this matter. Should you have any questions, please contact me at 303-866-3441 x 3205 or lauren.miremont@state.co.us.

Sincerely,

Lauren Miremont
Finance Manager, Finance Section



CERTIFICATE OF DEPOSIT

№ 09808

DEPOSITOR
SANCHEZ DITCH AND RESERVOIR CO
ADDRESS
RT 1 BOX 215 SANFORD, CO 81151



**FIRST WESTERN
NATIONAL BANK**

P.O. Box 719 - 501 Main Street
La Jara, CO 81140
(719) 274-5112
"BANK"

Account Number	Office/Officer	Opening Date	Maturity Date	Term	Taxpayer ID#
9808	001/	06/30/97	06/30/98	12 Month(s)	84-0465682

Account Name	Opening Deposit Amount	Number of Signatures Required	Interest Rate	Annual Percentage Yield
12 MONTH CERT OF DEPOSIT	\$8,406.39	2	5.4800% Fixed	5.59%

SPECIAL INSTRUCTIONS

Depositor (whether one or more persons or entities) has deposited with Bank the amount shown above and has agreed to maintain these funds on deposit with Bank until the stated Maturity Date. The Bank agrees to repay the amount deposited on the stated maturity date and to pay interest at the disclosed rate and on the date(s) provided below.

A. Renewal.

☐ Present this certificate promptly at maturity for payment. It is not automatically renewable. This account ☐ will ☐ will not earn interest after maturity.

☒ Upon the Maturity Date, and upon each successive maturity date, this certificate will be automatically renewed for a like term, at the interest rate then offered for new certificates that have the same term, minimum balance (if any), and other features as this original certificate, unless within 7 business days after the Maturity Date Bank receives written instructions from Depositor to the contrary, or unless the funds are withdrawn on the Maturity Date. Bank reserves the right not to renew this Certificate on any Maturity Date; in that event, Bank will mail notice of its nonrenewal election to Depositor, at the address shown above, not less than 30 days before the Maturity Date.

B. Interest.

☐ Interest will not be compounded and will be paid _____ by: _____

☐ Interest earned on this certificate will be compounded _____ and paid _____ by: _____

☒ Interest earned on this certificate will be paid quarterly by Deposit To Account
Number 617253

C. Penalty for Early Withdrawal/Redemption. Depositor may not withdraw funds from or redeem this certificate prior to the initial or subsequent maturity dates without the written authorization of the Bank. There will be a substantial interest penalty charged against any early withdrawal or redemption. This penalty will be waived if Depositor dies or is declared incompetent. The penalty will be calculated using the interest rate being paid on the certificate at the time the withdrawal/redemption is made. This penalty may invade principal. The amount of the penalty for this account is ☐ _____ days' interest ☐ flat fee of \$ _____ ☐ _____ % of the amount withdrawn ☐ all the interest you would have earned at maturity ☒ 4 MONTH INTEREST ON AMOUNT
WITHDRAWN

Member FDIC

ADDITIONAL DEPOSITORS

D. If the Interest Rate disclosed above is VARIABLE, the Bank reserves the right to change this rate _____

E. This Certificate is assignable only when entered on the books of and acknowledged in writing by the Bank, and is subject to Federal laws, rules and regulations governing time deposits, and to the Bank's time deposit rules and regulations. This certificate is nontransferable except on the books of the Bank.

Janet Davidson
Authorized Signature

Authorized Signature

TIN: _____

TIN: _____

TIN: _____

TIN: _____

TIN: _____

TIN: _____

TIN: _____

TIN: _____

DEPOSIT AGREEMENT

DEPOSITOR
SANCHEZ DITCH AND RESERVOIR CO
ADDRESS
RT 1 BOX 215 SANFORD, CO 81151



**FIRST WESTERN
NATIONAL BANK**

P.O. Box 719 - 501 Main Street
La Jara, CO 81140
(719) 274-5112
"BANK"

Account Number	Number of Signatures Rqd.	Opening Date	Opening Deposit Amount	CIF#	Office/Officer
9808	2	06/30/97	\$8,406.39		001 /

SIGNATURES - In consideration of Bank's agreement to open this account, and other value received by each of the undersigned, the undersigned Depositor (whether one or more) agrees to the terms stated on this form (including the reverse) and acknowledges receipt of this Deposit Agreement and (if checked) ☒ Schedule of Fees and Charges ☒ TIN Instructions ☐ Funds Availability Disclosure ☐ Bank rules and regulations ☒ any separate account agreement ☐ Truth-In-Savings Disclosure. In the event of any conflict or inconsistency between the terms of any separately received document and this Agreement, the terms of the separately received document shall govern and control. Depositor also authorizes Bank to check credit and employment history should it deem necessary. The terms and conditions of all received documents, together with all terms and conditions stated on the reverse hereof, are incorporated herein by this reference.

1. ☒ Jerry W Lorenz
JERRY W LORENZ ID# PRESIDENT

5. ☒ _____

2. ☒ Gerald W Mathes
GERALD W MATHES ID# SECRETARY

6. ☒ _____

3. ☒ _____

7. ☒ _____

4. ☒ _____

8. ☒ _____

OPENED BY	TELEPHONE NO.
JML	(719) 672-3963

BUSINESS INFORMATION	
STATE OF ORGANIZATION:	COLORADO
AUTHORIZATION DATE:	June 20, 1997
TYPE OF BUSINESS:	
BANKING REFERENCE:	
FACSIMILE SIGNATURES Y/N:	No
VERIFICATION:	
PRIMARY PURPOSE:	

DEPOSIT SOURCE
Internal Transfer

ACCOUNT TYPE
CD - 12 MONTH CERT OF DEPOSIT

OWNERSHIP
Corporation

MAILING ADDRESS (IF DIFFERENT THAN ABOVE)

SPECIAL INSTRUCTIONS:

- ☒ TAXPAYER I.D. NUMBER - My correct taxpayer identification number (TIN) is:
84-0465682
(SANCHEZ DITCH AND RESERVOIR CO)
☐ APPLIED FOR TAXPAYER I.D. NUMBER - A taxpayer identification number has not been issued to me, and I mailed or delivered an application to receive a taxpayer identification number to the appropriate Internal Revenue Service Center or Social Security Administration Office (or I intend to mail or deliver an application in the near future). I understand that if I do not provide a taxpayer identification number to the payor within 60 days, the payor is required to withhold 31 percent of all reportable payments thereafter made to me until I provide a number.
☐ EXEMPT RECIPIENTS - I am an exempt recipient under the Internal Revenue Service regulations.

- ☒ BACKUP WITHHOLDING - I am not subject to backup withholding either because I have not been notified that I am subject to withholding as a result of a failure to report all interest or dividends, or the Internal Revenue Service has notified me that I am no longer subject to backup withholding.
☐ NONRESIDENT ALIENS - I am not a United States person, or if I am an individual, I am neither a citizen nor a resident of the United States.
SIGNATURE: By signing below I certify under penalties of perjury the statements checked on this form.
☒ Jerry W Lorenz
BACKUP WITHHOLDING CERTIFICATIONS

GENERAL PROVISIONS - The following printed terms, and those on any separate agreements and disclosures (the terms and conditions of which have been incorporated herein), will govern the operation of this account, unless clearly varied in writing or typing. "We," "our," or "us" means the depository institution and "you" means the Depositor, or each Depositor, if more than one. This agreement includes your promise to pay the charges as shown on the Schedule of Fees and Charges and your permission for us to deduct these charges, as we earn them, directly from the account balance. You also agree to pay any additional reasonable charges we may impose for services you request which are not contemplated by this agreement. Each of you agrees to be jointly and severally liable for any account deficit resulting from charges or overdrafts, together with the costs we incur to collect the deficit including, to the extent permitted by law, our reasonable attorneys' fees. We will not be liable for dishonor of your checks or other items resulting from our deduction of any such charges and, to the extent permitted by law, collection costs and reasonable attorneys' fees. This agreement is governed by state and federal law and regulation and applicable clearinghouse rules, except to the extent that this agreement can and does vary such rules or law.

OWNERSHIP OF ACCOUNT - The following provisions explain the rules applicable to this account depending on the form of ownership specified on the reverse side. Only the portion corresponding to the form of ownership specified will apply. **Individual Account** - This account is owned by one person who does not create any rights to the account in any other person. **Sole Proprietorship** - This account is owned by one or more persons doing business (d/b/a) under a trade or assumed name. Only the account owner may transfer or withdraw funds from this account unless s/he/they authorize(s) another in writing to transact on the account. **Partnerships, Corporations, Limited Liability Companies, Government Units, and other Organizations** - This account is owned by the named legal entity, which acts through its authorized representatives. Every person signing on the reverse represents and warrants that s/he is fully authorized to execute this Agreement in the capacity indicated. The governing body of the legal entity shall provide us with an authorization, in a form acceptable to us, telling us who is authorized to act in its behalf. We may require a separate authorization for each account, or we may rely on one authorization for all accounts owned by the legal entity. We will honor the authorization until we actually receive written notice of a change from the governing body of the legal entity. We are not responsible for any transaction conducted by a previously authorized representative if we have not actually received written notice from the governing body of the legal entity that the representative is no longer authorized to transact on its behalf.

DEPOSITS - In receiving items for deposit or collection, we act only as your collecting agent and assume no responsibility beyond the exercise of ordinary care. We are not liable for default or negligence of our duly selected correspondents, nor for losses in transit, and each correspondent is not liable except for its own negligence. Any items accepted for deposit (including items drawn "on us") will be given provisional credit only until collection is final and in U.S. dollars. We are not responsible for any transactions (including any deposits made at an outside depository) until we actually record them. You agree to assume liability for any indorsement that violates the standards prescribed by Federal law or regulation.

WITHDRAWALS - Unless otherwise indicated on the reverse side, any one of you who signs this Agreement, as a Depositor or otherwise, may withdraw or transfer all or any part of the account balance at any time on forms approved by us. Each of you authorizes each other person signing this Agreement to indorse any item payable to you or your order for deposit to this account or any other transaction with us, until we receive actual notice to the contrary. A check that will overdraw the available account balance will trigger a service charge, whether we pay the item or dishonor it. We may, at our option and in lieu of other charges in connection with an overdraft, charge interest on the overdraft at a rate not to exceed the maximum legal rate until paid. You agree, immediately upon notice from us, to deposit funds sufficient to cover any overdraft plus service charges. In connection with overdrafts, our determination of the account balance may be made at any time between presentment and our midnight deadline, and will only be made once. The fact that we may honor withdrawal requests which overdraw the available account balance does not obligate us to do so. We will not be obligated to honor such requests unless required by law or by another agreement we have with you. We reserve the right to disregard any information on the check other than the drawer's signature, the payee, the amount, and any magnetically-encoded information at the bottom of the check. Unless previously agreed to by us in writing, we will not be liable for payment of any post-dated item or for payment of any item bearing on its face any conditional statement or restriction such as "Valid after 90 days", "Valid over \$100", "Paid in full", or "Two signatures required". If we pay any such item, we may charge the full amount of that item to your account. We may refuse any withdrawal or transfer request which is for an amount less than any minimum withdrawal requirement or which exceeds any frequency limitation. If you fail to observe these stated account limitations, we may close this account. We will use the date a transaction is completed by us (and not the day you initiate it) to apply the frequency limitations. On interest-bearing accounts other than time deposits, we reserve the right to require at least seven days' written notice before any withdrawal or transfer. Withdrawals from a time deposit prior to maturity or prior to the expiration of any notice period may be restricted or prohibited and, if consented to by us, may be subject to a substantial penalty.

ACCOUNT TERMS, AMENDMENTS, AND TERMINATION - This account is subject to charges, interest rates, and minimum balance requirements established from time to time by us. We may change such applicable charges, interest rates, and minimum balance requirements, and any other account terms, at any time, after such notice, if any, as is required by law, or if there is no specific requirement of law, then after reasonable notice. Notice from us to any one of you is notice to all of you. This account relationship may be terminated by us at any time and without previous notice by mailing notice thereof and a check for the account balance, if any, to you at your address as shown on our records on the date mailed. This account may not be transferred or assigned without our written consent.

FACSIMILE SIGNATURES - If authorized ("Yes" on reverse) the Bank may honor as genuine and authorized instruments of depositor any and all checks, drafts, or other orders for the payment of money drawn in the name of Depositor and signed on its behalf with an authorized facsimile signature. Depositor assumes full responsibility for any and all payments made by the Bank in reliance upon the facsimile signature(s) and shall indemnify and hold the Bank harmless against any loss, damage or liability suffered or incurred by the Bank arising out of the misuse or unauthorized use by any person of any facsimile signature.

STOP PAYMENTS - Any one of you can order us to stop payment on a check drawn on your account. In order to place a stop payment order, you must inform us of the exact amount of the check, the number of the check, the number of the account and the name of the payee; otherwise, we may not catch your stop order. We will not be responsible if the check in question is not described with reasonable certainty, and we are entitled to a reasonable period of time after you give us a stop order to notify our employees. Oral stop payment requests are effective for fourteen (14) days unless confirmed by written order; written stop payment orders are effective for six (6) months and may be renewed. There is a charge for each stop payment request. You agree to hold us harmless for all liability, expense, and cost we incur because we refuse to pay the check, except for our failure to exercise ordinary care. If we recredit your account after paying a check over a valid and timely stop order, you agree to sign a statement describing the dispute with the payee, to transfer to us all of your rights against the payee or other holder of the check, and to assist us in legal action taken against that person. No stop payment orders are allowed on cashier's checks, teller's checks, or certified checks, except as provided or required by law.

STATEMENTS - If periodic statements are generated for this account, such statements will be mailed to you at the address shown on our records unless you otherwise instruct us. Examine your statement carefully upon receipt and reconcile your account. Notify us promptly of any error or unauthorized signature or alteration. If you do not notify us of an unauthorized signature or alteration promptly, you cannot assert the unauthorized signature or alteration against us if we suffered a loss by reason of your failure to do so. If you do not notify us of an unauthorized signature or alteration within a reasonable time (not to exceed 60 calendar days) after we send or make available to you your statement and (if applicable) accompanying items, you cannot assert any unauthorized signatures or alterations by the same wrongdoer on any items paid by us after the reasonable time mentioned above elapses, but before we receive notice from you.

DIRECT DEPOSITS - If we deposit any amount in this account which should have been returned to the State or Federal Government for any reason, you authorize us to deduct the amount of our liability to the State or Federal Government from this account or from any other account you have with us, without prior notice and at any time, except as prohibited by law. We may also use any other legal remedy to recover the amount of our liability.

SET-OFF - By signing this form, for value received, you each grant to us a security interest in the account and in addition agree that we have the right (without prior notice and when permitted by law) to set-off the funds in this account against any due and payable indebtedness owed to us now or in the future by any of you, either individually or jointly. We may set-off any debt owed to us by any one or more of you without regard to the ownership or source of the funds in the account and without requirement that the debt be owed to us by all of you rather than only some of you. This right of set-off does not apply to this account to the extent restricted or prohibited by law or contract. You agree to hold us harmless from any claim arising from exercise of our right of setoff.

DORMANT ACCOUNTS - We may, after a reasonable period of inactivity, consider your account dormant. Dormant accounts (if interest-bearing) ☒ will ☐ will not continue to earn interest, and will be subject to such maintenance and service charges as may be shown on the Schedule of Fees and Charges. We ☒ will ☐ will not mail periodic statements for dormant accounts. We may define dormancy differently than as defined by applicable state law.

ADDITIONAL TERMS -

CERTIFICATE OF DEPOSIT

DEPOSITOR
SANCHEZ DITCH AND RESERVOIR CO

ADDRESS

RT 1 BOX 215
SANFORD, CO 81151



**FIRST WESTERN
NATIONAL BANK**

P.O. Box 719 - 501 Main Street
La Jara, CO 81140
(719) 274-5112
"BANK"

Account Number	Office/Officer	Opening Date	Maturity Date	Term	Taxpayer ID#
9774	001/SER	04/11/97	04/11/98	12 Month(s)	84-0465682

Account Name	Opening Deposit Amount	Number of Signatures Required	Interest Rate	Annual Percentage Yield
12 MONTH CERT OF DEPOSIT	\$11,485.57	2	5.5000% Fixed	5.61%

SPECIAL INSTRUCTIONS

Depositor (whether one or more persons or entities) has deposited with Bank the amount shown above and has agreed to maintain these funds on deposit with Bank until the stated Maturity Date. The Bank agrees to repay the amount deposited on the stated maturity date and to pay interest at the disclosed rate and on the date(s) provided below.

A. Renewal.

☐ Present this certificate promptly at maturity for payment. It is not automatically renewable. This account ☐ will ☐ will not earn interest after maturity.

☒ Upon the Maturity Date, and upon each successive maturity date, this certificate will be automatically renewed for a like term, at the interest rate then offered for new certificates that have the same term, minimum balance (if any), and other features as this original certificate, unless within 7 business days after the Maturity Date Bank receives written instructions from Depositor to the contrary, or unless the funds are withdrawn on the Maturity Date. Bank reserves the right not to renew this Certificate on any Maturity Date; in that event, Bank will mail notice of its nonrenewal election to Depositor, at the address shown above, not less than 30 days before the Maturity Date.

B. Interest.

☐ Interest will not be compounded and will be paid _____ by: _____

☐ Interest earned on this certificate will be compounded _____ and paid _____ by: _____

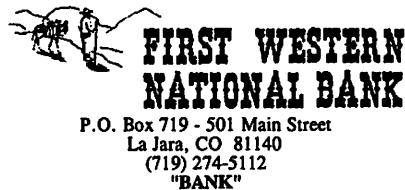
☒ Interest earned on this certificate will be paid quarterly by Deposit To Account
Number 617253

C. Penalty for Early Withdrawal/Redemption. Depositor may not withdraw funds from or redeem this certificate prior to the initial or subsequent maturity dates without the written authorization of the Bank. There will be a substantial interest penalty charged against any early withdrawal or redemption. This penalty will be waived if Depositor dies or is declared incompetent. The penalty will be calculated using the interest rate being paid on the certificate at the time the withdrawal/redemption is made. This penalty may invade principal. The amount of the penalty for this account is ☐ _____ days' interest ☐ flat fee of \$ _____ ☐ _____ % of the amount withdrawn ☐ all the interest you would have earned at maturity ☒ 4 MONTH INTEREST ON AMOUNT WITHDRAWN

Member FDIC

DEPOSIT AGREEMENT

DEPOSITOR	
SANCHEZ DITCH AND RESERVOIR CO	
ADDRESS	
RT 1 BOX 215 SANFORD, CO 81151	



Account Number	Number of Signatures Rqd.	Opening Date	Opening Deposit Amount	CIF#	Office/Officer
9774	2	04/11/97	\$11,485.57		001 / SER

SIGNATURES - In consideration of Bank's agreement to open this account, and other value received by each of the undersigned, the undersigned Depositor (whether one or more) agrees to the terms stated on this form (including the reverse) and acknowledges receipt of this Deposit Agreement and (if checked) ☒ Schedule of Fees and Charges ☒ TIN instructions ☐ Funds Availability Disclosure ☐ Bank rules and regulations ☒ any separate account agreement ☐ Truth-In-Savings Disclosure. In the event of any conflict or inconsistency between the terms of any separately receipted document and this Agreement, the terms of the separately receipted document shall govern and control. Depositor also authorizes Bank to check credit and employment history should it deem necessary. The terms and conditions of all receipted documents, together with all terms and conditions stated on the reverse hereof, are incorporated herein by this reference.

1. ☒ *Signed Jerry W Lorenz*
JERRY W LORENZ ID# PRESIDENT

5. ☒

2. ☒ *Signed Gerald W Mathes*
GERALD W MATHES ID# SECRETARY

6. ☒

3. ☒

7. ☒

4. ☒

8. ☒

OPENED BY	TELEPHONE NO.
JML	(719) 672-3963

BUSINESS INFORMATION	
STATE OF ORGANIZATION:	COLORADO
AUTHORIZATION DATE:	April 11, 1997
TYPE OF BUSINESS:	
BANKING REFERENCE:	
FACSIMILE SIGNATURES Y/N:	No
VERIFICATION:	
PRIMARY PURPOSE:	

DEPOSIT SOURCE
Internal Transfer

ACCOUNT TYPE
CD - 12 MONTH CERT OF DEPOSIT

OWNERSHIP
Corporation

MAILING ADDRESS (IF DIFFERENT THAN ABOVE)

SPECIAL INSTRUCTIONS:

☒ TAXPAYER I.D. NUMBER - My correct taxpayer identification number (TIN) is:
84-0465682

☐ APPLIED FOR TAXPAYER I.D. NUMBER - A taxpayer identification number has not been issued to me, and I mailed or delivered an application to receive a taxpayer identification number to the appropriate Internal Revenue Service Center or Social Security Administration Office (or I intend to mail or deliver an application in the near future). I understand that if I do not provide a taxpayer identification number to the payor within 60 days, the payor is required to withhold 31 percent of all reportable payments thereafter made to me until I provide a number.

☐ EXEMPT RECIPIENTS - I am an exempt recipient under the Internal Revenue Service regulations.

☒ BACKUP WITHHOLDING - I am not subject to backup withholding either because I have not been notified that I am subject to withholding as a result of a failure to report all interest or dividends, or the Internal Revenue Service has notified me that I am no longer subject to backup withholding.

☐ NONRESIDENT ALIENS - I am not a United States person, or if I am an individual, I am neither a citizen nor a resident of the United States.

SIGNATURE: By signing below I certify under penalties of perjury the statements checked on this form.

X *Signed Jerry W Lorenz*
BACKUP WITHHOLDING CERTIFICATIONS

GENERAL PROVISIONS - The following printed terms, and those on any separate agreements and disclosures (the terms and conditions of which have been incorporated herein), will govern the operation of this account, unless clearly varied in writing or typing. "We," "our," or "us" means the depository institution and "you" means the Depositor, or each Depositor, if more than one. This agreement includes your promise to pay the charges as shown on the Schedule of Fees and Charges and your permission for us to deduct these charges, as we earn them, directly from the account balance. You also agree to pay any additional reasonable charges we may impose for services you request which are not contemplated by this agreement. Each of you agrees to be jointly and severally liable for any account deficit resulting from charges or overdrafts, together with the costs we incur to collect the deficit including, to the extent permitted by law, our reasonable attorneys' fees. We will not be liable for dishonor of your checks or other items resulting from our deduction of any such charges and, to the extent permitted by law, collection costs and reasonable attorneys' fees. This agreement is governed by state and federal law and regulation and applicable clearinghouse rules, except to the extent that this agreement can and does vary such rules or law.

OWNERSHIP OF ACCOUNT - The following provisions explain the rules applicable to this account depending on the form of ownership specified on the reverse side. Only the portion corresponding to the form of ownership specified will apply. **Individual Account** - This account is owned by one person who does not create any rights to the account in any other person. **Sole Proprietorship** - This account is owned by one or more persons doing business (d/b/a) under a trade or assumed name. Only the account owner may transfer or withdraw funds from this account unless s/he/they authorize(s) another in writing to transact on the account. **Partnerships, Corporations, Limited Liability Companies, Government Units, and other Organizations** - This account is owned by the named legal entity, which acts through its authorized representatives. Every person signing on the reverse represents and warrants that s/he is fully authorized to execute this Agreement in the capacity indicated. The governing body of the legal entity shall provide us with an authorization, in a form acceptable to us, telling us who is authorized to act in its behalf. We may require a separate authorization for each account, or we may rely on one authorization for all accounts owned by the legal entity. We will honor the authorization until we actually receive written notice of a change from the governing body of the legal entity. We are not responsible for any transaction conducted by a previously authorized representative if we have not actually received written notice from the governing body of the legal entity that the representative is no longer authorized to transact on its behalf.

DEPOSITS - In receiving items for deposit or collection, we act only as your collecting agent and assume no responsibility beyond the exercise of ordinary care. We are not liable for default or negligence of our duly selected correspondents, nor for losses in transit, and each correspondent is not liable except for its own negligence. Any items accepted for deposit (including items drawn "on us") will be given provisional credit only until collection is final and in U.S. dollars. We are not responsible for any transactions (including any deposits made at an outside depository) until we actually record them. You agree to assume liability for any indorsement that violates the standards prescribed by Federal law or regulation.

WITHDRAWALS - Unless otherwise indicated on the reverse side, any one of you who signs this Agreement, as a Depositor or otherwise, may withdraw or transfer all or any part of the account balance at any time on forms approved by us. Each of you authorizes each other person signing this Agreement to indorse any item payable to you or your order for deposit to this account or any other transaction with us, until we receive actual notice to the contrary. A check that will overdraw the available account balance will trigger a service charge, whether we pay the item or dishonor it. We may, at our option and in lieu of other charges in connection with an overdraft, charge interest on the overdraft at a rate not to exceed the maximum legal rate until paid. You agree, immediately upon notice from us, to deposit funds sufficient to cover any overdraft plus service charges. In connection with overdrafts, our determination of the account balance may be made at any time between presentation and our midnight deadline, and will only be made once. The fact that we may honor withdrawal requests which overdraw the available account balance does not obligate us to do so. We will not be obligated to honor such requests unless required by law or by another agreement we have with you. We reserve the right to disregard any information on the check other than the drawer's signature, the payee, the amount, and any magnetically-encoded information at the bottom of the check. Unless previously agreed to by us in writing, we will not be liable for payment of any post-dated item or for payment of any item bearing on its face any conditional statement or restriction such as "Void after 90 days", "Void over \$100", "Paid in full", or "Two signatures required". If we pay any such item, we may charge the full amount of that item to your account. We may refuse any withdrawal or transfer request which is for an amount less than any minimum withdrawal requirement or which exceeds any frequency limitation. If you fail to observe these stated account limitations, we may close this account. We will use the date a transaction is completed by us (and not the day you initiate it) to apply the frequency limitations. On interest-bearing accounts other than time deposits, we reserve the right to require at least seven days' written notice before any withdrawal or transfer. Withdrawals from a time deposit prior to maturity or prior to the expiration of any notice period may be restricted or prohibited and, if consented to by us, may be subject to a substantial penalty.

ACCOUNT TERMS, AMENDMENTS, AND TERMINATION - This account is subject to charges, interest rates, and minimum balance requirements established from time to time by us. We may change such applicable charges, interest rates, and minimum balance requirements, and any other account terms, at any time, after such notice, if any, as is required by law, or if there is no specific requirement of law, then after reasonable notice. Notice from us to any one of you is notice to all of you. This account relationship may be terminated by us at any time and without previous notice by mailing notice thereof and a check for the account balance, if any, to you at your address as shown on our records on the date mailed. This account may not be transferred or assigned without our written consent.

FACSIMILE SIGNATURES - If authorized ("Yes" on reverse) the Bank may honor as genuine and authorized instruments of depositor any and all checks, drafts, or other orders for the payment of money drawn in the name of Depositor and signed on its behalf with an authorized facsimile signature. Depositor assumes full responsibility for any and all payments made by the Bank in reliance upon the facsimile signature(s) and shall indemnify and hold the Bank harmless against any loss, damage or liability suffered or incurred by the Bank arising out of the misuse or unauthorized use by any person of any facsimile signature.

STOP PAYMENTS - Any one of you can order us to stop payment on a check drawn on your account. In order to place a stop payment order, you must inform us of the exact amount of the check, the number of the check, the number of the account and the name of the payee; otherwise, we may not catch your stop order. We will not be responsible if the check in question is not described with reasonable certainty, and we are entitled to a reasonable period of time after you give us a stop order to notify our employees. Oral stop payment requests are effective for fourteen (14) days unless confirmed by written order; written stop payment orders are effective for six (6) months and may be renewed. There is a charge for each stop payment request. You agree to hold us harmless for all liability, expense, and cost we incur because we refuse to pay the check, except for our failure to exercise ordinary care. If we recredit your account after paying a check over a valid and timely stop order, you agree to sign a statement describing the dispute with the payee, to transfer to us all of your rights against the payee or other holder of the check, and to assist us in legal action taken against that person. No stop payment orders are allowed on cashier's checks, teller's checks, or certified checks, except as provided or required by law.

STATEMENTS - If periodic statements are generated for this account, such statements will be mailed to you at the address shown on our records unless you otherwise instruct us. Examine your statement carefully upon receipt and reconcile your account. Notify us promptly of any error or unauthorized signature or alteration. If you do not notify us of an unauthorized signature or alteration promptly, you cannot assert the unauthorized signature or alteration against us if we suffered a loss by reason of your failure to do so. If you do not notify us of an unauthorized signature or alteration within a reasonable time (not to exceed 60 calendar days) after we send or make available to you your statement and (if applicable) accompanying items, you cannot assert any unauthorized signatures or alterations by the same wrongdoer on any items paid by us after the reasonable time mentioned above elapses, but before we receive notice from you.

DIRECT DEPOSITS - If we deposit any amount in this account which should have been returned to the State or Federal Government for any reason, you authorize us to deduct the amount of our liability to the State or Federal Government from this account or from any other account you have with us, without prior notice and at any time, except as prohibited by law. We may also use any other legal remedy to recover the amount of our liability.

SET-OFF - By signing this form, for value received, you each grant to us a security interest in the account and in addition agree that we have the right (without prior notice and when permitted by law) to set-off the funds in this account against any due and payable indebtedness owed to us now or in the future by any of you, either individually or jointly. We may set-off any debt owed to us by any one or more of you without regard to the ownership or source of the funds in the account and without requirement that the debt be owed to us by all of you rather than only some of you. This right of set-off does not apply to this account to the extent restricted or prohibited by law or contract. You agree to hold us harmless from any claim arising from exercise of our right of setoff.

DORMANT ACCOUNTS - We may, after a reasonable period of inactivity, consider your account dormant. Dormant accounts (if interest-bearing) ☒ will ☐ will not continue to earn interest, and will be subject to such maintenance and service charges as may be shown on the Schedule of Fees and Charges. We ☒ will ☐ will not mail periodic statements for dormant accounts. We may define dormancy differently than as defined by applicable state law.

ADDITIONAL TERMS -

CD 9808

CORPORATE RESOLUTION

The undersigned Secretary/Assistant Secretary of SANCHEZ DITCH AND RESERVOIR CO

("Company"), a corporation duly organized and existing under the laws of the State of COLORADO,
hereby certifies that, at a meeting of the Board of Directors of the Company duly called and held at RT 1 BOX 215

, City of SANFORD,
County of CONEJOS, State of COLORADO on June 20, 1997

at which meeting a quorum was continuously present, the following resolutions were adopted, have been duly entered into the minute book of the Company, are in conformity with (as applicable) the Articles of Incorporation/Charter and By-Laws, are now in full force and effect, and have not been modified or rescinded in any manner:

RESOLVED, that any Two (2) of the following persons:

- ☒ President
- ☐ any Vice President
- ☐ any Assistant Vice President
- ☐ Treasurer
- ☐ any Assistant Treasurer
- ☒ Secretary
- ☐ any Assistant Secretary
- ☐ Other: _____ (Title)

("Authorized Party") is authorized and empowered to perform any one or more of the following actions for and on behalf of the Company and on such terms and conditions as such Authorized Party may deem advisable in his sole discretion:


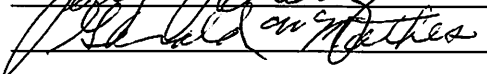
- (a) Open and maintain any safe deposit boxes, lockboxes and escrow, savings, checking, depository, or other accounts with FIRST WESTERN NATIONAL BANK P O BOX 719 ("Bank");
 - (b) Assign, negotiate, endorse and deposit in and to such boxes and accounts any checks, drafts, notes, and other instruments and funds payable to or belonging to the Company;
 - (c) Withdraw any funds or draw, sign and deliver in the name of the Company any check or draft against funds of the Company in such boxes or accounts;
 - (d) Implement additional depository and funds transfer services (including, but not limited to, facsimile signature authorizations, wire transfer agreements, night depository agreements, automated clearinghouse agreements, and payroll deposit programs);
 - (e) Endorse to Bank any checks, drafts, notes, or other instruments payable to the Company;
 - (f) Appoint the Bank as the Company's attorney-in-fact for any purpose (including, but not limited to, endorsing any checks, drafts, notes or other instruments payable to the Company);
 - (g) Execute any document (including, but not limited to, facsimile signature authorization agreements, wire transfer agreements, automated clearinghouse agreements, payroll deposit agreements, powers of attorney, and waivers) and take any action on behalf of the Company to carry out the terms of each of the documents set forth herein and to carry out these resolutions; and
 - (h) Designate from time to time the person or persons to receive from the Bank any and all cancelled checks and/or statements of account.
- FURTHER RESOLVED, that endorsement of items for deposit may be by the written or stamped endorsement of the Company without designating the person making the endorsement;

FURTHER RESOLVED, that any of the foregoing or related activities taken by any Authorized Party prior to the adoption of the preceding resolutions are hereby ratified and declared to be binding obligations of the Company in a full and complete manner;

FURTHER RESOLVED, that the authority and power of any Authorized Party as provided in the preceding resolutions will continue in full force and effect until the Board of Directors or shareholders of the Company adopt a resolution amending, modifying or revoking one or more of the preceding resolutions and a certified copy of the properly executed resolution is actually received by the Bank; and

FURTHER RESOLVED, that the Secretary or any Assistant Secretary of the Company is authorized from time to time to certify the adoption of the foregoing resolutions to the Bank, the continuing effect of these resolutions, and the incumbency of the various parties authorized to exercise the rights in these resolutions.

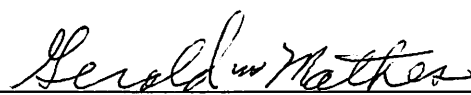
The undersigned Secretary/Assistant Secretary certifies that the following persons are duly elected officers or otherwise authorized to act on behalf of the Company in the capacities set forth below and that the following original signatures are genuine in all respects:

NAME	TITLE	SIGNATURE
JERRY W LORENZ	PRESIDENT	
GERALD W MATHES	SECRETARY	

☐ If checked, the undersigned Secretary/Assistant Secretary certifies that shareholder approval of this Resolution is not required under (as applicable) the Articles of Incorporation/Charter and Bylaws of the Company.

Dated this 20 day of June - 97.

[SEAL]


Secretary/Assistant Secretary

Certificate of Shareholder Approval

The undersigned Secretary/Assistant Secretary of the Company hereby certifies that, at a meeting of the shareholders of the Company duly-called and held at _____ City of _____, County of _____, State of _____, on _____, at which meeting a quorum was continuously present, _____ % or more of the shareholders of the Company approved the preceding resolutions of the Board of Directors of the Company and that such approval has not been modified or rescinded in any manner.

Dated this _____ day of _____.

[SEAL]

Secretary/Assistant Secretary

**Certificate of Shareholder Approval
By Unanimous Consent**

The undersigned Secretary/Assistant Secretary of the Company hereby certifies that pursuant to a unanimous written consent of all shareholders of the Company, all of the shareholders of the Company approved the preceding resolutions of the Board of Directors of the Company and that such approval has not been modified or rescinded in any manner.

Dated this _____ day of _____.

[SEAL]

Secretary/Assistant Secretary

(If Shareholder Approval Is Required, One Certificate of Approval Must Be Completed)

UCC Financing Statement Amendment

Colorado Secretary of State

Date and Time: 11/19/2020 08:35:36 AM

Master ID: 20192018563

Validation Number: 20202128957

Amount: \$8.00

Initial Financing Statement

File #: 20192018563

File Date: 03/06/2019 10:08:09 AM

Filing office: Secretary of State

This amendment is a termination.

Authorizing Party (Secured Party): (Organization)

Name: STATE OF COLORADO - COLORADO WATER CONSERVATION BOARD

Address1: 1313 SHERMAN ST ROOM 718

Address2:

City: DENVER

State: CO

ZIP/Postal Code: 80203

Province:

Country: United States

UCC Financing Statement

Colorado Secretary of State

Date and Time: 03/06/2019 10:08:09 AM

Master ID: 20192018563

Validation Number: 20192018563

Amount: \$8.00

Debtor: (Organization)

Name: SANCHEZ DITCH AND RESERVOIR COMPANY

Address1: RR 1 BOX 215

Address2:

City: SAN ACACIO

State: CO

ZIP/Postal Code: 81151

Province:

Country: United States

Secured Party: (Organization)

Name: STATE OF COLORADO - COLORADO WATER CONSERVATION BOARD

Address1: 1313 SHERMAN ST ROOM 718

Address2:

City: DENVER

State: CO

ZIP/Postal Code: 80203

Province:

Country: United States

Collateral

Description:

SECURED PARTY'S REVENUES PLEDGED TO REPAY LOAN OF \$200,893.57 IN ACCODANCE WITH LOAN CONTRACT NO. C153755, AS AMENDED, AND PROMISSORY NOTE DATED MARCH 25, 2013.

Optional Information

Optional filer reference data/miscellaneous information:

RENEWAL OF LAPSED FILING #20132098365

UCC Financing Statement Amendment

Colorado Secretary of State

Date and Time: 11/12/2013 13:35:50 PM

Master ID: 20082109814

Validation Number: 20132098365

Amount: \$8.00

Initial Financing Statement

File #: 20082109814

File Date: 11/07/2008 14:41:37 PM

Filing office: Secretary of State

Collateral

This amendment restates collateral

Description:

SECURED PARTY'S REVENUES PLEDGED TO REPAY LOAN OF \$200,893.57 IN ACCODANCE WITH LOAN CONTRACT NO. C153755, AS AMENDED, AND PROMISSORY NOTE DATED MARCH 25, 2013.

UCC Financing Statement Amendment

Colorado Secretary of State

Date and Time: 08/01/2013 08:25:44 AM

Master ID: 20082109814

Validation Number: 20132067383

Amount: \$8.00

Initial Financing Statement

File #: 20082109814

File Date: 11/07/2008 14:41:37 PM

Filing office: Secretary of State

This amendment is a continuation.

Secured Party: (Organization) - Changed

Name: STATE OF COLORADO - COLORADO WATER CONSERVATION BOARD

Address1: 1580 LOGAN STREET, SUITE 600

Address2:

City: DENVER

State: CO

ZIP/Postal Code: 80203

Province:

Country: United States

Collateral

This amendment restates collateral

Description:

SECURED PARTY'S REVENUES PLEDGED TO REPAY LOAN OF \$335,000.00 IN ACCORDANCE WITH LOAN CONTRACT NO. C153755A, AS AMENDED, AND PROMISSORY NOTE, DATED AUGUST 1, 1997.

COLORADO UCC FINANCING STATEMENT

Filing Fee: \$18

Follow Instructions Carefully

A. NAME & PHONE OF CONTACT (optional)	
B. SEND ACKNOWLEDGMENT TO: (Name and Address)	
[Colorado Water Conservation Board Attn: Water Supply Planning & Finance 1580 Logan Street, Suite 750 Denver, CO 80203]	

20082109814 C
\$ 18.00
SECRETARY OF STATE
11-07-2008 14:41:37

ABOVE SPACE FOR FILING OFFICE USE ONLY

1. DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (1a or 1b) - do not abbreviate or combine names

OR	1a. ORGANIZATION'S NAME SANCHEZ DITCH AND RESERVOIR COMPANY			
	1b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX
1c. MAILING ADDRESS ROUTE 1, BOX 215		CITY SAN ACACIO	STATE CO	POSTAL CODE 81151
		COUNTRY USA		
	ADD'L INFO RE ORGANIZATION DEBTOR	1e. TYPE OF ORGANIZATION DNC	1f. JURISDICTION OF ORGANIZATION CO	1g. ORGANIZATIONAL ID#, if any CO19871127962 <input type="checkbox"/> NONE

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - Insert only one debtor name (2a or 2b) - do not abbreviate or combine names

OR	2a. ORGANIZATION'S NAME			
	2b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX
2c. MAILING ADDRESS		CITY	STATE	POSTAL CODE
		COUNTRY		
	ADD'L INFO RE ORGANIZATION DEBTOR	2e. TYPE OF ORGANIZATION	2f. JURISDICTION OF ORGANIZATION	2g. ORGANIZATIONAL ID #, if any <input type="checkbox"/> NONE

3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) - Insert only one secured party name (3a or 3b)

OR	3a. ORGANIZATION'S NAME State of Colorado - Colorado Water Conservation Board			
	3b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX
3c. MAILING ADDRESS 1580 Logan Street, Suite 750		CITY Denver	STATE CO	POSTAL CODE 80203
		COUNTRY USA		

4. This FINANCING STATEMENT covers the following collateral:

SECURED PARTY'S REVENUES PLEDGED TO REPAY LOAN OF \$335,000.00 IN ACCORDANCE WITH LOAN CONTRACT NO. C153755A, AS AMENDED, AND PROMISSORY NOTE, DATED AUGUST 1, 1997.

5. ALTERNATIVE DESIGNATION (if applicable): ☐ LESSEE/LESSOR ☐ CONSIGNEE/CONSIGNOR ☐ BAILEE/BAILOR ☐ SELLER/BUYER ☐ AG LIEN ☐ NON-UCC FILING6. ☐ This FINANCING STATEMENT is to be filed (for record) in the REAL ESTATE RECORDS

8. OPTIONAL FILER REFERENCE DATA

Loan Contract No. C153755A

COLORADO UCC FINANCING STATEMENT

Filing Fee: \$15

Follow Instructions (front and back) Carefully

A. NAME & PHONE OF CONTACT (optional) Steve Biondo 303-866-3495	
B. SEND ACKNOWLEDGMENT TO: (Name and Address) [COLORADO WATER CONSERVATION BOARD ATTN: WATER SUPPLY PLANNING AND FINANCE 1313 SHERMAN STREET, ROOM 721 DENVER, COLORADO 80203]	

20032105083 C
\$ 15.00
SECRETARY OF STATE
09-25-2003 14:41:08

ABOVE SPACE FOR FILING OFFICE USE ONLY

1. DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (1a or 1b) - do not abbreviate or combine names

OR	1a. ORGANIZATION'S NAME SANCHEZ DITCH AND RESERVOIR COMPANY (THE)				
	1b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX	
1c. MAILING ADDRESS ROUTE 1, BOX 215		CITY SAN ACACIO	STATE CO	POSTAL CODE 81151	COUNTRY USA
ADD'L INFO RE ORGANIZATION DEBTOR		1e. TYPE OF ORGANIZATION DNC	1f. JURISDICTION OF ORGANIZATION CO	1g. ORGANIZATIONAL ID#, if any CO19871127962 <input type="checkbox"/> NONE	

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (2a or 2b) - do not abbreviate or combine names

OR	2a. ORGANIZATION'S NAME				
	2b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX	
2c. MAILING ADDRESS		CITY	STATE	POSTAL CODE	COUNTRY
ADD'L INFO RE ORGANIZATION DEBTOR		2e. TYPE OF ORGANIZATION	2f. JURISDICTION OF ORGANIZATION	2g. ORGANIZATIONAL ID #, if any <input type="checkbox"/> NONE	

3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) - insert only one secured party name (3a or 3b)

OR	3a. ORGANIZATION'S NAME STATE OF COLORADO - COLORADO WATER CONSERVATION BOARD				
	3b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX	
3c. MAILING ADDRESS 1313 SHERMAN STREET, ROOM 721		CITY DENVER	STATE CO	POSTAL CODE 80203	COUNTRY USA

4. This FINANCING STATEMENT covers the following collateral:

SECURED PARTY'S REVENUES PLEDGED TO REPAY LOAN OF \$335,000.00 IN ACCORDANCE WITH LOAN CONTRACT NO. C153755(A), DATED MAY 7, 1997, AS AMENDED, AND PROMISSORY NOTE DATED AUGUST 1, 1997.

5. ALTERNATIVE DESIGNATION (if applicable): ☐ LESSEE/LESSOR ☐ CONSIGNEE/CONSIGNOR ☐ BAILEE/BAILOR ☐ SELLER/BUYER ☐ AG LIEN ☐ NON-UCC FILING

6. ☐ This FINANCING STATEMENT is to be filed (for record) in the REAL ESTATE RECORDS

7. Check to REQUEST SEARCH REPORT(S) on Debtor(s) (Optional)

☐ All Debtors

☐ Debtor 1

☐ Debtor 2

8. OPTIONAL FILER REFERENCE DATA

LOAN CONTRACT NO. C153755A

COLORADO UCC-1

Approved by Central Indexing System Board
Total Fee \$16 (\$15 Filing + \$1 Surcharge)

FILED COPY

1st DEBTOR

SSN/FED Tax ID:
NAME:

STREET:
CITY, STATE, ZIP:

check one: ☒ Business ☐ Personal

84-0465682

THE SANCHEZ DITCH AND RESERVOIR
COMPANY

ROUTE 1, BOX 215
SAN ACACIO, COLORADO 81150

For Filing Officer Only

County Where 1st Debtor Resides
(Use 2 Digit Code from Instruction Page)

38 COSTILLA

2nd DEBTOR

SSN/FED Tax ID:
NAME:
STREET:
CITY, STATE, ZIP:

☐ additional debtor(s) on attachment
check one: ☐ Business ☐ Personal

Check if Applicable

- ☐ This statement is to be filed in the real estate records only.
☐ This statement is to be filed in UCC and real estate records.
☐ The debtor is a transmitting utility.

1st SECURED PARTY

NAME:
STREET:
CITY, STATE, ZIP:

☐ additional secured party on attachment
STATE OF COLORADO
COLORADO WATER CONSERVATION BOARD
1313 SHERMAN STREET, ROOM 721
DENVER, COLORADO 80203

19982016221 C
\$ 16.00
SECRETARY OF STATE
03-11-98 11:50:34

EFS Filing? ☐ Yes ☐ No
(If non EFS filing, fill in collateral codes only)
(If EFS filing, enter County Code and effective date)
(If EFS filing and all years covered, leave dates)

ASSIGNED PARTY

NAME:
STREET:
CITY, STATE, ZIP:

☐ additional assigned party on attachment

RETURN COPY TO:

NAME:
ATTN:
STREET:
CITY, STATE, ZIP:

STATE OF COLORADO
COLORADO WATER CONSERVATION BOARD
1313 SHERMAN STREET, ROOM 721
DENVER, COLORADO 80203

Collateral Code	County Code	From Date	To Date
030			

COMPLETE DESCRIPTION OF COLLATERAL

Fold Here

(Description required only if collateral codes do not adequately describe collateral. Only first 250 characters will be entered into CIS data base)

CONTRACT ENCUMBRANCE NUMBER: C-153755 dated 9/3/97

All revenues derived from stockholder assessments, and all of Debtor's right to receive said assessment revenues as described in Pledge of Property Provisions in Contract C-153755, as amended. To secure payment of the indebtedness in the total amount of \$355,000 for a period of 25 years.

pi

CONTRACT AMENDMENT

Amendment No.2	Original Loan Contract 93386 (1993) and 01013 (1997) Contract #C153755 (originally was contract #C153636)	Amendment CMS # 60097
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1) PARTIES

This Amendment No.2 (AMENDMENT) to the above-referenced ORIGINAL LOAN CONTRACT (hereinafter called the ORIGINAL CONTRACT) is entered into by and between the **Sanchez Ditch and Reservoir Company**, Route 1, Box 215, San Acacio, CO 81151, a Colorado nonprofit corporation (hereinafter called "BORROWER" or "COMPANY"), and the STATE OF COLORADO (hereinafter called the "STATE") acting by and through the Department of Natural Resources, Colorado Water Conservation Board, (hereinafter called "CWCB").

2) EFFECTIVE DATE AND ENFORCEABILITY

This AMENDMENT shall not be effective or enforceable until it is approved and signed by the Colorado State Controller or designee (hereinafter called the "EFFECTIVE DATE"), but shall be effective and enforceable thereafter in accordance with its provisions.

3) FACTUAL RECITALS

WHEREAS, authority exists in the law, and funds have been budgeted, appropriated, and otherwise made available for payment in Contract Encumbrance Number C153755; and

WHEREAS, CWCB and the BORROWER entered into Contract Encumbrance Number C153755, dated May 7, 1997, and amended in CONTRACT AMENDMENT NO.1 dated September 3, 1997, collectively referred to as the "ORIGINAL CONTRACT," incorporated herein by reference, wherein the CWCB agreed to a total loan amount of \$335,000 and the BORROWER agreed to repay the loan in accordance with the terms of the ORIGINAL CONTRACT; and

WHEREAS, BORROWER submitted a letter dated June 2, 2011, incorporated herein by reference that describes unexpected financial difficulties and requested that the September 2011 loan payment be deferred, and

WHEREAS, At its July 2011 Board meeting, the CWCB found that the BORROWER had encountered significant and unexpected financial difficulties and that it has been duly diligent in its efforts to comply with the repayment provisions of this contract, and approved the deferral of the BORROWER's September 2011 loan payment pursuant to § 37-60-120(3), C.R.S.; and

WHEREAS, Pursuant to the Board's approval of an annual loan payment deferral, the September 2011 annual loan payment of \$19,900.35 and the interest of \$6,434.75 were deferred by CWCB. The unpaid interest was added to the loan principal changing the new loan principal amount to \$200,893.57; and

WHEREAS, At its September 2012 Board meeting, the CWCB approved a contract condition to new CWCB Loan Contract C150342, requiring the BORROWER to make additional principal payments of \$5,000 annually to CWCB Loan Contract C153623. Upon final payment of C153623, an additional \$15,000 shall be paid annually to this CWCB Loan Contract C153755 increasing the annual loan payment to \$34,900.35.

4) CONSIDERATION

Consideration for this AMENDMENT to the ORIGINAL CONTRACT consists of the payments that shall be made pursuant to this AMENDMENT and ORIGINAL CONTRACT and the promises and agreements herein set forth.

The Parties acknowledge that the mutual promises and covenants contained herein and other good and valuable consideration are sufficient and adequate to support this AMENDMENT. The Parties agree to replace the Colorado Special Provisions with the most recent version (if such have been updated since the ORIGINAL CONTRACT and any modification thereto were effective) as part

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consideration for this AMENDMENT. If applicable, such Special Provisions are attached hereto and incorporated by reference herein as **APPENDIX A**.

5) LIMITS OF EFFECT

This AMENDMENT is incorporated by reference into the ORIGINAL CONTRACT, and the ORIGINAL CONTRACT and all prior amendments thereto, if any, remain in full force and effect except as specifically modified herein.

6) MODIFICATIONS.

The ORIGINAL CONTRACT NO. **C153375** and all prior amendments thereto, if any, are modified as follows:

- a) The BORROWER agrees that it shall execute the following documents, all of which shall set forth the revised repayment term of nine (9) years:
 - I. AMENDMENT NO.2 TO PROMISSORY NOTE in the amount of \$200,893.57, which is the loan amount as of September 3, 2011, replaces the PROMISSORY NOTE (APPENDIX B-2) dated AUGUST 1, 1997, of AMENDMENT NO.1 to the ORIGINAL CONTRACT. AMENDMENT NO.2 TO PROMISSORY NOTE includes the addition of the accrued interest amount of \$6,434.75 and reflects a change in the annual payments and is attached hereto as **APPENDIX B** and incorporated herein.
 - II. AMENDMENT NO.2 TO SECURITY AGREEMENT, attached hereto as **APPENDIX C** and incorporated herein, which shall supplement and operate in conjunction with the SECURITY AGREEMENT, APPENDIX D-2, DATED AUGUST 4, 1997, of the ORIGINAL CONTRACT.
 - III. AMENDMENT NO.2 TO DEED OF TRUST, attached hereto as **APPENDIX D** and incorporated herein, which shall supplement and operate in conjunction with the DEED OF TRUST dated August 1, 1997, (APPENDIX E-2 to CONTRACT AMENDMENT 1).
 - IV. Prior to the execution of this Amendment by the CWCB, the BORROWER shall submit to the CWCB a letter from its attorney stating that it is the attorney's opinion that (1) the person(s) signing for the BORROWER was duly elected or appointed and has authority to sign such documents on behalf of the BORROWER and to bind the BORROWER; (2) the BORROWER'S governing body has validly adopted a resolution approving this Amendment (which will become APPENDIX E to this amendment); (3) there are no provisions in the any state or local law that prevent this Amendment from binding the BORROWER; and (4) this Amendment will be valid and binding against the BORROWER if entered into by the CWCB.

7) EFFECTIVE DATE OF AMENDMENT

The effective date hereof is upon approval of the State Controller or their delegate.

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8) ORDER OF PRECEDENCE

Except for the Special Provisions, in the event of any conflict, inconsistency, variance, or contradiction between the provisions of this AMENDMENT and any of the provisions of the ORIGINAL CONTRACT, the provisions of this AMENDMENT shall in all respects supersede, govern, and control. The most recent version of the Special Provisions incorporated into the ORIGINAL CONTRACT or any amendment shall always control other provisions in the ORIGINAL CONTRACT or any amendments.

9) AVAILABLE FUNDS

Financial obligations of the state payable after the current fiscal year are contingent upon funds for that purpose being appropriated, budgeted, or otherwise made available.

THE PARTIES HERETO HAVE EXECUTED THIS AMENDMENT

* Persons signing for Contractor hereby swear and affirm that they are authorized to act on Contractor's behalf and acknowledge that the State is relying on their representations to that effect.

BORROWER

Sanchez Ditch and Reservoir Company,
a Colorado nonprofit corporation

By: Tom Cahill

Title: secretary

Tom Cahill
*Signature

Date: 8-13-13

ATTEST

(SEAL)

By: Jerry Lorenz

Title: President

Jerry Lorenz
*Signature

Date: 8-13-13

STATE OF COLORADO

John W. Hickenlooper, Governor
Department of Natural Resources
Mike King, Executive Director

By: KEP

For Jennifer L. Gimbel, Director
Colorado Water Conservation Board

Kirk Russell, P.E., Chief
Finance & Administration Section
Colorado Water Conservation Board

Date: 8/19/13

LEGAL REVIEW

John W. Suthers, Attorney General

By: N/A

Signature - Assistant Attorney General

Date: _____

ALL CONTRACTS REQUIRE APPROVAL BY THE STATE CONTROLLER

CRS §24-30-202 requires the State Controller to approve all State Contracts. This Contract is not valid until signed and dated below by the State Controller or delegate. Contractor is not authorized to begin performance until such time. If Contractor begins performing prior thereto, the State of Colorado is not obligated to pay Contractor for such performance or for any goods and/or services provided hereunder.

STATE CONTROLLER

~~David J. McDermott, CPA~~ Robert Jaros, CPA, MBA, JD

By: Susan Borup

Susan Borup, Controller
Department of Natural Resources

Effective Date: 9/26/13

**Appendix A
SPECIAL PROVISIONS**

The Special Provisions apply to all contracts except where noted in *italics*.

1. **CONTROLLER'S APPROVAL.** CRS §24-30-202(1). This contract shall not be valid until it has been approved by the Colorado State Controller or designee.
2. **FUND AVAILABILITY.** CRS §24-30-202(5.5). Financial obligations of the State payable after the current fiscal year are contingent upon funds for that purpose being appropriated, budgeted, and otherwise made available.
3. **GOVERNMENTAL IMMUNITY.** No term or condition of this contract shall be construed or interpreted as a waiver, express or implied, of any of the immunities, rights, benefits, protections, or other provisions, of the Colorado Governmental Immunity Act, CRS §24-10-101 et seq., or the Federal Tort Claims Act, 28 U.S.C. §§1346(b) and 2671 et seq., as applicable now or hereafter amended.
4. **INDEPENDENT CONTRACTOR.** Contractor shall perform its duties hereunder as an independent contractor and not as an employee. Neither Contractor nor any agent or employee of Contractor shall be deemed to be an agent or employee of the State. Contractor and its employees and agents are not entitled to unemployment insurance or workers compensation benefits through the State and the State shall not pay for or otherwise provide such coverage for Contractor or any of its agents or employees. Unemployment insurance benefits will be available to Contractor and its employees and agents only if such coverage is made available by Contractor or a third party. Contractor shall pay when due all applicable employment taxes and income taxes and local head taxes incurred pursuant to this contract. Contractor shall not have authorization, express or implied, to bind the State to any agreement, liability or understanding, except as expressly set forth herein. Contractor shall (a) provide and keep in force workers' compensation and unemployment compensation insurance in the amounts required by law, (b) provide proof thereof when requested by the State, and (c) be solely responsible for its acts and those of its employees and agents.
5. **COMPLIANCE WITH LAW.** Contractor shall strictly comply with all applicable federal and State laws, rules, and regulations in effect or hereafter established, including, without limitation, laws applicable to discrimination and unfair employment practices.
6. **CHOICE OF LAW.** Colorado law, and rules and regulations issued pursuant thereto, shall be applied in the interpretation, execution, and enforcement of this contract. Any provision included or incorporated herein by reference which conflicts with said laws, rules, and regulations shall be null and void. Any provision incorporated herein by reference which purports to negate this or any other Special Provision in whole or in part shall not be valid or enforceable or available in any action at law, whether by way of complaint, defense, or otherwise. Any provision rendered null and void by the operation of this provision shall not invalidate the remainder of this contract, to the extent capable of execution.
7. **BINDING ARBITRATION PROHIBITED.** The State of Colorado does not agree to binding arbitration by any extra-judicial body or person. Any provision to the contrary in this contract or incorporated herein by reference shall be null and void.
8. **SOFTWARE PIRACY PROHIBITION.** Governor's Executive Order D 002 00. State or other public funds payable under this contract shall not be used for the acquisition, operation, or maintenance of computer software in violation of federal copyright laws or applicable licensing restrictions. Contractor hereby certifies and warrants that, during the term of this contract and any extensions, Contractor has and shall maintain in place appropriate systems and controls to prevent such improper use of public funds. If the State determines that Contractor is in violation of this provision, the State may exercise any remedy available at law or in equity or under this contract, including, without limitation, immediate termination of this contract and any remedy consistent with federal copyright laws or applicable licensing restrictions.
9. **EMPLOYEE FINANCIAL INTEREST/CONFLICT OF INTEREST.** CRS §§24-18-201 and 24-50-507. The signatories aver that to their knowledge, no employee of the State has any personal or beneficial interest whatsoever in the service or property described in this contract. Contractor has no interest and shall not acquire any interest, direct or indirect, that would conflict in any manner or degree with the performance of Contractor's services and Contractor shall not employ any person having such known interests.
10. **VENDOR OFFSET.** CRS §§24-30-202 (1) and 24-30-202.4. [Not Applicable to intergovernmental agreements] Subject to CRS §24-30-202.4 (3.5), the State Controller may withhold payment under the State's vendor offset intercept system for debts owed to State agencies for: (a) unpaid child support debts or child support arrearages; (b) unpaid balances of tax, accrued interest, or other charges specified in CRS §39-21-101, et seq.; (c) unpaid loans due to the Student Loan Division of the Department of Higher Education; (d) amounts required to be paid to the Unemployment Compensation Fund; and (e) other unpaid debts owing to the State as a result of final agency determination or judicial action.
11. **PUBLIC CONTRACTS FOR SERVICES.** CRS §8-17.5-101. [Not Applicable to agreements relating to the offer, issuance, or sale of securities, investment advisory services or fund management services, sponsored projects, intergovernmental agreements, or information technology services or products and services] Contractor certifies, warrants, and agrees that it does not knowingly employ or contract with an illegal alien who will perform work under this contract and will confirm the employment eligibility of all employees who are newly hired for employment in the United States to perform work under this contract, through participation in the E-Verify Program or the Department program established pursuant to CRS §8-17.5-102(5)(c). Contractor shall not knowingly employ or contract with an illegal alien to perform work under this contract or enter into a contract with a subcontractor that fails to certify to Contractor that the subcontractor shall not knowingly employ or contract with an illegal alien to perform work under this contract. Contractor (a) shall not use E-Verify Program or Department program procedures to undertake pre-employment screening of job applicants while this contract is being performed, (b) shall notify the subcontractor and the contracting State agency within three days if Contractor has actual knowledge that a subcontractor is employing or contracting with an illegal alien for work under this contract, (c) shall terminate the subcontract if a subcontractor does not stop employing or contracting with the illegal alien within three days of receiving the notice, and (d) shall comply with reasonable requests made in the course of an investigation, undertaken pursuant to CRS §8-17.5-102(5), by the Colorado Department of Labor and Employment. If Contractor participates in the Department program, Contractor shall deliver to the contracting State agency, institution of higher education or political subdivision a written, notarized affirmation, affirming that Contractor has examined the legal work status of such employee and shall comply with all of the other requirements of the Department program. If Contractor fails to comply with any requirement of this provision or CRS §8-17.5-101 et seq., the contracting State agency, institution of higher education or political subdivision may terminate this contract for breach and, if so terminated, Contractor shall be liable for damages.
12. **PUBLIC CONTRACTS WITH NATURAL PERSONS.** CRS §24-76.5-101. Contractor, if a natural person eighteen (18) years of age or older, hereby swears and affirms under penalty of perjury that he or she (a) is a citizen or otherwise lawfully present in the United States pursuant to federal law, (b) shall comply with the provisions of CRS §24-76.5-101 et seq., and (c) has produced one form of identification required by CRS §24-76.5-103 prior to the effective date of this contract.

AMENDMENT No.2 TO PROMISSORY NOTE

Date: March 25, 2013

Borrower: Sanchez Ditch and Reservoir Company

Principal Amount: \$ 200,893.57

Interest Rate: 3% per annum on \$117,757.34 and 3.75% per annum on \$83,136.23

Term of Repayment: 9 years

Loan Contract No.: C153755, dated May 7, 1997, as amended September 3, 1997 and March 25, 2013

Loan Payment: As of September 2012 the annual payment will be \$19,900.35 for five (5) years. For the remaining years the annual payment will increase to \$34,900.35 until the loan is paid in full.

Payment Initiation Date*: September 3, 2011

Maturity Date*: September 3, 2020

* Payment Initiation Date and Maturity Date fields are filled in after the project has been substantially completed.

1. FOR VALUE RECEIVED, the BORROWER promises to pay the Colorado Water Conservation Board ("CWCB"), the Principal Amount plus Interest for the Term of Repayment, pursuant to the LOAN CONTRACT and this PROMISSORY NOTE (NOTE).
2. This AMENDMENT No.2 TO PROMISSORY NOTE, dated March 25, 2013 replaces and supersedes the PROMISSORY NOTE dated August 1, 1997, in the principal amount of \$335,000.
3. The BORROWER has paid the September, 2012 annual payment of \$19,900.35. As of September 2012, the annual payment will be \$19,900.35 for five (5) years. For the remaining years the annual payment will increase to \$34,900.35 until the loan is paid in full. All principal, interest, and late charges, if any, then remaining unpaid shall be due and payable on or before the Maturity Date.
4. Payments shall be made to the Colorado Water Conservation Board at 1313 Sherman Street, Room 721, Denver, Colorado 80203.
5. The CWCB may impose a late charge in the amount of 5% of the annual payment if the CWCB does not receive the annual payment within 15 calendar days of the due date.
6. This NOTE may be prepaid in whole or in part at any time without premium or penalty. Any partial prepayment shall not postpone the due date of any subsequent payments or change the amount of such payments.

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Appendix B to Amendment No. 2

Loan Contract C153755

Page 1 of 2

7. All payments received shall be applied first to late charges, if any, next to accrued interest and then to reduce the principal amount.
8. This NOTE is issued pursuant to the LOAN CONTRACT between the CWCB and the BORROWER. The LOAN CONTRACT creates security interests in favor of the CWCB to secure the prompt payment of all amounts that may become due hereunder. Said security interests are evidenced by a SECURITY AGREEMENT, APPENDIX D-2, DEED OF TRUST, APPENDIX E-2, ASSIGNMENT OF CERTIFICATED OF DEPOSIT, APPENDIX F-2, ASSIGNMENT OF DEPOSIT ACCOUNT AS SECURITY, APPENDIX G. ("SECURITY INSTRUMENTS") of even date and amount and cover certain revenues, real property, water rights and/or accounts of the BORROWER. The LOAN CONTRACT and SECURITY INSTRUMENTS grant additional rights to the CWCB, including the right to accelerate the maturity of this NOTE in certain events.
9. If any annual payment is not paid when due or any default under the LOAN CONTRACT or the Security Instruments securing this NOTE occurs, the CWCB may declare the entire outstanding principal balance of the NOTE, all accrued interest, and any outstanding late charges immediately due and payable, and the indebtedness shall bear interest at the rate of 7% per annum from the date of default. The CWCB shall give the BORROWER written notice of any alleged default and an opportunity to cure within thirty (30) days of receipt of such notice before the BORROWER shall be considered in default for purposes of this NOTE.
10. The BORROWER and any co-signer or guarantor hereby agree that if this NOTE or interest thereon is not paid when due or if suit is brought, then it shall pay all reasonable costs of collection, including reasonable attorney fees. In the event of any bankruptcy or similar proceedings, costs of collection shall include all costs and attorney fees incurred in connection with such proceedings, including the fees of counsel for attendance at meetings of creditors' committees or other committees.
11. This NOTE shall be governed in all respects by the laws of the State of Colorado.

BORROWER:

Sanchez Ditch and Reservoir Company

(S E A L)

Attest:

By *Tom Lally* Secretary
Signature/Title

By *Jerry Lacey* President
Signature/Title

Date 8-13-13

Date 8-13-13

PAID IN FULL

**Appendix B to Amendment No.2
Loan Contract C153755**

AGENCY NAME: Water Conservation Board

AGENCY NUMBER: PDA

ROUTING NUMBER: 01013

CONTRACT AMENDMENT #1

THIS AMENDMENT, made this 3rd day of September 1997, by and between the State of Colorado for the use and benefit of the Department of Natural Resources, Colorado Water Conservation Board (CWCB), hereinafter referred to as the STATE, and the **SANCHEZ DITCH AND RESERVOIR COMPANY**, hereinafter referred to as the BORROWER and/or CONTRACTOR.

FACTUAL RECITALS

- A. Authority exists in the law, and funds have been budgeted, appropriated, and otherwise made available and a sufficient unencumbered balance thereof remains available for payment in Fund Number 424, Appropriation Code 434, **CONTRACT ENCUMBRANCE NUMBER C153755**. *A*
- B. Required approval, clearance, and coordination has been accomplished from and with appropriate agencies.
- C. The STATE and the BORROWER entered into a contract dated May 7, 1997, Contract Encumbrance Number C153755, hereinafter referred to as ORIGINAL CONTRACT, incorporated herein by reference, wherein the STATE agreed to loan money in the total amount of \$200,000, and the BORROWER agreed to repay the loan in accordance with the terms of the ORIGINAL CONTRACT.
- D. During construction of Phase 2 of the rehabilitation of the Sanchez Reservoir which included rehabilitation of the outlet tower (PROJECT), it was discovered that the cost estimate was inadequate to cover the work and that an additional \$180,000 would be necessary to complete the PROJECT.
- E. The BORROWER requested that the loan be increased by \$135,000, approximately 75% of the funds needed to complete the PROJECT, based on Section 6(2) of SB92-87, which authorized the original loan, which allows loans made by the Colorado Water Conservation Board to be increased as may be justified by *"...reason of changes in the plans for a project if those changes are required by final engineering drawings and specifications."*
- F. The STATE has reviewed the situation and is satisfied that the final engineering of the PROJECT requires work that increases the total estimated cost of the project and therefore justifies the increased loan amount as allowed by Section 6(2) of SB92-87.
- G. At its meeting held on May 12-13, 1997, the CWCB approved a loan increase in the amount of \$135,000 at the terms of 3¾% interest for 25 years.
- H. The STATE and the BORROWER agree to increase the loan amount by \$135,000 to \$335,000.

NOW THEREFORE, it is hereby agreed that

- 1. Consideration for this Amendment to the ORIGINAL CONTRACT consists of the payments which shall be made pursuant to this Amendment and ORIGINAL CONTRACT and the promises and agreements herein set forth.

2. It is expressly agreed by the parties that this Amendment is supplemental to the ORIGINAL CONTRACT, and all terms, conditions, and provisions thereof, unless specifically modified herein, are to apply to this Amendment as though they were expressly rewritten, incorporated, and included herein.
3. It is agreed the ORIGINAL CONTRACT is and shall be modified, altered, and changed in the following respects only:

- a. Paragraph A.7 **Borrower's Authority To Contract** is appended by the addition of the following:

Furthermore, the Borrower's stockholders and board of directors have adopted resolutions, dated March 5, 1997, attached hereto as **Appendix A-2** and incorporated herein, authorizing the BORROWER to increase the loan amount by \$135,000 for a total loan of \$335,000 and to provide certificates of deposit in the amount of one annual loan payment of \$19,891.96 as security for the new loan amount and to execute all documents as required by the ORIGINAL CONTRACT, as amended, including, but not limited to, an amended deed of trust, an amended security agreement, a promissory note, an Assignment Of Certificate Of Deposit, and an Assignment Of Deposit Account As Security.

- b. Paragraph A.9 **Promissory Note Provisions**, the first paragraph is replaced by the following:

The Promissory Note setting forth the terms of repayment and evidencing this debt is attached as **Appendix B-2** and incorporated herein, for a loan in the total amount of \$335,000, which replaces Appendix B.

- c. Paragraph A.12 **Pledge Of Revenues** is amended by replacing the first paragraph and Paragraph A.12.b with the following:

12. Pledge of Property. The BORROWER hereby irrevocably pledges to the STATE for purposes of repayment of this loan revenues from assessments levied for that purpose as authorized by the BORROWER's resolution and all of the BORROWER's rights to receive said assessment revenues from its members (hereinafter collectively referred to as the "pledged property"). Furthermore, BORROWER agrees that

- b. **Establish Security Interest.** The BORROWER agrees that, in order to provide a security interest for the STATE in the pledged property so that the STATE shall have priority over all other competing claims for said property, it shall execute a Security Agreement, attached hereto as **Appendix D-2** incorporated herein, which replaces Appendix D, and an Assignment of Deposit Account as Security, attached as **Appendix G** and incorporated herein, prior to the disbursement of any loan funds. The BORROWER acknowledges that the STATE shall perfect its security interest in the BORROWER's right to receive assessment revenues by filing a UCC-1 Form with the Colorado Secretary of State.

- d. Paragraph 13. **Collateral**, paragraph 13.a is appended by the addition of the following:

- i. The deed of trust, referred to above as Appendix E, is replaced by a Deed of Trust, attached hereto as **Appendix E-2** and incorporated herein, to reflect the increased loan amount of \$335,000.

Paragraph 13. **Collateral**, the following sentence shall be inserted after the first sentence of paragraph 13.b:

An additional certificate of deposit in the amount \$8,406.39 also referred to as the CD

ACCOUNT, as evidenced by the executed Assignment Of Certificates Of Deposit attached as **Appendix F-2** and incorporated herein, which replaces Assignment Of Certificate Of Deposit referred to as Appendix F.

g. Paragraph 15.c **Remedies for default** is replaced by the following:

c. act upon the Promissory Note, Deed Of Trust, Security Agreement, Assignment Of Certificates Of Deposit and Assignment Of Deposit Account As Security;

4. The effective date of this Amendment is the date first written above.

5. Except for the SPECIAL PROVISIONS, Section D of the ORIGINAL CONTRACT, in the event of any conflict, inconsistency, variance, or contradiction between the provisions of this Amendment and any of the provisions of the ORIGINAL CONTRACT, the provisions of this Amendment shall in all respects supersede, govern, and control. The SPECIAL PROVISIONS shall always be controlling over other provisions in the contract or amendments. The representations in the SPECIAL PROVISIONS concerning the absence of bribery or corrupt influences and personal interest of STATE employees are presently reaffirmed.

6. Financial obligations of the state payable after the current fiscal year are contingent upon funds for that purpose being appropriated, budgeted, and otherwise made available.

7. This amendment shall not be deemed valid or effective until it shall have been approved by the controller of the State of Colorado or such assistant as he may designate.


IN WITNESS WHEREOF, the parties hereto have executed this Amendment on the day first above written.

CONTRACTOR: The Sanchez Ditch and
Reservoir Company


By 
Jerry Lorenz, President

Federal ID Number: 84-0465682

Attest (Seal)

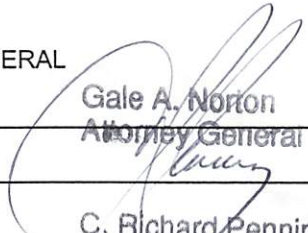
By 
Secretary

State of Colorado
Roy Romer, Governor

By 
For the Executive Director
Department Of Natural Resources
COLORADO WATER CONSERVATION BOARD
Daries C. Lile, P.E., Director

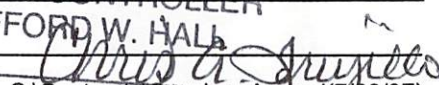

APPROVALS

ATTORNEY GENERAL

By 
Gale A. Norton
Attorney General

C. Richard Pennington
Assistant Attorney General
State Services Section

STATE CONTROLLER

By 
CLIFFORD W. HALL
BY: 
C:\Contracts\Sanchez Amend(7/28/97)

**RESOLUTION of the SHAREHOLDERS
of the SANCHEZ DITCH AND RESERVOIR COMPANY**

On October 9, 1992, the Stockholders of the Sanchez Ditch and Reservoir Company (Company) approved a loan in the amount of \$400,000 from the Colorado Water Conservation Board (CWCB) for the rehabilitation of the Sanchez Dam and Reservoir. The Company entered into Loan Contract #C153623, August 20, 1992, to borrow \$200,000 for phase 1 of the rehabilitation, and Loan Contract #C153755, May 7, 1997, to borrow the remaining \$200,000 for phase 2.

After construction was underway for phase 2 which included rehabilitation of the outlet tower, originally constructed in 1915, it was discovered that additional work would be required that would increase the cost by \$180,000. The Company's application an increase of \$135,000 in the loan amount with terms of 3¾% interest for 25 years was approved by the CWCB at its May 1997 meeting.

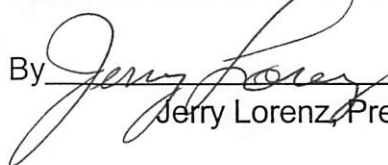
The following resolutions were adopted by the Shareholders of the Company at the annual Shareholders' meeting held March 5, 1997, at Acacio, Colorado. The Shareholders hereby charge that these resolutions be irrevocable during the life of the loan and hereby authorize the Board of Directors as follows:

1. RESOLVED, to enter into Amendment #1 to Contract #C153755 with the CWCB which will increase the loan amount by \$135,000 to \$335,000 and to comply with all the terms of the loan contract, and
2. RESOLVED, to make and levy assessments sufficient to pay the amounts for the annual loan payment and the deposit to the debt service reserve fund due under the loan contract, and
3. RESOLVED, to place assessment revenues pledged to make annual loan payments and to make annual deposits to the debt service reserve fund in a special account separate and apart from other Company revenues, and
4. RESOLVED, to make annual payments and to make annual deposits to a debt service reserve fund in accordance with the loan contract, and
5. RESOLVED, to obtain certificates of deposit to serve as collateral in the amount of one annual loan payment (\$19,891.96) as security for the loan, and to execute an assignment of certificate of deposit in accordance with the loan contract, and
6. RESOLVED, to execute all documents as required by the loan contract, which includes, but is not limited to, an amended deed of trust, an amended security agreement, a promissory note, and an assignment of revenues in accordance with the loan contract.


PAID IN FULL

Adopted this 5th day of March 1997.

Sanchez Ditch and Reservoir Company

By 
Jerry Lorenz, President

ATTEST:

By 

**RESOLUTION of the BOARD OF DIRECTORS
of the SANCHEZ DITCH AND RESERVOIR COMPANY**

On October 9, 1992, the Stockholders of the Sanchez Ditch and Reservoir Company (Company) approved a loan in the amount of \$400,000 from the Colorado Water Conservation Board (CWCB) for the rehabilitation of the Sanchez Dam and Reservoir. The Company entered into Loan Contract #C153623, August 20, 1992, to borrow \$200,000 for phase 1 of the rehabilitation, and Loan Contract #C153755, May 7, 1997, to borrow the remaining \$200,000 for phase 2.

After construction was underway for phase 2 which included rehabilitation of the outlet tower, originally constructed in 1915, it was discovered that additional work would be required that would increase the cost by \$180,000. The Company's application an increase of \$135,000 in the loan amount with terms of 3¾% interest for 25 years was approved by the CWCB at its May 1997 meeting.

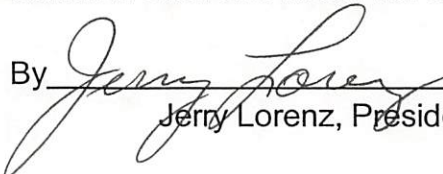
The following resolutions were adopted by the Board of Directors at their meeting held on March 5, 1997, at Acacio, Colorado. The Board of Directors hereby charges that these resolutions be irrevocable during the life of the loan and hereby authorizes the President and Secretary as follows:

1. RESOLVED, to enter into Amendment #1 to Loan Contract #C153755 with the CWCB which will increase the loan amount by \$135,000 to \$335,000 and to comply with all the terms of the Loan Contract, as amended, and
2. RESOLVED, to make and levy assessments sufficient to pay the amounts for the annual loan payment and the deposit to the debt service reserve fund due under the Loan Contract, as amended, and
3. RESOLVED, to place assessment revenues pledged to make annual loan payments and to make annual deposits to the debt service reserve fund in a special account separate and apart from other Company revenues, and
4. RESOLVED, to make annual payments and to make annual deposits to a debt service reserve fund in accordance with the Loan Contract, as amended, and
5. RESOLVED, to obtain certificates of deposit to serve as collateral in the amount of one annual loan payment (\$19,900.35) as security for the loan, and to execute an assignment of certificate of deposit in accordance with Loan Contract, as amended, and
6. RESOLVED, to execute all documents in accordance with the Loan Contract, as amended, which includes, but is not limited to, an amended deed of trust, an amended security agreement, a promissory note, and an assignment of revenues.

Adopted this 5th day of March 1997.

Sanchez Ditch and Reservoir Company

By


Jerry Lorenz, President

ATTEST By



SECURITY AGREEMENT

DEBTOR: The Sanchez Ditch and Reservoir Company
Route 1, Box 215
San Acacio, CO 81150

FEDERAL TAX ID # 84-0465682

SECURED PARTY: STATE OF COLORADO for the use and benefit of the
Department of Natural Resources, Colorado Water Conservation Board
1313 Sherman Street, Room 721
Denver, CO 80203

COLLATERAL: Contract Rights (Code: 030)
COUNTY: Costilla (Code: 38)

DEBTOR, for consideration, hereby grants to SECURED PARTY a security interest in the following property and any and all additions, accessions and substitutions thereto or therefor, hereinafter called the COLLATERAL: All revenues derived from stockholder assessments, and all of DEBTOR's right to receive said assessment revenues as described in Pledge of Property Provisions in Contract C153755, as amended ("Contract").

To secure payment of the indebtedness evidenced by the Promissory Note which is a part of Contract between the above named parties herewith, payable to the SECURED PARTY, a loan in the total amount of \$335,000 for a period of 25 years in accordance with the terms specified in the Promissory Note, or until all principal and interest are paid in full.

DEBTOR EXPRESSLY WARRANTS AND COVENANTS:

1. That except for the security interest granted hereby DEBTOR is, or to the extent that this agreement states that the COLLATERAL is to be acquired after the date hereof, will be, the owner of the COLLATERAL free from any adverse lien, security interest or encumbrances; and that DEBTOR will defend the COLLATERAL against all claims and demands of all persons at anytime claiming the same or any interest therein.
2. That the execution and delivery of this agreement by DEBTOR will not violate any law or agreement governing DEBTOR or to which DEBTOR is a party.
3. That, if DEBTOR is a corporation, its certificate and articles of incorporation and by-laws do not prohibit any term or condition of this agreement.
4. That by its acceptance of the loan money pursuant to the terms of the CONTRACT and by its representations herein, DEBTOR shall be estopped from asserting for any reason that it is not authorized to grant a security interest in the COLLATERAL pursuant to the terms of this agreement.
5. To pay all taxes and assessments of every nature which may be levied or assessed against the COLLATERAL.
6. To not permit or allow any adverse lien, security interest or encumbrance whatsoever upon the COLLATERAL and not to permit the same to be attached or replevined.
7. That the DEBTOR will not use the COLLATERAL in violation of any applicable statutes, regulations, ordinances, articles of incorporation or by-laws.

UNTIL DEFAULT DEBTOR may have possession of the COLLATERAL, provided that DEBTOR keeps the COLLATERAL in an account separate from other revenues of DEBTOR and does not use the COLLATERAL for any purpose not permitted by the CONTRACT. Upon default, SECURED PARTY shall have the immediate right to the possession of the COLLATERAL.

DEBTOR SHALL BE IN DEFAULT under this agreement upon the happening of any of the following events or conditions:

- a. default in the payment or performance of any obligation, covenant or liability contained or referred to herein or in any note evidencing the same;
- b. the making or furnishing of any warranty, representation or statement to SECURED PARTY by or on behalf of DEBTOR which proves to have been false in any material respect when made or furnished;
- c. loss, theft, damage (ordinary wear and tear excluded), destruction, sale or encumbrance to or of any of the COLLATERAL, or the making of any levy seizure or attachment thereof or thereon;
- d. death, dissolution, termination or existence, insolvency, business failure, appointment of a receiver of any part of the property of, assignment for the benefit of creditors by, or the commencement of any proceeding under any bankruptcy or insolvency law of, by or against DEBTOR or any guarantor or surety for DEBTOR.

UPON SUCH DEFAULT and at any time thereafter, or if it deems itself insecure, SECURED PARTY may declare all Obligations secured hereby immediately due and payable and shall have the remedies of a secured party under Article 9 of the Colorado Uniform Commercial Code. SECURED PARTY may require DEBTOR to deliver or make the COLLATERAL available to SECURED PARTY at a place to be designated by SECURED PARTY which is reasonably convenient to both parties. Expenses of retaking, holding, preparing for sale, selling or the like shall include SECURED PARTY'S reasonable attorney's fees and legal expenses. In the event court action is deemed necessary to enforce the terms and conditions set forth herein, said action shall only be brought in the District Court for the City and County of Denver, State of Colorado, and DEBTOR consents to venue and personal jurisdiction in said Court.

No default shall be waived by SECURED PARTY except in writing, and no waiver by SECURED PARTY of any default shall operate as a waiver of any other default or of the same default on a future occasion. The taking of this security agreement shall not waive or impair any other security said SECURED PARTY may have or hereafter acquire for the payment of the above indebtedness, nor shall the taking of any such additional security waive or impair this security agreement; but said SECURED PARTY shall retain its rights of set-off against DEBTOR.

All rights of SECURED PARTY hereunder shall inure to the benefit of its successors and assigns; and all promises and duties of DEBTOR shall bind its heirs, executors or administrators or its successors or assigns. If there be more than one DEBTOR, their liabilities hereunder shall be joint and several.

Executed this 4th day of August 1997

DEBTOR: The Sanchez Ditch and Reservoir Company

By: Jerry Lorenz

Jerry Lorenz, President

(SEAL)

ATTEST By Gerald Mathes

Secretary



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OF TRUST

This indenture, made this 1st day of AUGUST 1997, between **THE SANCHEZ DITCH AND RESERVOIR COMPANY**, whose address is Route 1, Box 215, San Acacio, CO 81150, hereinafter referred to as GRANTOR, and the Public Trustee of the County of Costilla, State of Colorado, hereinafter referred to as PUBLIC TRUSTEE,

Witnesseth, that whereas, GRANTOR has executed a Promissory Note, which is a part of Contract C153755, as amended (the Contract) for a loan in the principal sum of \$335,000 to be repaid to the STATE OF COLORADO for the use and benefit of the Department of Natural Resources, Water Conservation Board, whose address is 1313 Sherman Street, Room 721, Denver, Colorado 80203, with interest thereon from the date of first disbursement of funds under the Contract at the interest rate of 3% per annum on the first \$200,000 and 3 $\frac{3}{4}$ % on the remaining \$135,000, payable in 25 annual installments, in accordance with the terms of the Promissory Note, or until loan is paid in full.

And whereas, the GRANTOR is desirous of securing payment of the principal and interest of said promissory note to the State of Colorado.

Now, therefore, the GRANTOR, in consideration of the premises and for the purpose aforesaid, does hereby grant, bargain, sell and convey unto the said PUBLIC TRUSTEE in trust forever, to wit: an undivided one hundred percent (100%) interest in and to the Sanchez Dam and Reservoir and all appurtenant structures thereto, including all land underlying these facilities, as described as follows: *The land underlying and included within the high water line of the Sanchez Reservoir as shown on the Map and Statement of said Sanchez Reservoir filed in the Office of the State Engineer of Colorado on the 28th day of December 1908, numbered 5412, and the Map and Statement of the Sanchez Reservoir filed in the Office of the State Engineer of Colorado on April 18, 1910, numbered 7220, subject to all existing easements, the land covered hereby being limited to the land underlying and included within the high water line of the Sanchez Reservoir, and not including any land occupied by the Culebra-Sanchez Canal.*

Also, the SW $\frac{1}{4}$ of the SW $\frac{1}{4}$ of Section 24, Township 2 North, Range 72 West, lying north and east of the dam of the Sanchez Reservoir and that part of the west half of the NW $\frac{1}{4}$ of Section 25, Township 2 North, Range 72 West, lying east of the high water line of the Sanchez Reservoir.

Also, the necessary rights of ingress and egress therefor, as contained in deeds of the owners of lands bordering on said reservoir, together with all easements and rights-of-way appurtenant thereto and all improvements thereon, including the dam, reservoir, measuring devices, spillway, outlet works, and all other physical and legal features known as Sanchez Reservoir, collectively or hereinafter referred to as the "Property".

To have and to hold the same, together with all and singular the privileges and appurtenances thereunto belonging: In Trust nevertheless, that in case of default in the payment of said note, or any part thereof, or in the payment of the interest thereon, according to the tenor and effect of said note or in the payment of any prior encumbrances, principal or interest, if any, or in case default shall be made in or in case of violation or breach of any of the terms, conditions, covenants or agreements contained in the Contract, the beneficiary hereunder may declare a violation of any of the covenants contained in the Contract and elect to advertise said Property for sale, and demand such sale by filing a notice of such election and demand for sale with the PUBLIC TRUSTEE. Upon receipt of such notice of election and demand for sale, the PUBLIC TRUSTEE shall cause a copy of the same to be recorded in the recorder's office of the county in which said Property is situated, it shall and may be lawful for the PUBLIC TRUSTEE to sell and dispose of the same (en masse or in separate parcels, as the said PUBLIC TRUSTEE may think best), and all the right, title and interest of the GRANTOR, its successors or assigns therein, at public auction at such time and at such location as shall be designated in the PUBLIC TRUSTEE's Notice of Sale, for the highest and best price the same will bring in cash, four weeks public notice having been previously given of the time and place of such sale, advertisement once each week for five consecutive weeks, in some newspaper of general circulation at that time published in said county, a copy of which notice shall be mailed within ten days from the date of the first publication thereof to the GRANTOR at the address herein given and to such person or persons appearing to have acquired a subsequent record interest in said Property at the address given in the recorded instrument; where only the county and state is given as the address then such notice shall be mailed to the county seat, and to make and give to the purchaser of the Property at such sale, a certificate in writing describing the Property purchased, and the sum paid therefor, and the time when the purchaser (or other person entitled thereto) shall be entitled to the deed therefor, unless the same shall be redeemed as is provided by law; and said PUBLIC TRUSTEE shall, upon demand

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se, when said demand is made, or upon demand by the person entitled to a deed to and for the Property purchased, at the time such demand is made, the time for redemption having expired, make and execute to such person a deed to the Property purchased, which said deed shall be in the ordinary form of a conveyance, and shall be signed, acknowledged and delivered by the said PUBLIC TRUSTEE and shall convey and quitclaim to such person entitled to such deed, the Property purchased as aforesaid and all the right, title, interest, benefit and equity of redemption of the GRANTOR, its successors and assigns made therein, and shall recite the sum for which the said Property was sold and shall refer to the power of sale therein contained, and to the sale made by virtue thereof; and in case of an assignment of such certificate of purchase, or in case of the redemption of the Property, by a subsequent encumbrancer, such assignment or redemption shall also be referred to in such deed; but the notice of sale need not be set out in such deed and the PUBLIC TRUSTEE shall, out of the proceeds or avails of such sale, after first paying and retaining all fees, charges and costs of making said sale, pay to the beneficiary hereunder the principal and interest due on said note according to the tenor and effect thereof, and all moneys advanced by such beneficiary or legal holder of said note for insurance, taxes and assessments, with interest thereon at ten per cent per annum, rendering the surplus, if any, unto the GRANTOR, its legal representatives or assigns; which sale and said deed so made shall be a perpetual bar, both in law and equity, against the GRANTOR, its successors and assigns, and all other persons claiming the Property, or any part thereof, by, from, through or under the GRANTOR, or any of them. The holder of said note may purchase Property or any part thereof; and it shall not be obligatory upon the purchaser at any such sale to see to the application of the purchase money.

And the GRANTOR, for itself and its successors or assigns covenants and agrees to and with the PUBLIC TRUSTEE, that at the time of the unsealing of and delivery of these presents it is well seized of the Property in fee simple, and has good right, full power and lawful authority to grant, bargain, sell and convey the same in the manner and form as aforesaid; hereby fully and absolutely waiving and releasing all rights and claims it may have in or to said Property as a Homestead Exemption, or other exemption, under and by virtue of any act of the General Assembly of the State of Colorado, or as any exemption under and by virtue of any act of the United States Congress, now existing or which may hereafter be passed in relation thereto and that the same is free and clear of all liens and encumbrances whatever, except for a lien held by U.S. Dept of Agriculture Farmer's Home Administration to secure a loan in the original principal amount of \$150,000 evidenced by a promissory note and mortgage both dated January 2, 1975, and the above bargained Property in the quiet and peaceable possession of the PUBLIC TRUSTEE, its successors and assigns, against all and every person or persons lawfully claiming or to claim the whole or any part thereof, the GRANTOR shall and will Warrant and Forever Defend.

Until payment in full of the indebtedness, the GRANTOR shall timely pay all taxes and assessments levied on the Property; any and all amounts due on account of principal and interest or other sums on any senior encumbrances, if any; and will keep the Property insured in accordance with the requirements of the Contract. Should the GRANTOR fail to insure the Property in accordance with the Contract or to pay taxes or assessments as the same fall due, or to pay any amounts payable upon senior encumbrances, if any, the beneficiary may make any such payments or procure any such insurance, and all monies so paid with interest thereon at the rate of ten percent (10%) per annum shall be added to and become a part of the indebtedness secured by this Deed of Trust and may be paid out of the proceeds of the sale of the Property if not paid by the GRANTOR. In addition, and at its option, the beneficiary may declare the indebtedness secured hereby and this Deed of Trust to be in default for failure to procure insurance or make any further payments required by this paragraph. In the event of the sale or transfer of the Property by the GRANTOR, the beneficiary, at its option, may declare the entire balance of the note immediately due and payable.

And that in case of any default, whereby the right of foreclosure occurs hereunder, the PUBLIC TRUSTEE, the State as holder of the note, or the holder of a certificate of purchase, shall at once become entitled to the possession, use and enjoyment of the Property aforesaid, and to the rents, issues and profits thereof, from the accruing of such right and during the pendency of foreclosure proceedings and the period of redemption, if any there be, and such possession shall at once be delivered to the PUBLIC TRUSTEE, the State as holder of the note, or the holder of said certificate of purchase on request and on refusal, the delivery of the Property may be enforced by the PUBLIC TRUSTEE, the State as holder of the note, or the holder of said certificate of purchase by an appropriate civil suit or proceeding, and the PUBLIC TRUSTEE, or the holder of said note or certificate of purchase, or any thereof, shall be entitled to a Receiver for said Property, and of the rents, issues and profits thereof, after such default, including the time covered by foreclosure proceedings and the period of redemption, if any there be, and shall be entitled thereto as a matter of right without regard to the solvency or insolvency of



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without regard to the value thereof, and such Receiver may be appointed by any court of competent jurisdiction upon ex parte application and without notice-notice being hereby expressly waived-and all rents, issues and profits, income and revenue therefrom shall be applied by such Receiver to the payment of the indebtedness hereby secured according to the law and the orders and directions of the court.

And, that in case of default in any of said payments of principal or interest, according to the tenor and effect of said promissory note or any part thereof, or of a breach or violation of any of the covenants or agreements contained herein and in the Contract, by the GRANTOR, its personal representatives or assigns, then and in that case the whole of said principal sum hereby secured, and the interest thereon to the time of the sale, may at once, at the option of the legal holder thereof, become due and payable, and the said Property be sold in the manner and with the same effect as if said indebtedness had matured, and that if foreclosure be made by the PUBLIC TRUSTEE, an attorney's fee in a reasonable amount for services in the supervision of said foreclosure proceedings shall be allowed by the PUBLIC TRUSTEE as a part of the cost of foreclosure, and if foreclosure be made through the courts a reasonable attorney's fee shall be taxed by the court as a part of the cost of such foreclosure proceedings.

It is further understood and agreed, that if a release or a partial release of this Deed of Trust is required, the GRANTOR, its successors or assigns will pay the expense thereof; that all the covenants and agreements contained herein and in the Contract shall extend to and be binding upon the heirs or assigns of the respective parties hereto; and that the singular number shall include the plural, the plural the singular, and the use of any gender shall be applicable to all genders.

Executed the day and date first written above.

GRANTOR: The Sanchez Ditch and Reservoir Company

By: Jerry Lorenz
Jerry Lorenz, President

ATTEST

By: Ronald Mathes
Secretary

State of Colorado

County of Comins

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) SS.
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The foregoing instrument was acknowledged before me this 1st day of August 1997, by Jerry Lorenz, as President of the Sanchez Ditch and Reservoir Company. Witness my hand and official seal.

Natalie C. Johnson
Notary Public

My commission expires 10-14-2000



PAID IN FULL

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ASSIGNMENT OF CERTIFICATES OF DEPOSIT

In consideration of and as security for reimbursement for monies owing under a loan from the Colorado Water Conservation Board ("Lender") to the Sanchez Ditch and Reservoir Company ("Owner") in the amount of \$335,000 ("Loan") pursuant to Contract Encumbrance Number C153755 as amended, ("Contract"), Owner hereby assigns to the Lender the following Certificates of Deposit ("Collateral"): Certificate of Deposit No. 9774 in the amount of \$11,485.57, and Certificate of Deposit No. 9808 in the amount of \$8,406.39, both issued by First Western National Bank ("Bank").

The Collateral secures the payment and performance of all of Owner's present and future, direct or indirect, absolute and contingent, express and implied, indebtedness, liabilities, obligations and covenants (cumulatively "Obligations") by Lender pursuant to the Loan Contract described above and any amendments thereto. This Assignment is made solely to secure performance of the Obligations and is made subject to the following terms, covenants and conditions:

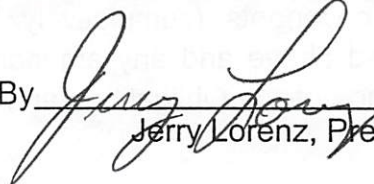
1. Owner shall deliver the original Certificate of Deposit to Lender upon the execution of this Assignment. This Assignment shall continue until Lender specifically terminates the security interest in the Collateral in a writing signed by Lender.
2. Lender shall be entitled to notify the Bank to pay Lender any monies owing Owner under the Certificate of Deposit in the event of a default under the Obligations. The Lender shall apply such monies first to costs associated with collection, including reasonable attorney's fees, next to outstanding interest, and then to the principal sum of the Loan. In the event that Owner possesses or receives possession of any instruments or other remittances with respect to the Certificate of Deposit following the giving of such notification, Owner shall hold such instruments and other remittances in trust for Lender apart from Owner's other property, endorse the instruments and other remittances to Lender, and immediately provide Lender with possession of the instruments and other remittances.
3. The Owner shall be in default under this Assignment upon the occurrence of any of the following events or conditions: (a) failure or omission to make any payment under the Loan Contract when due; (b) default in the payment or performance of any obligation, covenant, agreement or liability contained or referred to in the Contract; (c) the making of any levy, seizure, or attachment on the Collateral; (d) the Owner becoming insolvent or unable to pay debts as they mature.
4. Owner hereby appoints Lender as its attorney-in-fact to endorse Owner's name on all instruments and other remittances payable to Owner with respect to the Certificate of Deposit. This power of attorney is coupled with an interest and is irrevocable.
5. The modification or waiver of any of Owner's obligations or Lender's rights under this Assignment must be contained in a writing signed by Lender. A waiver on one occasion shall not constitute a waiver on any other occasion.
6. The rights and remedies of the Lender stated in this Assignment are in addition to any other rights the Lender may have under the Contract or Promissory Note or any law.

7. This Assignment shall be binding upon Owner and its successors, assigns, trustees, and receivers.
8. This Assignment shall be construed in accordance with the laws of the State of Colorado.
9. The Owner and Lender specifically request the Bank to honor and accept this Assignment and its terms.

Executed this 20 day of June 1997.



THE SANCHEZ DITCH AND RESERVOIR CO.

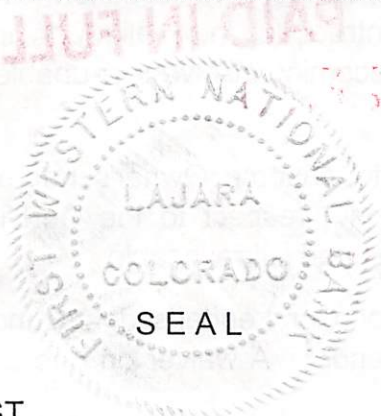
By 
Jerry Lorenz, President

ATTEST


By 

ACKNOWLEDGMENT

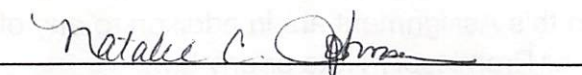
First Western National Bank ("Bank") has received a copy of the foregoing Assignment, and agrees that, upon notice from the Colorado Water Conservation Board ("CWCB") that the Sanchez Ditch and Reservoir Company is in default under its Loan Contract and/or Promissory Note with the CWCB and that the CWCB is exercising its right under the Assignment to withdraw funds contained in the Certificate of Deposit, the Bank shall pay such funds directly to the CWCB until advised otherwise.



First Western National Bank

By , President
Printed Name STEVE E. REED
Date 8/1/97

ATTEST

By 

PAID IN FULL

ASSIGNMENT OF DEPOSIT ACCOUNT AS SECURITY

In consideration of and as security for a loan from the Colorado Water Conservation Board ("Secured Party") to the Sanchez Reservoir and Irrigation Company ("Debtor") in the amount of \$335,000 ("Loan") pursuant to Contract Encumbrance Number C153755, as amended ("Loan Contract"), Debtor hereby assigns, transfers and grants to Secured Party a security interest in the funds contained in Deposit Account No. 617253 (the "Account") at the First Western National Bank ("Bank"), hereinafter referred to as the Collateral. Debtor warrants that the Account has been established as a special deposit with the funds deposited therein to be used solely for repayment of the Loan to Secured Party.

The Collateral secures the payment and performance of all of Debtor's present and future, direct or indirect, absolute and contingent, express and implied, indebtedness, liabilities, obligations and covenants (cumulatively "Obligations") under the Loan Contract described above and any amendments thereto. This Assignment is made solely to secure performance of the Obligations and is made subject to the following terms, covenants and conditions:

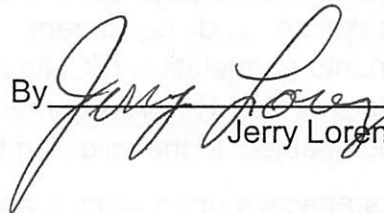
1. This Assignment is effective upon signing and will remain in full force and effect until Secured Party specifically terminates the security interest in the Collateral in writing. Secured Party is not required to release this Assignment until the Loan is paid in full.
2. Neither the Debtor nor anyone else (except Secured Party) has any right to withdraw any funds from the account listed above until the Secured Party releases this Assignment in writing, except that, at Debtor's request, the Bank shall allow the transfer of the annual Loan payment in the amount of \$19,891.96 to Secured Party.
3. Debtor shall be in default under the Loan Contract for purposes of this Assignment upon the occurrence of any of the following events or conditions: (a) failure or omission to make any payment under the Loan Contract when due; (b) default in the payment or performance of any obligation, covenant, agreement or liability contained or referred to in the Loan Contract; (c) the making of any levy, seizure, or attachment on the Collateral; (d) the Debtor becoming insolvent or unable to pay debts as they mature. Secured Party shall give the Debtor written notice of any alleged default and an opportunity to cure within thirty (30) days of receipt of such notice before Debtor shall be considered in default for purposes of this Assignment.
4. Upon or at any time after a default under the Loan Contract as described in Paragraph 3 above, Secured Party shall be entitled to notify the Bank to pay Secured Party the funds contained in the Account. Secured Party shall apply such moneys first to costs associated with collection, including, but not limited to, reasonable attorney's fees, next to outstanding interest, and then to the principal sum of the Loan.
5. Debtor shall not sell, transfer, assign, give, or otherwise dispose of any of the Collateral or any interest therein as long as this Assignment is in effect.
6. The modification or waiver of any of Debtor's obligations or Secured Party's rights under this Assignment must be contained in a writing signed by Secured Party. A waiver on one

occasion shall not constitute a waiver on any other occasion.

7. The rights and remedies of the Secured Party stated in this Assignment are in addition to any other rights the Secured Party may have under the Loan Contract or any law.
8. This Assignment shall be binding upon Debtor and its successors, assigns, trustees, and receivers.
9. This Assignment shall be construed in accordance with the laws of the State of Colorado.
10. The Debtor and Secured Party specifically request the Bank to honor and accept this Assignment and its terms.

Executed this 20 day of June 1997.

The Sanchez Reservoir and Irrigation Company

By 
Jerry Lorenz, President

ATTEST:

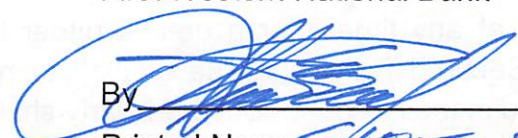
By 
Secretary

ACKNOWLEDGMENT BY FIRST WESTERN NATIONAL BANK

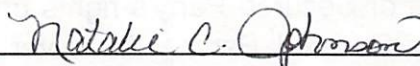
First Western National Bank ("Bank") has received a copy of the foregoing Assignment and agrees that neither the Debtor nor anyone else (except Secured Party) has any right to withdraw any funds from the above-described Account listed above until the Secured Party releases this agreement in writing, except that, at the Debtor's request, the Bank shall allow the transfer of the annual Loan payment in the amount of \$19,891.96 to Secured Party. The Bank acknowledges that the Account is a special deposit and that the funds deposited therein are to be used solely for Debtor's repayment to the Secured Party of the Loan, and waives any right of setoff it may have in and to the Account.



First Western National Bank

By , President
Printed Name STEVE E. REED
Date 8/1/97

ATTEST

By 

PAID IN FULL

AGENCY NAME: Water Conservation Board
AGENCY NUMBER: PDA
ROUTING NUMBER: 97 PDA 01051

New Encumbrance (#C153755) 199,015.06
Previous Encumbrance (#C153636) 984.94
Total Loan \$ 200,000

LOAN CONTRACT

THIS CONTRACT, made this 7 day of May 1997, by and between the State of Colorado for the use and benefit of the Department of Natural Resources, Colorado Water Conservation Board (CWCB), hereinafter referred to as the STATE, and **THE SANCHEZ DITCH AND RESERVOIR COMPANY, R.R. 1, Box 215, San Acacio, Colorado 81150**, hereinafter referred to as the BORROWER and/or CONTRACTOR.

FACTUAL RECITALS

- A. Authority exists in the law, and funds have been budgeted, appropriated and otherwise made available and a sufficient unencumbered balance thereof remains available for payment in Fund Number 424, Organization YYYY, Appropriation 434, Program WTRC, Object Code 5110, Reporting Category 3755 Contract Encumbrance Number C153755.
- B. Required approval, clearance, and coordination have been accomplished from and with appropriate agencies.
- C. Pursuant to the provisions of §§ 37-60-119 and 37-60-120, 15 C.R.S. (1990 and Supp. 1996), the STATE is authorized to loan money for the construction of water projects for the benefit of the people of the STATE, provided that the borrower assures repayment of that money.
- D. The BORROWER is a duly constituted Colorado ditch and reservoir company located in Costilla County and formed pursuant to §§ 7-42-101 et seq., C.R.S. (1986 and Supp. 1996).
- E. Pursuant to 1992 Colo. Sess. Laws, Chapter 333, Section 6, the General Assembly authorized the CWCB to loan to the BORROWER an amount not to exceed \$400,000 for a term of twenty-five years to finance the rehabilitation of the Sanchez Dam and Reservoir, hereinafter referred to as the PROJECT.
- F. The STATE has reviewed a feasibility study conducted by Duane Smith, P.E., which is incorporated herein by reference, and, based upon this feasibility study, the STATE determined the PROJECT to be technically and financially feasible.
- G. The BORROWER entered into Loan Contract #C153623 with the STATE on August 20, 1992, to borrow \$200,000 to finance the Phase I of the PROJECT, consisting of emergency repairs to the Sanchez Dam and Reservoir. Phase I of the PROJECT was completed in 1993.
- H. The BORROWER entered into Loan Contract #C153636 with the STATE on January 14, 1993, to borrow \$200,000 for Phase II of the PROJECT, consisting of further rehabilitation of the Dam and Reservoir. A loan disbursement of \$984.94 was made in April 1993, but no further work was done on Phase II and

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no other disbursements of loan funds were made and, in accordance with said contract, no interest accrued on said disbursement. The time allowed for completion of Phase II expired.

- I. The BORROWER now desires to complete the project, so the State and the Borrower have agreed to enter into a new loan contract for Phase II of the PROJECT, for the remaining authorization of \$199,015.06. The terms of the Promissory Note of this contract will reflect the total amount disbursed to the Borrower of \$200,000.
- J. The STATE now desires, by this contract, to loan money to the BORROWER for this PROJECT upon mutually agreeable terms and conditions.

NOW THEREFORE, in consideration of the mutual and dependent covenants contained herein, the parties agree as follows:

A. The BORROWER agrees as follows:

1. **Construction Fund Program procedures.** The following items are procedures the BORROWER shall follow during the construction phase of the PROJECT.
 - a. The BORROWER shall employ an engineer, registered in the State of Colorado, hereinafter referred to as the CONSULTANT, to prepare plans and specifications for the PROJECT.
 - b. The agreement between the BORROWER and the CONSULTANT and the plans and specifications must be submitted to the CWCB staff for verification of compliance with the terms of this contract prior to bid opening. Any modifications to the plans and specifications must be approved in writing by the CWCB staff.
 - c. The BORROWER shall conduct a pre-construction conference at which time the CWCB staff shall have the opportunity to review and approve the construction schedule.
 - d. If the CWCB staff determines that the PROJECT requires a resident inspector during construction, the BORROWER shall employ an inspector who has been approved by the CWCB staff.
 - e. The BORROWER shall construct the PROJECT in accordance with the approved plans and specifications.
 - f. Upon completion of the PROJECT construction, the BORROWER shall provide as-built drawings of the PROJECT to the CWCB staff.
 - g. Upon completion of the PROJECT construction, the BORROWER shall arrange a final inspection for the CWCB staff and the CONSULTANT.
2. **Time for PROJECT completion.** The BORROWER recognizes that time is of the essence in the performance of all of its obligations under this contract. Therefore, the BORROWER shall complete construction of the PROJECT no later than two (2) years from the date of this contract. The time for completion may be extended subject to the approval of the STATE. The BORROWER must provide, in writing, documented justification for any request for an extension at least sixty (60) days prior to the end of the period for completion.
3. **Liability insurance during construction.** The BORROWER shall maintain during construction of the PROJECT the following insurance with a company that is satisfactory to the STATE:

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- a. Worker's compensation and employer's liability insurance in the required statutory amounts.
- b. Automobile liability insurance which includes coverage for all owned, non-owned and hired vehicles with minimum limits of \$1,000,000 combined single limit for bodily injury and property damage.
- c. Commercial general liability insurance with minimum limits of \$1,000,000 combined single limit for each occurrence and \$2,000,000 general aggregate. This insurance coverage shall include products/completed operations and personal injury.
- d. Builder's risk for construction in progress for all perils of loss including fire, wind, hail, vandalism, and flood in an amount equal to the completed value of the PROJECT.

Said general liability insurance shall name the STATE as additional insured. An additional insured endorsement and a current copy of a certificate of said liability insurance must be provided to the STATE prior to commencement of construction and maintained until construction is complete. No payments shall be made to the BORROWER unless all insurance certificates are current. Notices of renewals of said policies shall also be filed with the STATE as they occur.

During the time of construction, the STATE reserves the right to increase the above amount of insurance so that said amounts at a minimum correspond to the amount established by the Colorado Governmental Immunity Act, now and as hereafter amended.

5. **BORROWER'S indemnification of the STATE.** The BORROWER shall, without expense or legal liability to the STATE, manage, operate, and maintain the PROJECT continuously in an efficient and economical manner. The BORROWER agrees to indemnify and hold the STATE harmless from any liability incurred by the STATE as a result of the STATE'S interest in the PROJECT facilities and any other property identified in the Collateral Provisions of this contract.
6. **BORROWER'S liability insurance.** Upon execution of this contract and continuing until complete repayment of the loan is made to the STATE, the BORROWER shall maintain commercial general liability insurance with a company that is satisfactory to the STATE covering the management, operation, and maintenance of the PROJECT with minimum limits of \$1,000,000 combined single limit for each occurrence and \$2,000,000 general aggregate, including products/completed operations and personal injury.

Said general liability insurance shall name the STATE as additional insured. A copy of a certificate of said insurance and an additional insured endorsement must be filed with the STATE. Evidence of current insurance coverage is to be provided as renewals occur. No loan funds shall be advanced by the STATE without evidence of said current coverage. Throughout the life of this contract, the STATE reserves the right to increase the above amount of insurance so that said amounts at a minimum correspond to the amount established by the Colorado Governmental Immunity Act, now and as hereafter amended.

7. **BORROWER'S authority to contract.** Pursuant to the BORROWER's statutory authority, articles of incorporation, and bylaws, the BORROWER's stockholders and board of directors have adopted resolutions, irrevocable during the life of this loan, authorizing the President and Secretary, on behalf of the BORROWER, to do the following:
 - a. To enter into and comply with the terms of this contract and the promissory note;

- b. To levy assessments in an amount sufficient to repay the annual amounts due under this contract;
- c. To make annual payments in accordance with the promissory note;
- d. To place the assessment revenues pledged for the annual loan payments into a special account separate and apart from other BORROWER revenues;
- e. To secure the collateral in accordance with the Collateral Provisions herein; and
- f. To secure the pledged revenues in accordance with the Pledge of Revenues Provisions herein.

Said resolutions are attached hereto as **Appendix A** and incorporated herein.

8. **Attorney's opinion letter.** Prior to the execution of this contract by the STATE, the BORROWER shall submit to the STATE a letter from its attorney stating that it is the attorney's opinion that the person signing for the BORROWER was duly elected or appointed and has authority to sign such documents on behalf of the BORROWER and to bind the BORROWER; that the BORROWER's stockholders and board of directors have validly adopted resolutions approving this contract; that there are no provisions in the BORROWER's articles of incorporation or by-laws or any state or local law that prevent this contract from binding the BORROWER; and that the contract will be valid and binding against the BORROWER if entered into by the STATE.

9. **Promissory Note Provisions.** The Promissory Note setting forth the terms of repayment and evidencing this debt is attached as **Appendix B** and incorporated herein.

a. **Revision Of Promissory Note.** In the event the BORROWER does not use all of the loan funds for construction of the PROJECT, the Promissory Note may be adjusted in accordance with the Changes Provisions of this contract.

b. **Interest During Construction.** As the loan funds are disbursed by the STATE to the BORROWER during construction, interest shall accrue at the rate of 3%. The amount of the interest accrued during construction shall be calculated by the STATE and the BORROWER shall repay that amount to the STATE either within ten (10) days after the date the STATE determines that the PROJECT has been substantially completed, or, at the STATE'S discretion, the amount shall be deducted from the final disbursement of loan funds that the STATE makes to the BORROWER.

10. **Changes.** The STATE may decrease the amount of the loan under this contract or extend the time for completion of the PROJECT through a REVISION LETTER, approved by the State Controller or his designee, in the form attached hereto as **Appendix C**. The REVISION LETTER shall not be valid until approved by the State Controller or such assistant as he may designate. Upon proper execution and approval, the REVISION LETTER shall become an amendment to this contract and, except for the Special Provisions of the contract, the REVISION LETTER shall supersede the contract in the event of a conflict between the two. The parties understand and agree that the REVISION LETTER may be used only for decreasing the final loan amount or to extend the time for completion of the PROJECT.

11. **Warranties.** The BORROWER warrants the following:

- a. By acceptance of the loan money pursuant to the terms of this contract and by its representations herein, the BORROWER shall be estopped from asserting for any reason that it is not authorized or obligated to repay the loan money to the STATE as required by this contract.

- b. The BORROWER warrants that it has full power and authority to enter into this contract. The execution and delivery of this contract and the performance and observation of its terms, conditions and obligations have been duly authorized by all necessary actions of the BORROWER.
- c. The BORROWER has not employed or retained any company or person, other than a bona fide employee working solely for the BORROWER, to solicit or secure this contract and has not paid or agreed to pay any person, company, corporation, individual, or firm, other than a bona fide employee, any fee, commission, percentage, gift, or other consideration contingent upon or resulting from the award or the making of this contract.
- d. The BORROWER warrants that the property identified in the Collateral Provisions of this contract is not encumbered by any liens of any party other than the STATE or in any other manner, except by a lien held by the U.S. Department of Agriculture Farmers Home Administration to secure a loan in the original principal amount of \$150,000, evidenced by Promissory Note dated January 2, 1975.

12. Pledge of revenues. The BORROWER agrees that the specific revenues to be pledged to repay the STATE shall include, but not be limited to, assessments levied by the BORROWER as authorized by its resolutions, and any other funds legally available to BORROWER to repay the STATE.

- a. **Revenues for this loan are to be kept separate.** The BORROWER hereby irrevocably pledges such revenues to repay the STATE loan, agrees that these revenues shall be set aside and kept in an account separate from other BORROWER revenues, and warrants that these revenues shall not be used for any other purpose.
- b. **Establish security interest in the revenues.** The BORROWER agrees that, in order to provide a security interest to the STATE in the pledged revenues so that the STATE shall have priority over all other competing claims for said revenues, it shall provide a properly executed Security Agreement, which is attached as **Appendix D** and incorporated herein. The BORROWER acknowledges that the STATE shall file a UCC-1 Form with the Colorado Secretary of State to perfect its security interest in the pledged revenues.
- c. **Assessments for repayment of the loan.** The BORROWER shall, pursuant to its statutory authority, articles of incorporation and by-laws, and as authorized by its resolutions, annually seek from its stockholders sufficient assessments, and take all other necessary actions consistent therewith to levy assessments sufficient to repay this loan in a timely manner and as required by the terms and conditions of this contract. Should the stockholders fail to set any such assessments, the BORROWER shall make adequate assessments for the purpose of repaying its obligations under this contract pursuant to § 7-42-104(2), C.R.S. (1986). In addition, in the event the assessments levied by the BORROWER become insufficient to assure repayment to the STATE as required by the terms and conditions of this contract, then the BORROWER shall immediately take all necessary action consistent with its statutory authority, its articles of incorporation, by-laws and resolutions, including but not limited to, levying additional assessments to raise sufficient revenue to assure repayment of the loan to the STATE.
- d. **Assessments for operations, maintenance and reserves.** The BORROWER shall, pursuant to its statutory authority, articles of incorporation, by-laws, and resolutions, levy assessments from time to time as necessary to provide sufficient funds for adequate operation and maintenance, emergency repair services, obsolescence reserves and debt reserves. The BORROWER shall annually deposit an amount equal to one-tenth of an annual payment into its reserve debt service

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fund for the first ten years of this loan.

13. Collateral. Part of the security provided for this loan shall be the following:

- a. An undivided one-hundred percent interest in the Sanchez Dam and Reservoir, including all lands on which these facilities are located, all easements and rights-of-way appurtenant thereto and all improvements thereon and all other physical and legal features, as more particularly described in the deed of trust attached as **Appendix E** and incorporated herein. The STATE acknowledges that the BORROWER has conveyed a mortgage interest in this property to the U.S. Department of Agriculture Farmers Home Administration to secure their loan made January 2, 1975.
- b. A Certificate of Deposit in the amount of one \$11,485.57, hereinafter referred to as the CD ACCOUNT, as evidenced by the executed Assignment of Certificate of Deposit attached as **Appendix F** and incorporated herein. The STATE shall use the funds contained in the CD ACCOUNT for the purpose of paying principal and interest due under this contract not otherwise paid by the BORROWER. Any amount withdrawn by the STATE for this purpose shall be replenished by the BORROWER within sixty days after such withdrawal.

14. Collateral during repayment. The BORROWER shall not sell, convey, assign, grant, transfer, mortgage, pledge, encumber, or otherwise dispose of any collateral for this loan, including the revenues pledged herein, so long as any of the principal and any accrued interest on this loan remain unpaid, without the prior written concurrence of the STATE.

15. Remedies for default. Upon default in the payments herein set forth to be made by the BORROWER, or default in the performance of any covenant or agreement contained herein, the STATE, at its option, may:

- a. declare the entire principal amount and accrued interest then outstanding immediately due and payable;
- b. incur and pay reasonable expenses for repair, maintenance, and operation of the PROJECT facilities herein described and such expenses as may be necessary to cure the cause of default, and add the amount of such expenditures to the principal of the loan amount;
- c. act upon the promissory note, deed of trust, security agreement, and assignment of certificate of deposit; ;
- d. take any other appropriate action.

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All remedies described herein may be simultaneously or selectively and successively enforced. The provisions of this contract may be enforced by the STATE at its option without regard to prior waivers of previous defaults by the BORROWER, through judicial proceedings to require specific performance of this contract, or by such other proceedings in law or equity as may be deemed necessary by the STATE to ensure compliance with provisions of this contract and the laws and regulations under which this contract is executed. The STATE'S exercise of any or all of the remedies described herein shall not relieve the BORROWER of any of its duties and obligations under this contract.

16. In event of a conflict. In the event of conflict between the terms of this contract and conditions as set forth in any of the appendices, the provisions of this contract shall control.

17. Progress reports. The BORROWER shall, with the assistance of the CONSULTANT, prepare a periodic

progress report which contains a statement of the PROJECT construction costs expended for that period and shall forward said report to the STATE.

18. **Periodic inspections.** Throughout the term of this contract, the BORROWER shall permit a designated representative of the STATE to make periodic inspections of the PROJECT. Such inspections are solely for the purpose of verifying compliance with the terms and conditions of this contract. Furthermore, such inspections shall cover the condition of the PROJECT, operating records, maintenance records, and financial records, and shall not be construed nor interpreted as an approval of the actual design and/or construction of any element of the PROJECT facilities.
19. **Adhere to applicable laws.** The BORROWER shall strictly adhere to all applicable federal, state, and local laws and regulations that are in effect or may hereafter be established throughout the term of this contract.
20. **No discrimination of services.** The services of said PROJECT shall be made available within its capacity and in accordance with all pertinent statutes, rules and regulations, and operational guidelines to all persons in the BORROWER'S service area without discrimination as to race, color, religion, or national origin at reasonable charges (including assessments or fees), whether for one or more classes of service, in accordance with a schedule of such charges formally adopted by the BORROWER, as may be modified from time to time.

B. The STATE agrees as follows:

1. **Agreement to loan money.** The STATE agrees to loan to the BORROWER an amount not to exceed that specified in the Promissory Note Provisions of this contract.
2. **Disbursements.** After receipt of the periodic progress report from the BORROWER, and review and acceptance of the items therein as eligible expenses as described below, the STATE will pay to the BORROWER the amount set forth in the report or such portion that has been approved by the STATE. Such payment shall be made within thirty (30) days from the STATE'S approval of each progress report.
3. **Release after loan is repaid.** Upon complete repayment to the STATE of the entire principal and any accrued interest as specified in the promissory note provisions of this contract, the STATE agrees to file a UCC-3 form with the Secretary of State to terminate all of the STATE'S rights in and to the revenues pledged to repay this loan, to execute a release of deed of trust to convey to the BORROWER all of the STATE'S right, title, and interest in and to the property described in the deed of trust attached hereto, and to return the CD ACCOUNT and the Assignment of Certificate of Deposit.

C. The STATE and the BORROWER mutually agree as follows:

1. **Designated agent of the STATE.** The CWCB, which includes its agents and employees, is hereby designated as the agent of the STATE for the purpose of this contract.
2. **Contract is not assignable.** This contract is not assignable by the BORROWER except with the prior written approval of the STATE.
3. **Contract relationship.** The parties to this contract intend that the relationship between them contemplated by this contract is that of lender-borrower, not employer-employee. No agent, employee, or servant of the BORROWER shall be, or shall be deemed to be, an employee, agent, or servant of the STATE. The BORROWER shall be solely and entirely responsible for its acts and the acts

of its agents, employees, servants, engineering firms, construction firms, and subcontractors during the performance of this contract.

4. **Integration of all understandings.** This agreement is intended as the complete integration of all understandings between the parties. No prior or contemporaneous addition, deletion, or other amendment hereto shall have any force or effect whatsoever unless embodied herein in writing. No subsequent novation, renewal, addition, deletion, or other amendment hereto shall have any force or effect unless embodied in a written contract executed and approved pursuant to STATE fiscal rules, with the exception of the Revision Letter as described in the Changes Provision of this contract.
5. **Waiver.** The waiver of any breach of a term of this contract shall not be construed as a waiver of any other term, or of any subsequent breach of the same term.
6. **Eligible expenses.** PROJECT construction costs eligible for financing by the STATE shall be limited to the cost of:
 - a. Preparing final designs and specifications for the PROJECT.
 - b. Preparing bid and construction contract documents.
 - c. Preparing environmental assessment or environmental impact statements, and otherwise complying with the Federal National Environmental Policy Act.
 - d. Complying with all federal, state, and local regulatory requirements, including the obtaining of all required permits.
 - e. Fish and wildlife mitigation measures required by federal, state, or local laws and regulations.
 - f. Actual construction as called for in the design documents and in change orders approved by the STATE, the BORROWER, and the CONSULTANT.
 - g. Engineering services for construction management, including design and construction management for STATE-approved change orders.
 - h. Legal services for reviewing engineering services contracts, reviewing this contract, reviewing construction contract documents, and for complying with all federal, state, and local regulatory requirements. Legal services must be approved by the STATE in writing and in advance to be eligible for financing by the STATE.
7. **STATE may release contract at its option.** In its sole discretion, the STATE may at any time give any consent, deferment, subordination, release, satisfaction, or termination of any or all of the BORROWER'S obligations under this contract, with valuable consideration, upon such terms and conditions as the STATE may determine to be:
 - a. advisable to further the purposes of this contract or to protect the STATE'S financial interest therein, and
 - b. consistent with both the statutory purposes of this contract and the limitations of the statutory authority under which it is made.
8. **Casualty and eminent domain.** If, at any time during the term of this contract, (a) the BORROWER'S

PROJECT facilities and/or property pledged as security for this loan, including buildings or any portion thereof, are damaged or destroyed, in whole or in part, by fire or other casualty, or (b) title to or use of the PROJECT facilities or any part thereof shall be taken under the exercise of the power of eminent domain, the BORROWER shall cause the net proceeds of any insurance claim or condemnation award to be applied to the prompt replacement, repair and restoration of the PROJECT facilities or any portion thereof. Any net proceeds remaining after such work has been completed shall be paid to the BORROWER. If the net proceeds are insufficient to pay the full cost of the replacement, repair and restoration, the BORROWER shall complete the work and pay any cost in excess of the net proceeds.

9. **Captions.** The captions and headings contained in this contract are for convenience and reference only and shall not be construed so as to define or limit the terms or provisions contracted herein.
10. **STATE'S approval.** This contract requires review and approval of plans, specifications, and various other technical and legal documents. The STATE'S review of these documents is only for the purpose of verifying the BORROWER'S compliance with this contract and shall not be construed or interpreted as a technical review or approval of the actual design or construction of the PROJECT rehabilitation. Notwithstanding any consents or approvals given the BORROWER by the STATE on any such documents, the BORROWER and its CONSULTANT, in preparing any such documents shall be solely responsible for the accuracy and completeness of any of said documents.
11. **Addresses for mailing.** All notices, correspondence, or other documents required by this contract shall be delivered or mailed to the following addresses:

For the STATE:

Colorado Water Conservation Board
1313 Sherman Street, Room 721
Denver, CO 80203
Attn: Construction Fund Section

For the BORROWER

The Sanchez Ditch and Reservoir Company
Route 1, Box 215
San Acacio, CO 81150

D. Special provisions (1993 version)

1. **Controller's approval.** This contract shall not be deemed valid until it shall have been approved by the Controller of the State of Colorado or such assistant as he may designate. This provision is applicable to any contract involving the payment of money by the STATE.
2. **Fund availability.** Financial obligations of the State of Colorado payable after the current fiscal year are contingent upon funds for that purpose being appropriated, budgeted, and otherwise made available.
3. **Bond requirement.** If this contract involves the payment of more than fifty thousand dollars for the construction, erection, repair, maintenance, or improvement of any building, road, bridge, viaduct, tunnel, excavation or other public work for this STATE, the CONTRACTOR shall, before entering upon the performance of any such work included in this contract, duly execute and deliver to the STATE official who will sign the contract, a good and sufficient bond or other acceptable surety to be approved by said official in a penal sum not less than one-half of the total amount payable by the terms of this contract. Such bond shall be duly executed by a qualified corporate surety conditioned upon the faithful performance of the contract and in addition, shall provide that if the CONTRACTOR or his subcontractors fail to duly pay for any labor, materials, team hire, sustenance, provisions, provendor or other supplies used or consumed by such CONTRACTOR or his subcontractor in performance of the work contracted to be done or fails to pay any person who supplies rental

machinery, tools, or equipment in the prosecution of the work the surety will pay the same in an amount not exceeding the sum specified in the bond, together with interest at the rate of eight per cent per annum. Unless such bond is executed, delivered and filed, no claim in favor of the CONTRACTOR arising under such contract shall be audited, allowed or paid. A certified or cashier's check or a bank money order payable to the Treasurer of the State of Colorado may be accepted in lieu of a bond. This provision is in compliance with C.R.S. 38-26-106.

4. **Indemnification.** To the extent authorized by law, the CONTRACTOR shall indemnify, save, and hold harmless the STATE, its employees and agents, against any and all claims, damages, liability and court awards including costs, expenses, and attorney fees incurred as a result of any act or omission by the CONTRACTOR, or its employees, agents, subcontractors, or assignees pursuant to the terms of this contract.
5. **Discrimination and affirmative action.** The CONTRACTOR agrees to comply with the letter and spirit of the Colorado Antidiscrimination Act of 1957, as amended, and other applicable law respecting discrimination and unfair employment practices (C.R.S. 24-34-402), and as required by Executive Order, Equal Opportunity and Affirmative Action, dated April 16, 1975. *Pursuant thereto, the following provisions shall be contained in all STATE contracts or sub-contracts.*

During the performance of this contract, the CONTRACTOR agrees as follows:

- a. The CONTRACTOR will not discriminate against any employee or applicant for employment because of race, creed, color, national origin, sex, martial status, religion, ancestry, mental or physical handicap, or age. The CONTRACTOR will take affirmative action to insure that applicants are employed, and that employees are treated during employment, without regard to the above mentioned characteristics. Such action shall include, but not be limited to the following: employment upgrading, demotion, or transfer, recruitment or recruitment advertisements; lay-offs or terminations; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The CONTRACTOR agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the contracting officer setting forth provisions of this non-discrimination clause.
- b. The CONTRACTOR will, in all solicitations or advertisements for employees placed by or on behalf of the CONTRACTOR, state that all qualified applicants will receive consideration for employment without regard to race, creed, color, national origin, sex, martial status, religion, ancestry, mental or physical handicap, or age.
- c. The CONTRACTOR will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, notice to be provided by the contracting officer, advising the labor union or workers' representative of the CONTRACTOR'S commitment under the Executive Order, Equal Opportunity and Affirmative Action, dated April 16, 1975, and of the rules, regulations, and relevant Orders of the Governor.
- d. The CONTRACTOR and labor unions will furnish all information and reports required by Executive Order, Equal Opportunity and Affirmative Action of April 16, 1975, and by the rules, regulations and Orders of the Governor, or pursuant thereto, and will permit access to his books, records, and accounts by the contracting agency and the office of the Governor or his designee for purposes of investigation to ascertain compliance with such rules, regulations and orders.
- e. A labor organization will not exclude any individual otherwise qualified from full membership rights in such labor organization, or expel any such individual from membership in such labor organization or discriminate against any of its members in the full enjoyment of work opportunity because of race, creed, color, sex, national origin, or ancestry.
- f. A labor organization, or the employees or members thereof will not aid, abet, incite, compel or coerce the doing of any act defined in this contract to be discriminatory or obstruct or prevent any

person from complying with the provisions of this contract or any order issued thereunder; or attempt, either directly or indirectly, to commit any act defined in this contract to be discriminatory.

- g. In the event of the CONTRACTOR'S non-compliance with the non-discrimination clauses of this contract or with any of such rules, regulations, or orders, this contract may be canceled, terminated or suspended in whole or in part and the CONTRACTOR may be declared ineligible for further STATE contracts in accordance with procedures, authorized in Executive Order, Equal Opportunity and Affirmative Action of April 16, 1975 and the rules, regulations, or orders promulgated in accordance therewith, and such other sanctions as may be imposed and remedies as may be invoked as provided in Executive Order, Equal Opportunity and Affirmative Action of April 16, 1975, or by rules, regulations, or orders promulgated in accordance therewith, or as otherwise provided by law.
- h. The CONTRACTOR will include the provisions of paragraphs (a) through (h) in every sub-contract and subcontractor purchase order unless exempted by rules, regulations, or orders issued pursuant to Executive Order, Equal Opportunity and Affirmative Action of April 16, 1975, so that such provisions will be binding upon each subcontractor or vendor. The CONTRACTOR will take such action with respect to any sub-contracting or purchase order as the contracting agency may direct, as a means of enforcing such provisions, including sanctions for non-compliance; provided, however, that in the event the CONTRACTOR becomes involved in, or is threatened with, litigation, with the subcontractor or vendor as a result of such direction by the contracting agency, the CONTRACTOR may request the State of Colorado to enter into such litigation to protect the interest of the State of Colorado.

6. Colorado labor preference

- a. Provisions of C.R.S. 8-17-101 & 102 for preference of Colorado labor are applicable to this contract if public works within the STATE are undertaken hereunder and are financed in whole or in part by STATE funds.
- b. When construction contract for a public project is to be awarded to a bidder, a resident bidder shall be allowed a preference against a non-resident bidder from a state or foreign country equal to the preference given or required by the state or foreign country in which the non-resident bidder is a resident. If it is determined by the officer responsible for awarding the bid that compliance with this subsection .06 may cause denial of federal funds which would otherwise be available or would otherwise be inconsistent with requirements of federal law, this subsection shall be suspended, but only to the extent necessary to prevent denial of the moneys or to eliminate the inconsistency with federal requirements (C.R.S. 8-19-101 and 102).

7. General.

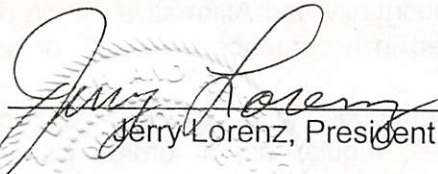
- a. The laws of the State of Colorado and rules and regulations issued pursuant thereto shall be applied in the interpretation, execution, and enforcement of this contract. Any provision of this contract whether or not incorporated herein by reference which provides for arbitration by any extra-judicial body or person or which is otherwise in conflict with said laws, rules, and regulations shall be considered null and void. Nothing contained in any provision incorporated herein by reference which purports to negate this or any other special provision in whole or in part shall be valid or enforceable or available in any action at law whether by way of complaint, defence or otherwise. Any provision rendered null and void by the operation of this provision will not invalidate the remainder of this contract to the extent that the contract is capable of execution.
- b. At all times during the performance of this contract, the CONTRACTOR shall strictly adhere to all applicable federal and state laws, rules, and regulations that have been or may hereafter be established.
- c. The signatories aver that they are familiar with C.R.S. 18-8-301, et seq., (Bribery and Corrupt Influences) and 18-8-401, et seq., (Abuse of Public Office), and that no violation of such provisions is present.

- d. The signatories aver that to their knowledge, no state employee has any personal or beneficial interest whatsoever in the service or property described herein:

IN WITNESS WHEREOF, the parties hereto have executed this contract on the day first above written.

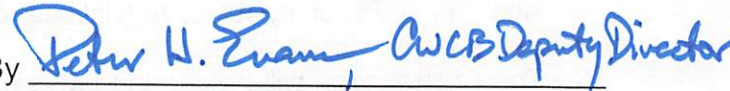
CONTRACTOR: The Sanchez Ditch and Reservoir Company

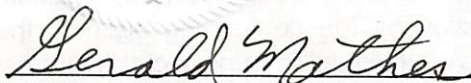
State of Colorado
Roy Romer, Governor

By 
Jerry Lorenz, President

Federal ID Number: 84-0465682

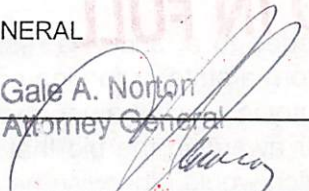
Attest (Seal)

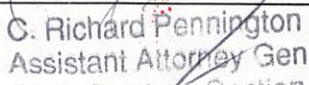
By 
For the Executive Director
DEPT OF NATURAL RESOURCES
COLORADO WATER CONSERVATION BOARD
for Daries C. Lile, P.E., Director

By 
Secretary

Approvals

ATTORNEY GENERAL

By 
Gale A. Norton
Attorney General


C. Richard Pennington
Assistant Attorney General
State Services Section

STATE CONTROLLER

APPROVALS:
By 
STATE CONTROLLER
CLIFFORD W. HALL
BY: 
C:\Contracts\Sanchez\Word\3/26/97

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**RESOLUTION of the BOARD OF DIRECTORS
of the SANCHEZ DITCH AND RESERVOIR COMPANY**

On October 9, 1992, a special meeting of the stockholders of the Sanchez Ditch and Reservoir Company (COMPANY) was held at the COMPANY office in San Acacio, Colorado, at which the stockholders approved a loan in the total amount of \$400,000 from the State of Colorado Water Conservation Board (STATE).

The COMPANY entered into Loan Contract #C153623 in the amount of \$200,000 and received said funds; and entered into Loan Contract #C153636 for the remaining \$200,000, but received only \$984.94 of the funds before the contract expired, leaving \$199,015.06 of loan funds available for the rehabilitation of Sanchez Dam and Reservoir.

It is now the desire of the COMPANY to complete the rehabilitation project on the Sanchez Dam and Reservoir, and to fund such project with the remaining loan funds available from the STATE. The total loan amount would be \$200,000 (the \$984.94 disbursed under loan contract #C153636 and remaining loan funds of \$199,015.06 that will be disbursed under the proposed loan contract).

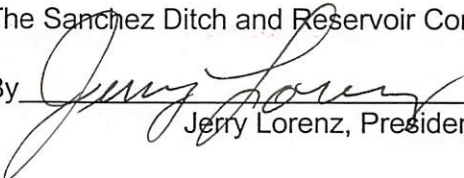
The Board of Directors of the COMPANY, at their meeting held 4/10, 1997, at San Acacio, Colorado, hereby adopts the following these resolutions and charges that they be irrevocable during the life of the loan and hereby authorizes the President and Secretary as follows:

1. RESOLVED, to enter into a contract with the Colorado Water Conservation Board for a loan in the total amount of \$200,000, and to comply with all the terms of the loan contract and the promissory note, and
2. RESOLVED, to make and levy assessments sufficient to pay the amounts for the annual loan payment and the deposit to the reserve debt service fund due under the loan contract, and
3. RESOLVED, to place assessment revenues pledged to make annual loan payments and to make annual deposits to the reserve debt service fund in a special account separate and apart from other COMPANY revenues, and
4. RESOLVED, to make annual payments and to make annual deposits to a debt service reserve fund in accordance with the loan contract, and
5. RESOLVED, to obtain a certificate of deposit in the amount of one annual loan payment (\$11,485.57) as security for the loan, and to execute an assignment of certificate of deposit, and
6. RESOLVED, to execute the deed of trust as security for the loan, and
7. RESOLVED, to execute a security agreement to secure the revenues pledged to repay the loan.

Adopted this 4 day of APRIL 1997.

The Sanchez Ditch and Reservoir Company

By


Jerry Lorenz, President

ATTEST:

By Gerald Matthes

**SAMPLE
REVISION LETTER
FOR CWCB LOAN CONTRACTS**

Date:
Amendment #

In Accordance with the Changes Provision of Loan Contract Encumbrance No. _____, dated _____, between the State of Colorado Water Conservation Board ("State") and the _____ ("Contractor"), the undersigned agree

that the total amount loaned by the State to the Contractor pursuant to the Promissory Note attached to the Loan Contract as Appendix B is decreased by \$ amt of change to a new total of \$ _____. Said Promissory Note shall be revised to reflect this change.

OR

that the time for completion of the Project is extended by ____ months, with a new completion date of _____. The _____ sentence in Paragraph ____ is hereby modified accordingly.

This amendment to the contract is intended to be effective as of the date first written above but in no event shall it be deemed valid until it shall have been approved by the State Controller or such assistant as he may designate.

Contractor:

By *Jimmy Long* President.
Name/Title

STATE OF COLORADO:
Roy Romer, Governor

PAID IN FULL

By _____
For the Executive Director
Colorado Water Conservation Board

For the STATE CONTROLLER
Clifford W. Hall

By _____
State Controller or Designee

SECURITY AGREEMENT

DEBTOR: The Sanchez Ditch and Reservoir Company
Route 1, Box 215
San Acacio, CO 81150

FEDERAL TAX ID # 84-0465682

SECURED PARTY: STATE OF COLORADO for the use and benefit of the
Department of Natural Resources, Colorado Water Conservation Board
1313 Sherman Street, Room 721
Denver, CO 80203

COLLATERAL: Contract Rights (Code: 030)
COUNTY: Costilla (Code: 38)

DEBTOR, for consideration, hereby grants to SECURED PARTY a security interest in the following property and any and all additions, accessions and substitutions thereto or therefor, hereinafter called the COLLATERAL: **All revenues derived from stockholder assessments, as described in Pledge of Revenues Provisions in Contract #C153755 ("Contract")**

To secure payment of the indebtedness evidenced by the Promissory Note which is a part of Contract between the above named parties herewith, payable to the SECURED PARTY in accordance with the terms specified in the Promissory Note, or until all principal and interest are paid in full.

DEBTOR EXPRESSLY WARRANTS AND COVENANTS:

1. That except for the security interest granted hereby DEBTOR is, or to the extent that this agreement states that the COLLATERAL is to be acquired after the date hereof, will be the owner of the COLLATERAL free from any adverse lien, security interest or encumbrances; and that DEBTOR will defend the COLLATERAL against all claims and demands of all persons at anytime claiming the same or any interest therein.
2. That the execution and delivery of this agreement by DEBTOR will not violate any law or agreement governing DEBTOR or to which DEBTOR is a party.
3. That, if DEBTOR is a corporation, its certificate and articles of incorporation and by-laws do not prohibit any term or condition of this agreement.
4. That by its acceptance of the loan money pursuant to the terms of the CONTRACT and by its representations herein, DEBTOR shall be estopped from asserting for any reason that it is not authorized to grant a security interest in the COLLATERAL pursuant to the terms of this agreement.
5. To pay all taxes and assessments of every nature which may be levied or assessed against the COLLATERAL.
6. To not permit or allow any adverse lien, security interest or encumbrance whatsoever upon the COLLATERAL and not to permit the same to be attached or replevined.
7. That the DEBTOR will not use the COLLATERAL in violation of any applicable statutes, regulations, ordinances, articles of incorporation or by-laws.

UNTIL DEFAULT DEBTOR may have possession of the COLLATERAL, provided that DEBTOR keeps the COLLATERAL in an account separate from other revenues of DEBTOR and does not use the COLLATERAL for any purpose not permitted by the CONTRACT. Upon default, SECURED PARTY shall have the immediate right to the possession of the COLLATERAL.

DEBTOR SHALL BE IN DEFAULT under this agreement upon the happening of any of the following events or conditions:

- a. default in the payment or performance of any obligation, covenant or liability contained or referred to herein or in any note evidencing the same;
- b. the making or furnishing of any warranty, representation or statement to SECURED PARTY by or on behalf of DEBTOR which proves to have been false in any material respect when made or furnished;
- c. loss, theft, damage, destruction, sale or encumbrance to or of any of the COLLATERAL, or the making of any levy seizure or attachment thereof or thereon;
- d. death, dissolution, termination or existence, insolvency, business failure, appointment of a receiver of any part of the property of, assignment for the benefit of creditors by, or the commencement of any proceeding under any bankruptcy or insolvency law of, by or against DEBTOR or any guarantor or surety for DEBTOR.

UPON SUCH DEFAULT and at any time thereafter, or if it deems itself insecure, SECURED PARTY may declare all Obligations secured hereby immediately due and payable and shall have the remedies of a secured party under Article 9 of the Colorado Uniform Commercial Code. SECURED PARTY may require DEBTOR to deliver or make the COLLATERAL available to SECURED PARTY at a place to be designated by SECURED PARTY which is reasonably convenient to both parties. Expenses of retaking, holding, preparing for sale, selling or the like shall include SECURED PARTY's reasonable attorney's fees and legal expenses. In the event court action is deemed necessary to enforce the terms and conditions set forth herein, said action shall only be brought in the District Court for the City and County of Denver, State of Colorado, and DEBTOR consents to venue and personal jurisdiction in said Court.

No default shall be waived by SECURED PARTY except in writing, and no waiver by SECURED PARTY of any default shall operate as a waiver of any other default or of the same default on a future occasion. The taking of this security agreement shall not waive or impair any other security said SECURED PARTY may have or hereafter acquire for the payment of the above indebtedness, nor shall the taking of any such additional security waive or impair this security agreement; but said SECURED PARTY shall retain its rights of set-off against DEBTOR.

All rights of SECURED PARTY hereunder shall inure to the benefit of its successors and assigns; and all promises and duties of DEBTOR shall bind its heirs, executors or administrators or its successors or assigns. If there be more than one DEBTOR, their liabilities hereunder shall be joint and several.

Executed this 10 day of April 1997

DEBTOR: The Sanchez Ditch and Reservoir Company

By: Jerry Lorenz

Jerry Lorenz, President

(SEAL)

ATTEST

By: Gerald Mathes

Secretary

ASSIGNMENT OF CERTIFICATE OF DEPOSIT

In consideration of and as security for reimbursement for monies owing under a loan from the Colorado Water Conservation Board ("Lender") to the Sanchez Ditch and Reservoir Company ("Owner") in the amount of \$200,000 ("Loan") pursuant to Contract Encumbrance Number C153755, ("Contract"), Owner hereby assigns to the Lender the following Certificate of Deposit ("Collateral"): Certificate of Deposit No. 9774 in the amount of \$11,485.57 issued by First Western National Bank ("Bank").

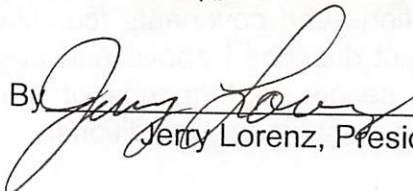
The Collateral secures the payment and performance of all of Owner's present and future, direct or indirect, absolute and contingent, express and implied, indebtedness, liabilities, obligations and covenants (cumulatively "Obligations") by Lender pursuant to the Loan Contract described above and any amendments thereto. This Assignment is made solely to secure performance of the Obligations and is made subject to the following terms, covenants and conditions:

1. Owner shall deliver the original Certificate of Deposit to Lender upon the execution of this Assignment. This Assignment shall continue until Lender specifically terminates the security interest in the Collateral in a writing signed by Lender.
2. Lender shall be entitled to notify the Bank to pay Lender any monies owing Owner under the Certificate of Deposit in the event of a default under the Obligations. The Lender shall apply such monies first to costs associated with collection, including reasonable attorney's fees, next to outstanding interest, and then to the principal sum of the Loan. In the event that Owner possesses or receives possession of any instruments or other remittances with respect to the Certificate of Deposit following the giving of such notification, Owner shall hold such instruments and other remittances in trust for Lender apart from Owner's other property, endorse the instruments and other remittances to Lender, and immediately provide Lender with possession of the instruments and other remittances.
3. The Owner shall be in default under this Assignment upon the occurrence of any of the following events or conditions: (a) failure or omission to make any payment under the Loan Contract when due; (b) default in the payment or performance of any obligation, covenant, agreement or liability contained or referred to in the Contract; (c) the making of any levy, seizure, or attachment on the Collateral; (d) the Owner becoming insolvent or unable to pay debts as they mature.
4. Owner hereby appoints Lender as its attorney-in-fact to endorse Owner's name on all instruments and other remittances payable to Owner with respect to the Certificate of Deposit. This power of attorney is coupled with an interest and is irrevocable.
5. The modification or waiver of any of Owner's obligations or Lender's rights under this Assignment must be contained in a writing signed by Lender. A waiver on one occasion shall not constitute a waiver on any other occasion.
6. The rights and remedies of the Lender stated in this Assignment are in addition to any other rights the Lender may have under the Contract or Promissory Note or any law.

7. This Assignment shall be binding upon Owner and its successors, assigns, trustees, and receivers.
8. This Assignment shall be construed in accordance with the laws of the State of Colorado.
9. The Owner and Lender specifically request the Bank to honor and accept this Assignment and its terms.

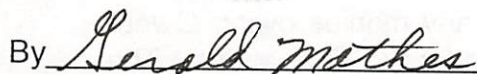
Executed this 11th day of April 1997.

THE SANCHEZ DITCH AND RESERVOIR CO.

By 
Jerry Lorenz, President




ATTEST

By 

ACKNOWLEDGMENT

First Western National Bank ("Bank") has received a copy of the foregoing Assignment, and agrees that, upon notice from the Colorado Water Conservation Board ("CWCB") that the Sanchez Ditch and Reservoir Company is in default under its Loan Contract and/or Promissory Note with the CWCB and that the CWCB is exercising its right under the Assignment to withdraw funds contained in the Certificate of Deposit, the Bank shall pay such funds directly to the CWCB until advised otherwise.

First Western National Bank

By 
Printed Name STEVE E. REED
Title OR. V.P.
Date 4/14/97

PAID IN FULL

Sanchez Dam
w/PB
Second Phase

DEPARTMENT OR AGENCY NAME Water Conservation Board
DEPARTMENT OR AGENCY NUMBER PDA
ROUTING NUMBER 93386

\$200,000

PROJECT CONTRACT

THIS CONTRACT, made this 14th day of January ³ 1992, by and between the State of Colorado for the use and benefit of the Department of NATURAL RESOURCES

(COLORADO WATER CONSERVATION BOARD),

hereinafter referred to as the State, and THE SANCHEZ DITCH AND RESERVOIR COMPANY,

R.R. 1, Box 215, San Acacio, CO 81150,

hereinafter referred to as the contractor/Contractor or Borrower.

WHEREAS, authority exists in the Law and Funds have been budgeted, appropriated and otherwise made available and a sufficient unencumbered balance thereof remains available for payment in Fund Number ⁴³⁴ 462, Organization YYYY, Appropriation 434, Program WTRC, Object Code 5120, Contract Encumbrance Number; C153636; and

WHEREAS, required approval, clearance and coordination have been accomplished from and with appropriate agencies; and

WHEREAS, pursuant to the provisions of Sections 37-60-119 and 37-60-120, Colorado Revised Statutes, the State is authorized to loan money for the construction of water projects for the benefit of the people of the State provided that the Contractor assures repayment of that money; and

WHEREAS, the Contractor is a duly constituted Mutual Ditch Company formed under Section 7-42-101, C.R.S., in the State of Colorado and it wishes to make repairs to the Sanchez dam and reservoir at a cost of Two Hundred Thousand Dollars (\$200,000) in order to be able to store its decreed amount of water; and

WHEREAS, this work is to be considered as the second phase of a total rehabilitation project on the Sanchez Dam and Reservoir that has a total estimated cost of Four Hundred Thousand Dollars (\$400,000), which amount also includes Two Hundred Thousand Dollars (\$200,000) already expended on the phase one (emergency repair) work; and

WHEREAS, the State now desires, by this project contract, to loan money for the construction of this second phase of said project upon mutually agreeable terms and conditions, subject to the availability of funding for that purpose; and

WHEREAS, pursuant to the Contractor's Articles of Incorporation, the Contractor has authority to contract to borrow money provided that a Resolution be duly passed by the Board of Directors and to levy assessments assuring repayment of the State according to the terms of the contract; and

WHEREAS, pursuant to section 1 of chapter 32, Session Laws of Colorado 1987, as amended by SB 92-87, the State has been authorized to loan Four Hundred Thousand Dollars (\$400,000) for construction of the project; and

WHEREAS, the Contractor or Borrower understands that this Contract is also a promissory note for the repayment of funds loaned to the Borrower according to the terms set forth herein.

NOW THEREFORE, in consideration of the mutual and dependent covenants herein contained, it is agreed by the parties hereto as follows:

A. The Contractor agrees that it shall:

1. Employ an engineering firm (hereinafter referred to as the Consultant) to prepare plans and specifications for the second phase of the project and that these documents will be reviewed by the State.

2. Contract for the construction of the second phase work to a responsible and capable firm or firms (hereinafter referred to as Construction Firm or Firms), which Construction Firms will be selected by the Contractor and approved by the State before work under this contract begins.

3. Cause construction of this work to be completed within fifteen (15) months of the date of this contract, in accordance with the Consultant's plans and specifications and any necessary modifications thereof approved by the State. This time may be extended by the State, in writing, if such time is insufficient because of acts of God or other acts or circumstances beyond the control of the Contractor. The Contractor must produce documented justification of any such acts or circumstances.

4. Require all Construction Firms and their subcontractors to indemnify the State and the Contractor against all liability and loss, and against all claims and actions based upon or arising out of damage or injury, including death, to persons or property, caused by any acts or omissions of those parties or sustained in connection with the performance of any contract related to the project or by conditions created thereby, or based upon any violation of any statute, ordinance, or regulation, and the defense of any such claims or actions.

5. Require all Construction Firms and their subcontractors to maintain during the term of their contracts for project construction the following:

a. Workmen's compensation and employers' liability insurance in the required statutory amounts.

b. Automobile liability insurance for all vehicles, and comprehensive general liability insurance, both in at least the following amounts:

(1) For any injury to one person in any single occurrence, the sum of Five Hundred Thousand Dollars (\$500,000).

(2) For any injury to two or more persons in any single occurrence, the sum of One Million Dollars (\$1,000,000).

(3) For any damage to property, the sum of Four Hundred Thousand Dollars (\$400,000) for each occurrence.

Said general liability insurance shall name the Contractor and the State as co-insured. No payments shall be made to the Contractor under this contract unless copies of current certificates of all such insurance have been obtained by the Contractor and filed with the State. Such filing of current certificates shall be accomplished before the beginning of construction. Notices of renewals of said policies shall also be filed with the State as they occur.

6. Permit periodic observation of construction by authorized representatives of the State during and after construction.

PAID IN FULL

7. Without expense to the State, agrees to manage, operate, and maintain the project continuously in an efficient and economical manner, and assume all legal liability for such management, operation, and maintenance. The Contractor agrees to indemnify and hold the State harmless from any liability incurred by the State as a result of the State's interest in the project facilities and any other property identified in paragraph A.14. below. The Contractor shall maintain comprehensive general liability insurance covering the management, operation, and maintenance of the project from the time it accepts the constructed project as substantially completed until it completes repayment to the State, in at least the following amounts:

a. For any injury to one person in any single occurrence, the sum of One Hundred Fifty Thousand Dollars (\$150,000).

b. For any injury to two or more persons in any single occurrence, the sum of Four Hundred Thousand Dollars (\$400,000).

c. For any damage to property, the sum of Four Hundred Thousand Dollars (\$400,000) for each occurrence.

Said general liability insurance shall name the State as a co-insured. A copy of a certificate of said liability insurance must be filed with the State prior to the start of the operation of the project system. Such certificate shall be incorporated herein as part of this contract.

8. Make the services of said project available within its capacity to all qualified persons in the Contractor's service area without discrimination as to race, color, religion, or natural origin at reasonable charges (including assessments, taxes, or fees), whether for one or more classes of service, in accordance with a schedule of such charges formally adopted by the Contractor through its By-laws, as may be modified from time to time. The initial rate schedule must be approved in writing by the State before any such charges are initially assessed. Thereafter, the Contractor may, subject to the approval of the State, make such modifications to the rate schedule as the Contractor deems necessary to efficiently and economically provide for the financial requirements of the system, including repayment of the State, as long as the rate schedule remains reasonable and non-discriminatory.

9. Pursuant to its By-laws, adjust its operating costs and service charges and levy assessments from time to time as necessary, upon written notice from the State, to provide sufficient funds for adequate operation and maintenance, emergency repair services, obsolescence reserves, and debt reserves, and to assure repayment of the project loan to the State as provided herein.

10. Pursuant to its Articles of Incorporation and to its By-laws, have its Board of Directors take all necessary actions consistent therewith to adopt an order or a resolution authorizing the Contractor to contract this loan debt, and authorizing the President and the Secretary to pay the indebtedness. Such orders shall be attached hereto as Exhibit A and included herein. The Contractor, through a majority vote of its stockholders, shall also authorize the deed of trust as security required by the State in paragraph A.14. below. Such authorization shall be attached hereto and incorporated herein as Exhibit B. The above conditions must be performed by the Contractor prior to the State performance under this contract.

11. Pursuant to its Articles of Incorporation and to its By-laws, take all necessary actions consistent therewith to levy assessments to raise sufficient funds to pay this contract loan debt in a timely manner and as required by the terms and conditions herein to assure repayment of the project loan to the State. In the event that the assessment(s) levied by the Contractor, or the revenues resulting therefrom, are or become

PAID IN FULL

100%

insufficient to assure repayment to the State as required by the terms and conditions herein, then the Contractor, upon written notice thereof from the State, shall immediately take all necessary action consistent with its By-laws, including but not limited to additional assessments, to raise sufficient revenue to assure repayment of the project loan to the State.

12. Provide the State with such periodic reports as the State may require and permit periodic inspections of its operations and accounts by a designated representative of the State.

13. Repay to the State the total sum of Two Hundred Eighty-Seven Thousand One Hundred Thirty-Nine Dollars and Thirty-Six Cents (\$287,139.36), which includes the project loan amount with interest at the rate of three percent (3%) per annum, said repayment to be made in constant annual installments of Eleven Thousand Four Hundred Eighty-Five Dollars and Fifty-Seven Cents (\$11,485.57) each, for twenty five (25) years, as shown in Exhibit C, attached hereto and incorporated by reference herein, which first installment shall be due and payable on the first day of the month next succeeding the month in which the State determines that the project has been substantially completed, and yearly thereafter until the entire principal sum and interest shall have been paid. Said installment payments shall be made payable to the Colorado Water Conservation Board, payable at the offices of said Board in Denver, Colorado.

14. As security for the loan to be made to it by the State, execute a deed of trust within thirty (30) days of the substantial completion of the project that shall convey to the State an undivided one hundred percent (100%) of the following:

PAID IN FULL

An undivided one hundred percent (100%) interest in and to the Sanchez Dam and Reservoir and all appurtenant structures thereto, including all lands on which these facilities are located.

The State recognizes that the deed of trust will be a second mortgage, the first mortgage being held by the United States Department of Agriculture, Farmers Home Administration (USDA-FHA) in the principle sum of One Hundred Fifty Thousand Dollars (\$150,000). The final payment on the first mortgage is due in the year 2005.

15. Obtain, if possible, and maintain general fire and hazard insurance on the project in an amount not less than the outstanding amount of the loan made by the State to the Contractor until the Contractor has repaid the loan in full under the terms of paragraph A.13. above. The State shall be the sole insured of this policy. The Contractor shall submit certificates of insurance evidencing such insurance policies to the State at the signing of this contract. Notices of renewals

PAID IN FULL

of said policies shall also be filed with the State as they occur. The outstanding loan amount payable to the State shall be reduced in the amount of any payments made to the State under this insurance coverage. If only a portion of the outstanding loan amount is paid to the State under this policy, the number of installment payments shall remain unchanged; however, the amount of each payment shall be reduced.

16. Comply with the Construction Fund Program Procedures attached hereto as Exhibit D and incorporated by reference herein.

17. Comply with the provisions of Section 37-60-120, C.R.S., and any other applicable statutes, procedures, requirements, rules, or regulations which the State has.

18. Not sell, convey, assign, grant, transfer, mortgage, pledge, encumber, or otherwise dispose of the project or any portion thereof or the assessment revenues pledged to repay the loan as required by paragraph L. herein, so long as any of the annual installments required by paragraph A.13. above remain unpaid, without the prior written concurrence of the State.

B. Upon default in the payments herein set forth to be made by the Contractor, or default in the performance of any covenant or agreement contained herein, the State, at its option, may: (a) declare the entire principal amount then outstanding immediately due and payable; (b) for the account of the Contractor, incur and pay reasonable expenses for repair, maintenance, and operation of the project herein described and such expenses as may be necessary to cure the cause of default; (c) take possession of the project, repair, maintain, and operate or lease it; (d) act upon the security (described in paragraph A.14. above) conveyed to the State; (e) take action to enforce paragraphs A.11. and 13. above; and/or (f) take any other appropriate legal action. All remedies described herein may be simultaneously or selectively and successively enforced. The provisions of this contract may be enforced by the State at its option without regard to prior waivers by it of previous defaults by the Contractor, through judicial proceedings to require specific performance of this contract, or by such other proceedings in law or equity as may be deemed necessary by the State to ensure compliance with provisions of this contract and the laws and regulations under which this contract is entered into.

C. The State agrees that it has:

1. Agreed to loan to the Contractor for the construction of phase two of the project an amount not to exceed Two Hundred Thousand Dollars (\$200,000). Said Two Hundred Thousand Dollars (\$200,000) shall be made available to the Contractor in accordance with the following terms and conditions:

a. Commencing ten (10) days from the date of this contract, the Contractor shall prepare, with the assistance of the Consultant referred to in paragraph A.1. above, a statement of the funds required for project construction during that month and shall forward said statement to the State not less than fifteen (15) days prior to the beginning of such month.

b. Upon receipt and approval by the State of such monthly estimate, the State will, within forty (40) days from the approval of such estimate, pay over to the Contractor the amount of the monthly estimate or such portion thereof as has been approved by the State.

c. Project construction costs eligible for payment by the State shall be limited to the cost of:

(1) Preparing final designs and specifications for the project.

(2) Preparing bid and construction contract documents.

(3) Preparing environmental assessment or environmental impact statements, and otherwise complying with the Federal National Environmental Policy Act.

(4) Complying with all Federal, State, and local regulatory requirements, including the obtaining of all required permits.

(5) Land and water rights acquisitions needed for the project, including the necessary appraisals and evaluations.

(6) Fish and wildlife mitigation measures required by Federal, State, or local laws and regulations.

(7) Actual construction as called for in the bid documents and in Change Orders approved by the Consultant, the Contractor, the Construction Firm, and the State.

(8) Engineering services for construction management, including design and construction management for State-approved Change Orders.

(9) Legal services for:

(a) Reviewing engineering services contracts.

(b) Reviewing this contract.

PAID IN FULL

- (c) Reviewing construction contract documents.
- (d) Acquiring the land and water rights needed for the project.
- (e) Complying with all Federal, State, and local regulatory requirements.

Legal services must be approved by the State in writing before they are rendered to be eligible for payment by the State.

D. This contract is not assignable by the Contractor except with the prior written approval of the State.

E. The parties to this contract intend that the relationship between them contemplated by this contract is that of lender-borrower, not employer-employee. No agent, employee, or servant of the Contractor shall be, or shall be deemed to be, an employee, agent, or servant of the State. The Contractor will be solely and entirely responsible for its acts and the acts of its agents, employees, servants, engineering firms, construction firms, and subcontractors during the performance of this contract.

F. At all times during the performance of this contract, the Contractor shall strictly adhere to all applicable Federal, State, and local laws and regulations that have been or may hereafter be established.

G. This agreement is intended as the complete integration of all understandings between the parties. No prior or contemporaneous addition, deletion, or other amendment hereto shall have any force or effect whatsoever unless embodied herein in writing. No subsequent notation, renewal, addition, deletion, or other amendment hereto shall have any force or effect unless embodied in a written contract executed and approved pursuant to State fiscal rules.

H. In its sole discretion, the State may at any time and in writing give any consent, deferment, subordination, release, satisfaction, or termination of any or all of the Contractor's obligations under this agreement, with or without valuable consideration, upon such terms and conditions as the State may determine to be: (a) advisable to further the purposes of this contract or to protect the State's financial interest therein, and (b) consistent with both the statutory purposes of this contract and the limitations of the statutory authority under which it is made.

I. Upon completion of repayment to the State in the amount of Two Hundred Eighty-Seven Thousand One Hundred Thirty-Nine Dollars and Thirty-Six Cents (\$287,139.36), as set forth in

SECRET

paragraph A.13. above of this contract, the State agrees to convey to the Contractor all of the State's right, title, and interest in and to the project and any other property described in paragraph A.14. above by deed or other proper conveyance.

J. The Colorado Water Conservation Board, its agents and employees, is hereby designated as the agent of the State for the purpose of this contract.

K. The Contractor agrees and understands that Sections 37-60-119 through 37-60-122, C.R.S., as amended, require that the loan of money by the State to the Contractor for this water project be conditioned upon the repayment of the loan to the State. The Contractor hereby agrees to take any and all actions necessary to guarantee such repayment as provided herein including, without being limited to, the actions specified in this contract.

L. The Contractor agrees that the specific revenues to be pledged to repay the State shall include, without being limited to, an assessment levied for that purpose as authorized by Resolution of the Contractor. The Contractor hereby pledges such assessment revenues to repay the State loan, warrants that these revenues will not be used for any other purpose, and agrees to provide the State a perfected security interest in the form provided by the State irrevocably pledging such revenues on the date of execution of this contract.

M. The Contractor warrants that it has duly passed, or will pass, a Resolution (Exhibit A) by its Board of Directors, as provided in its By-laws, authorizing: the Contractor to enter into this contract with the State to borrow the principal sum of Two Hundred Thousand Dollars (\$200,000); to make and levy assessment(s) sufficient to pay off this contract loan pursuant to its terms and to discharge this lawful indebtedness; to set aside this assessment revenue in a special fund separate and apart from other Contractor revenues to assure repayment of this revenue to the State; and to sign a security interest in such assessment revenues in favor of the State to secure the repayment. Copies of such security interest (Uniform Commercial Code--Security Agreement and Uniform Commercial Code--Financing Statement) shall be attached hereto and incorporated herein as Exhibits E and F, respectively. The Resolution of the Contractor and the security interest of the Contractor are conditions precedent to State performance.

N. The Contractor warrants that in the event of a default by the Contractor in the repayment to the State, and upon written notice thereof from the State, the Contractor shall, pursuant to its By-laws, immediately take all necessary actions to levy an additional assessment and to pledge additional revenues in a sufficient amount and in a timely manner to cure the default and to repay the State as required by the contract. Such additional

PAID IN FULL

revenues shall be deemed covered by the existing security interest.

O. The Contractor warrants that the security interest executed by the Contractor in favor of the State to secure repayment of this loan is a valid security interest which shall be binding against the Contractor and that the Contractor has perfected this security interest such that the State has priority over all other competing claims for such secured revenues except as noted in paragraph 14 above.

P. The Contractor warrants that by acceptance of the loan money pursuant to the terms of this contract and by the Contractor's representation herein, the Contractor shall be estopped from asserting for any reason that it is not authorized or obligated to repay the loan money to the State as required by this contract.

R. All notices, correspondence, or other documents required by this contract shall be delivered or mailed to the following addresses:

1. For the State:

Director
Colorado Water Conservation Board
721 State Centennial Building
1313 Sherman Street
Denver, CO 80203
Attn: Frank Akers

2. For the Contractor:

The Sanchez Ditch and
Reservoir Company
R.R. 1, Box 215
San Acacio, CO 81150
Attn: Fred Holmes
President

PAID IN FULL

PAID IN FULL

SPECIAL PROVISIONS

CONTROLLER'S APPROVAL

1. This contract shall not be deemed valid until it shall have been approved by the Controller of the State of Colorado or such assistant as he may designate. This provision is applicable to any contract involving the payment of money by the State.

FUND AVAILABILITY

2. Financial obligations of the State payable after the current fiscal year are contingent upon funds for that purpose being appropriated, budgeted and otherwise made available.

BOND REQUIREMENT

3. If this contract involves the payment of more than fifty thousand dollars for the construction, erection, repair, maintenance, or improvement of any building, road, bridge, viaduct, tunnel, excavation or other public works for this State, the contractor shall, before entering the performance of any such work included in this contract, duly execute and deliver to and file with the official whose signature appears below for the State, a good and sufficient bond or other acceptable surety to be approved by said official in a penal sum not less than one-half of the total amount payable by the terms of this contract. Such bond shall be duly executed by a qualified corporate surety, conditioned for the due and faithful performance of the contract, and in addition, shall provide that if the contractor or his subcontractors fail to duly pay for any labor, materials, team hire, sustenance, provisions, provender or other supplies used or consumed by such contractor or his subcontractor in performance of the work contracted to be done, the surety will pay the same in an amount not exceeding the sum specified in the bond, together with interest at the rate of eight per cent per annum. Unless such bond, when so required, is executed, delivered and filed, no claim in favor of the contractor arising under this contract shall be audited, allowed or paid. A certified or cashier's check or a bank money order payable to the Treasurer of the State of Colorado may be accepted in lieu of a bond. This provision is in compliance with 38-26-106 CRS, as amended.

INDEMNIFICATION

4. To the extent authorized by law, the contractor shall indemnify, save and hold harmless the State, its employees and agents, against any and all claims, damages, liability and court awards including costs, expenses, and attorney fees incurred as a result of any act or omission by the contractor, or its employees, agents, subcontractors, or assignees pursuant to the terms of this contract.

DISCRIMINATION AND AFFIRMATIVE ACTION

5. The contractor agrees to comply with the letter and spirit of the Colorado Antidiscrimination Act of 1957, as amended, and other applicable law respecting discrimination and unfair employment practices (24-34-402, CRS 1982 Replacement Vol.), and as required by Executive Order, Equal Opportunity and Affirmative Action, dated April 16, 1975. Pursuant thereto, the following provisions shall be contained in all State contracts or sub-contracts.

During the performance of this contract, the contractor agrees as follows:

(1) The contractor will not discriminate against any employee or applicant for employment because of race, creed, color, national origin, sex, marital status, religion, ancestry, mental or physical handicap, or age. The contractor will take affirmative action to insure that applicants are employed, and that employees are treated during employment, without regard to the above mentioned characteristics. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer, recruitment or recruitment advertising; lay-offs or terminations; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the contracting officer setting forth provisions of this non-discrimination clause.

(2) The contractor will, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to race, creed, color, national origin, sex, marital status, religion, ancestry, mental or physical handicap, or age.

(3) The contractor will send to each labor union or representative of workers with which he has collective bargaining agreement or other contract or understanding, notice to be provided by the contracting officer, advising the labor union or workers' representative of the contractor's commitment under the Executive Order, Equal Opportunity and Affirmative Action, dated April 16, 1975, and of the rules, regulations, and relevant Orders of the Governor.

(4) The contractor and labor unions will furnish all information and reports required by Executive Order, Equal Opportunity and Affirmative Action of April 16, 1975, and by the rules, regulations and Orders of the Governor, or pursuant thereto, and will permit access to his books, records, and accounts by the contracting agency and the office of the Governor or his designee for purposes of investigation to ascertain compliance with such rules, regulations and orders.

(5) A labor organization will not exclude any individual otherwise qualified from full membership rights in such labor organization, or expel any such individual from membership in such labor organization or discriminate against any of its members in the full enjoyment of work opportunity, because of race, creed, color, sex, national origin, or ancestry.

(6) A labor organization, or the employees or members thereof will not aid, abet, incite, compel or coerce the doing of any act defined in this contract to be discriminatory or obstruct or prevent any person from complying with the provisions of this contract or any order issued thereunder; or attempt either directly or indirectly, to commit any act defined in this contract to be discriminatory.

PAID IN FULL

(7) In the event of the contractor's non-compliance with the non-discrimination clauses of this contract or with any of such rules, regulations, or orders, this contract may be cancelled, terminated or suspended in whole or in part and the contractor may be declared ineligible for further State contracts in accordance with procedures, authorized in Executive Order, Equal Opportunity and Affirmative Action of April 16, 1975 and the rules, regulations, or orders promulgated in accordance therewith, and such other sanctions as may be imposed and remedies as may be invoked as provided in Executive Order, Equal Opportunity and Affirmative Action of April 16, 1975, or by rules, regulations, or orders promulgated in accordance therewith, or as otherwise provided by law.

(8) The contractor will include the provisions of paragraph (1) through (8) in every sub-contract and subcontractor purchase order unless exempted by rules, regulations, or orders issued pursuant to Executive Order, Equal Opportunity and Affirmative Action of April 16, 1975, so that such provisions will be binding upon each subcontractor or vendor. The contractor will take such action with respect to any sub-contracting or purchase order as the contracting agency may direct, as a means of enforcing such provisions, including sanctions for non-compliance; provided, however, that in the event the contractor becomes involved in, or is threatened with, litigation with the subcontractor or vendor as a result of such direction by the contracting agency, the contractor may request the State of Colorado to enter into such litigation to protect the interest of the State of Colorado.

COLORADO LABOR PREFERENCE

6a. Provisions of 8-17-101 & 102, CRS for preference of Colorado labor are applicable to this contract if public works within the State are undertaken hereunder and are financed in whole or in part by State funds.

b. When construction contract for a public project is to be awarded to a bidder, a resident bidder shall be allowed a preference against a non-resident bidder from a state or foreign country equal to the preference given or required by the state or foreign country in which the non-resident bidder is a resident. If it is determined by the officer responsible for awarding the bid that compliance with this subsection .06 may cause denial of federal funds which would otherwise be available or would otherwise be inconsistent with requirements of federal law, this subsection shall be suspended, but only to the extent necessary to prevent denial of the moneys or to eliminate the inconsistency with federal requirements (section 8-19-101 and 102, CRS).

GENERAL

7. The laws of the State of Colorado and rules and regulations issued pursuant thereto shall be applied in the interpretation, execution and enforcement of this contract. Any provision of this contract whether or not incorporated herein by reference which provides for arbitration by any extra-judicial body or person or which is otherwise in conflict with said laws, rules and regulations shall be considered null and void. Nothing contained in any provision incorporated herein by reference which purports to negate this or any other special provision in whole or in part shall be valid or enforceable or available in any action at law whether by way of complaint, defense or otherwise. Any provision rendered null and void by the operation of this provision will not invalidate the remainder of this contract to the extent that the contract is capable of execution.

8. At all times during the performance of this Contract, the Contractor shall strictly adhere to all applicable federal and state laws, rules and regulations that have been or may hereafter be established.

9. The signatories hereto aver that they are familiar with 18-8-301, et. seq., (Bribery and Corrupt Influences) and 18-8-401, et. seq., (Abuse of Public Office), CRS 1978 Replacement Vol., and that no violation of such provisions is present.

10. The signatories aver that to their knowledge, no state employee has a personal or beneficial interest whatsoever in the service or property described herein:

IN WITNESS WHEREOF, the parties hereto have executed this Contract on the day first above written.

Contractor:

THE SANCHEZ DITCH
(Full Legal Name) AND RESERVOIR COMPANY

Fred Holmes, President
Ronald Mathes, Secy

Position (Title)

84-0465682

Social Security Number or Federal I.D. Number

(If Corporation:)

Attest (Seal)

By _____

Corporation Secretary, or Equivalent, Town/City/Country/Clerk

ATTOENEY GENERAL GALE A. NORTON
ATTOENEY GENERAL

By *David M. Kaye*
DAVID M. KAYE
FIRST ASSISTANT ATTORNEY GENERAL
GENERAL LEGAL SERVICES

STATE OF COLORADO
ROY ROMER, GOVERNOR

By *David C. Lile*

For the Executive Director
DEPARTMENT OF NATURAL RESOURCES
(COLO. WATER CONSERVATION BOARD
DARIES C. LILE, P.E., DIRECTOR)

APPROVALS

CONTROLLER

By *Chris A. Trujillo*

CLIFFORD W. HALL

PAID IN FULL

August 10, 1992

SPECIAL MEETING

THE BOARD OF DIRECTORS OF THE SANCHEZ DITCH AND RESERVOIR COMPANY HELD A SPECIAL BOARD MEETING ON AUGUST 10, 1992, AT 8:00 P.M. AT THE COMPANY OFFICE IN SAN ACACIO WITH THE FOLLOWING DIRECTORS PRESENT:

FRED HOLMES, JR.	PRESIDENT
WALTER BARKER	VICE-PRESIDENT
GERALD MATHES	SECRETARY/TREASURER
JEANNE SHARPLEY	BOARD MEMBER
WARREN PRATOR	BOARD MEMBER

AGENDA ITEM FOR THE SPECIAL MEETING: CWCB LOAN CONTRACT

THE MEETING WAS CALLED TO ORDER AT 8:00 P.M. BY PRESIDENT FRED HOLMES, JR.

THE CWCB PROJECT CONTRACT WAS REVIEWED. THE CONTRACT AND THE LOAN PAYBACK PROVISION OF THE CONTRACT WAS ADDRESSED. Jeanne Sharpley MADE THE FOLLOWING MOTION TO ACCEPT AND SIGN THE CWCB CONTRACT.

RESOLVED, that Sanchez Ditch and Reservoir Company enter into the contract with the State to borrow the principal sum of four hundred thousand dollars (\$400,000); make and levy assessment(s) sufficient to pay off the contract loan pursuant to its terms and to discharge the lawful indebtedness; set aside the assessment revenue in a special fund separate and apart from other company revenues to assure repayment of this revenue to the State; sign applicable security interest in such assessment revenues in favor of the State to secure the repayment; and, authorize Fred Holmes, Jr., President, and Gerald Mathes, Secretary, to sign the contract and all documents associated with the contract or necessary to comply with the terms of the contract.

The Motion was seconded by Walter Barker and the motion was adopted unanimously. There being no further business the meeting was adjourned.

BY SIGNING BELOW EACH MEMBER OF THE BOARD OF DIRECTORS WAIVES NOTICE OF SAID MEETING.

Fred Holmes Jr
Walter Barker
Gerald Mathes
Warren Prator
Jeanne Sharpley

PAID IN FULL

EXHIBIT A

August 10, 1992

SPECIAL MEETING

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FRED HOLMES, JR.	PRESIDENT
WALTER BARKER	VICE-PRESIDENT
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JEANNE SHARPLEY	BOARD MEMBER
WARREN PRATOR	BOARD MEMBER

AGENDA ITEM FOR THE SPECIAL MEETING: CWCB LOAN CONTRACT

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THE CWCB PROJECT CONTRACT WAS REVIEWED. THE CONTRACT AND THE LOAN PAYBACK PROVISION OF THE CONTRACT WAS ADDRESSED. Jeanne Sharpley MADE THE FOLLOWING MOTION TO ACCEPT AND SIGN THE CWCB CONTRACT.

RESOLVED, that Sanchez Ditch and Reservoir Company enter into the contract with the State to borrow the principal sum of four hundred thousand dollars (\$400,000); sign an applicable Deed of Trust in favor of the State to secure the repayment; and, authorize Fred Holmes, Jr., President, and Gerald Mathes, Secretary, to sign the contract and all documents associated with the contract or necessary to comply with the terms of the contract.

The Motion was seconded by Walter Barker and the motion was adopted unanimously. There being no further business the meeting was adjourned.

BY SIGNING BELOW EACH MEMBER OF THE BOARD OF DIRECTORS WAIVES NOTICE OF SAID MEETING.

Fred Holmes Jr

Walter Barker

Gerald Mathes

Warren E. Prator

Jeanne Sharpley

PAID IN FULL

PAID IN FULL

THE SANCHEZ DITCH AND RESERVOIR COMPANY
SAN ACACIO, COLORADO

SPECIAL STOCKHOLDERS MEETING

APRIL 24, 1992

A special stockholders meeting was called to order Friday, April 24, 1992 at 3:30 p.m. at the company office in San Acacio, Colorado by President Fred Holmes, Jr. for the purpose of stockholders to approved a loan with Colorado Water Conservation Board to repair the Sanchez Dam.

It was determined that 17,310 shares were represented either in person or proxy, which was sufficient to constitute a quorm and legally conduct a meeting.

Board members present: Fred Holmes, Jr. - President
Walter Barker - Vice President
Gerald Mathes - Secy-Treas
Jeanne Sharpley - Board Member
Warren Prator - Board Member

President Fred Holmes, Jr. explained to stockholders the problem at the Sanchez Dam. A sinkhole was discovered the morning of April 9th, on the up stream slope of the dam approximately 8 x 7 ft. and 2½ x 4 ft. deep. On the back side of the dam the seepage was discolored. The Dam inspector Frank Kugel was immediately notified and he in return notified his superiors.

Holmes, read the stop order on storing water in the Sanchez Reservoir that was received from Division of Water resources, Hal Simpson, Acting State Engineer to the stockholders.

Board members met with Colorado Water Conservation Board to obtain a loan of \$400,000 for twenty-five (25) years at three percent (3%) interest, with \$150,000 to be used on the emergency grouting and to pay off the note of \$70,000 that was borrowed by the company to repair the tower from First National Bank of La Jara. The balance would be used as needed to repair the outlet structure, drainage system and additional grouting if needed.

Jeanne Sharpley moved to borrow \$400,000 from Colorado Water Conservation Board at three (3%) percent interest for twenty-five (25) years, seconded by Delbert Lorenz. By show of hands, twelve (12) for and one (1) against. Carried.

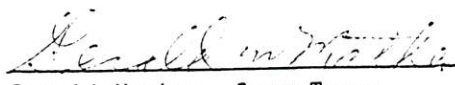
President Fred Holmes, Jr. appointed a credential committee consisting of Jerry Lorenz, Jack Carter and Delbert Lorenz to count the ballots.

The credential committee reported the results of the votes cast as follows:

16,339 vote for
0 against
to proceed with the loan of \$400,000 from the Colorado Water Conservation Board to repair the Sanchez Dam. Carried.

Jerry Lorenz moved to adjourn the special stockholders meeting, seconded by Jack Carter. Carried.


Fred Holmes, Jr. President


Gerald Mathes, Secy-Treas

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Repayment Schedule	Sanchez Ditch and Reservoir Co.	
Principal	\$200,000.00	Yearly Payment
Interest	0.03	Payment
Term	25 Years	Cont. C-
		\$287,139.36

\$11,485.57

Period	Principal	Payment	Interest	Principal Repayment
1	\$200,000.00	\$11,485.57	\$6,000.00	\$5,485.57
2	\$194,514.43	\$11,485.57	\$5,835.43	\$5,650.14
3	\$188,864.28	\$11,485.57	\$5,665.93	\$5,819.65
4	\$183,044.64	\$11,485.57	\$5,491.34	\$5,994.24
5	\$177,050.40	\$11,485.57	\$5,311.51	\$6,174.06
6	\$170,876.34	\$11,485.57	\$5,126.29	\$6,359.28
7	\$164,517.06	\$11,485.57	\$4,935.51	\$6,550.06
8	\$157,967.00	\$11,485.57	\$4,739.01	\$6,746.56
9	\$151,220.43	\$11,485.57	\$4,536.61	\$6,948.96
10	\$144,271.47	\$11,485.57	\$4,328.14	\$7,157.43
11	\$137,114.04	\$11,485.57	\$4,113.42	\$7,372.15
12	\$129,741.89	\$11,485.57	\$3,892.26	\$7,593.32
13	\$122,148.57	\$11,485.57	\$3,664.46	\$7,821.12
14	\$114,327.45	\$11,485.57	\$3,429.82	\$8,055.75
15	\$106,271.70	\$11,485.57	\$3,188.15	\$8,297.42
16	\$97,974.28	\$11,485.57	\$2,939.23	\$8,546.35
17	\$89,427.93	\$11,485.57	\$2,682.84	\$8,802.74
18	\$80,625.20	\$11,485.57	\$2,418.76	\$9,066.82
19	\$71,558.38	\$11,485.57	\$2,146.75	\$9,338.82
20	\$62,219.55	\$11,485.57	\$1,866.59	\$9,618.99
21	\$52,600.57	\$11,485.57	\$1,578.02	\$9,907.56
22	\$42,693.01	\$11,485.57	\$1,280.79	\$10,204.78
23	\$32,488.23	\$11,485.57	\$974.65	\$10,510.93
24	\$21,977.30	\$11,485.57	\$659.32	\$10,826.26
25	\$11,151.04	\$11,485.57	\$334.53	\$11,151.04
	\$0.00			

PAID IN FULL

SCHEDULE A
COLORADO WATER CONSERVATION BOARD
CONSTRUCTION FUND PROGRAM PROCEDURES

1. Board approval of engineering firm and engineering agreement between engineering firm and project sponsor.
2. Preparation of detailed plans and specifications for authorized projects by consulting engineering firm.
3. Approval of detailed plans and specifications by Board staff (plans and specifications for storage dams and reservoirs must also be approved by State Engineer's Office).
4. Board staff approval of bidding for the project. Board staff present at bid opening for construction.
5. Project sponsor may issue the notice of award and the notice to proceed with construction to the contractor (both notices must be approved by the Board staff before they are issued).
6. Conduct a pre-construction conference. Approval of construction schedule by Board staff.
7. Construction commences. The Board staff makes periodic inspections during construction. All change orders must be approved by the Board staff in advance and before any construction on change items can commence. Emergency items cleared by telephone.
8. The consulting engineer certifies that the project has been completed according to approved drawings and specifications and arranges for final inspection.
9. Final inspection and acceptance of as-built project by Board staff.
10. Submittal of as-built drawings to Board staff for approval and filing.

EXHIBIT D

STATE OF COLORADO

UNIFORM COMMERCIAL CODE — SECURITY AGREEMENT

Debtor:

Name: The Sanchez Ditch and Reservoir Company

Address:

Residence: _____
No. Street City State

Business: R.R. 1, Box 215 San Acacio CO 81150
No. Street City State

Secured Party: State of Colorado for the use and benefit of the

Name: Colorado Water Conservation Board

Address: 1313 Sherman St., Room 721 Denver CO 80203
No. Street City State

Debtor, for consideration, hereby grants to Secured Party a security interest in the following property and any and all additions, accessions and substitutions thereto or therefor (hereinafter called the "COLLATERAL"):

All revenues derived from assessments on stock to repay indebtedness on the Sanchez Dam and Reservoir as approved by the stockholders or the Board of Directors, pursuant to C.R.S. §7-42-104, as amended.

To secure payment of the indebtedness evidenced by _____ certain promissory note ____ of even date herewith, payable to the Secured Party, or order, as follows:

DEBTOR EXPRESSLY WARRANTS AND COVENANTS:

1. That except for the security interest granted hereby Debtor is, or to the extent that this agreement states that the Collateral is to be acquired after the date hereof, will be, the owner of the Collateral free from any adverse lien, security interest or encumbrances; and that Debtor will defend the Collateral against all claims and demands of all persons at anytime claiming the same or any interest therein.

2. The Collateral is used or bought primarily for:

- ☐ Personal, family or household purposes;
☐ Use in farming operations;
☐ Use in business.

3. That Debtor's residence is as stated above, and the Collateral will be kept at

R.R. 1, Box 215 San Acacio Costilla Colorado
No. and Street City County State

4. If any of the Collateral is crops, oil, gas, or minerals to be extracted or timber to be cut, or goods which are or are to become fixtures, said Collateral concerns the following described real estate situate in the _____ County of _____ and State of Colorado, to wit:

PAID IN FULL

5. Promptly to notify Secured Party of any change in the location of the Collateral.
6. To pay all taxes and assessments of every nature which may be levied or assessed against the Collateral.
7. Not to permit or allow any adverse lien, security interest or encumbrance whatsoever upon the Collateral and not to permit the same to be attached or replevined.
8. That the Collateral is in good condition, and that he will, at his own expense, keep the same in good condition and from time to time, forthwith, replace and repair all such parts of the Collateral as may be broken, worn out, or damaged without allowing any lien to be created upon the Collateral on account of such replacement or repairs, and that the Secured Party may examine and inspect the Collateral at any time, wherever located.
9. That he will not use the Collateral in violation of any applicable statutes, regulations or ordinances.
10. The Debtor will keep the Collateral at all times insured against risks of loss or damage by fire (including so-called extended coverage), theft and such other casualties as the Secured Party may reasonably require, including collision in the case of any motor vehicle, all in such amounts, under such forms of policies, upon such terms, for such periods, and written by such companies or underwriters as the Secured Party may approve, losses in all cases to be payable to the Secured Party and the Debtor as their interest may appear. All policies of insurance shall provide for at least ten days' prior written notice of cancellation to the Secured Party; and the Debtor shall furnish the Secured Party with certificates of such insurance or other evidence satisfactory to the Secured Party as to compliance with the provisions of this paragraph. The Secured Party may act as attorney for the Debtor in making, adjusting and settling claims under or cancelling such insurance and endorsing the Debtor's name on any drafts drawn by insurers of the Collateral.

UNTIL DEFAULT Debtor may have possession of the Collateral and use it in any lawful manner, and upon default Secured Party shall have the immediate right to the possession of the Collateral.

DEBTOR SHALL BE IN DEFAULT under this agreement upon the happening of any of the following events or conditions:

- (a) default in the payment or performance of any obligation, covenant or liability contained or referred to herein or in any note evidencing the same;
- (b) the making or furnishing of any warranty, representation or statement to Secured Party by or on behalf of Debtor which proves to have been false in any material respect when made or furnished;
- (c) loss, theft, damage, destruction, sale or encumbrance to or of any of the Collateral, or the making of any levy seizure or attachment thereof or thereon;
- (d) death, dissolution, termination or existence, insolvency, business failure, appointment of a receiver of any part of the property of, assignment for the benefit of creditors by, or the commencement of any proceeding under any bankruptcy or insolvency laws of, by or against Debtor or any guarantor or surety for Debtor.

UPON SUCH DEFAULT and at any time thereafter, or if it deems itself insecure, Secured Party may declare all Obligations secured hereby immediately due and payable and shall have the remedies of a secured party under Article 9 of the Colorado Uniform Commercial Code. Secured Party may require Debtor to assemble the Collateral and deliver or make it available to Secured Party at a place to be designated by Secured Party which is reasonably convenient to both parties. Expenses of retaking, holding, preparing for sale, selling or the like shall include Secured Party's reasonable attorney's fees and legal expenses.

No waiver by Secured Party of any default shall operate as a waiver of any other default or of the same default on a future occasion. The taking of this security agreement shall not waive or impair any other security said Secured Party may have or hereafter acquire for the payment of the above indebtedness, nor shall the taking of any such additional security waive or impair this security agreement; but said Secured Party may resort to any security it may have in the order it may deem proper, and notwithstanding any collateral security, Secured Party shall retain its rights of set-off against Debtor.

All rights of Secured Party hereunder shall inure to the benefit of its successors and assigns; and all promises and duties of Debtor shall bind his heirs, executors or administrators or his or its successors or assigns. If there be more than one Debtor, their liabilities hereunder shall be joint and several.

Date this _____ day of _____, 19____.

Debtor: Sanchez Ditch and Reservoir Company
Fred Holman
Herald W. Mether

Secured Party*: Colorado Water Conservation Board
Paul J. [Signature]

FEE \$10.00

INSTRUCTIONS ON REVERSE SIDE

UCC-1 OCR

IFORM COMMERCIAL CODE
FINANCING STATEMENT

002

1ST DEBTOR
(PERSONAL)

S.S. No./FED Tax I.D. _____

Last Name _____

First & Middle Name _____

1ST DEBTOR (BUSINESS) Name The Sanchez Ditch and Reservoir CompanyStreet R.R. 1, Box 215. City San Acacio State CO Zip 81150**THIS DOCUMENT MUST
BE TYPED IN BLACK**SECRETARY OF STATE • 1560 Broadway, Ste. 200, Denver, CO 80202
(303) 894-2200 EXT 72ND DEBTOR
(PERSONAL)

Additional debtor(s) on attachment

S.S. No./FED Tax I.D. _____

Last Name _____

First & Middle Name _____

2ND DEBTOR (BUSINESS) Name _____

Street _____ City _____ State _____ Zip _____

1ST SECURED
PARTY

Additional secured party on attachment

Name State of Colorado for the use and benefit of the Colorado Water
Conservation BoardStreet 1313 Sherman St., Rm 721 City Denver State CO Zip 80203ASSIGNED
PARTY

Name _____

Street _____ City _____ State _____ Zip _____

CHECK IF APPLICABLE

☐ This statement is to be filed for record in the real estate records☐ The debtor is a transmitting utility**PAID IN FULL**

PLEASE CHECK APPROPRIATE BOX.

THIS STATEMENT IS SIGNED BY THE SECURED PARTY INSTEAD OF THE DEBTOR TO PERFECT A SECURITY INTEREST IN COLLATERAL

☐ Already subject to a security interest in another jurisdiction when it was brought into this state, or when the debtor's location was changed to this state;☐ As to which the filing has lapsed; or☐ Which is proceeds of the original collateral described below in which a security interest was perfected☐ Acquired after a change of name, identity or corporate structure of the debtor

COLLATERAL USED use additional sheets 8 1/2 x 11 if more space is needed.

☐ Accounts, Accounts
Receivable☐ Fixtures☐ Proceeds☐ Equipment, Machinery☐ Livestock, Farm Animals, Etc.☐ Contract Rights☐ Inventory☐ Products☐ Truck, Car, Vehicle☐ Other

All revenues derived from assessments on stock to repay indebtedness on the Sanchez Dam and Reservoir and all appurtenant structures thereto as approved by the stockholders of the Board of Directors, pursuant to CRS §7-42-104, as amended.

The Sanchez Ditch and Reservoir Co.

Colorado Water Conservation Board

DEBTOR(S) SIGNATURES

SECURED PARTY SIGNATURES

EXHIBIT F

REPRODUCTION OF THIS FORM BY AUTHORIZED VENDERS ONLY