

**ASSIGNMENT AND ASSUMPTION  
OF ASSIGNMENT OF RIGHT TO USE GRAY WATER**

This Assignment and Assumption of Assignment of Rights to Use Gray Water ("Assignment Agreement") is entered into as of the 2<sup>nd</sup> day of September, 2004, by and between MOUNTAIN RANCH LIMITED PARTNERSHIP, a New Mexico limited partnership ("MRLP") and PAA-KO COMMUNITIES SEWER ASSOCIATION, an association organized under the New Mexico Sanitary Projects Act (the "Association").

**RECITALS**

WHEREAS, MRLP and the Association have entered into a Transfer and Subsidy Agreement under which MRLP shall transfer to the Association ownership of certain real and personal property located in the PAA-KO Communities subdivision of Sandia Park, Bernalillo County, New Mexico that has been licensed by MRLP to the Association for the operation of a wastewater collection and treatment system (the "Property");

WHEREAS, pursuant to an Assignment of Right to Use Gray Water (the "Gray Water Agreement") entered into on July 27, 1998, by and between MRLP as Assignor and PAA-KO Golf Venture LLC, a New Mexico limited liability company (the "Golf Course"), as Assignee, MRLP has assigned to the Golf Course certain rights to use treated wastewater, and the Golf Course has obligated itself to MRLP to be responsible for the costs and expenses related to distribution of such treated wastewater from the point of discharge to the Golf Course; and

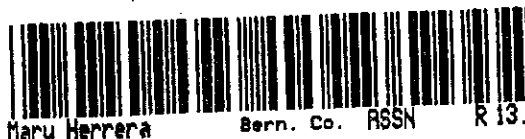
WHEREAS, pursuant to the Transfer and Subsidy Agreement, MRLP's interest in the Property and in the treated wastewater discharged by the wastewater collection and treatment system shall be terminated.

**AGREEMENT**

NOW, THEREFORE, for mutually agreeable consideration and the mutual covenants and agreements contained herein, MRLP and the Association agree as follows:

1. MRLP hereby grants, transfers, assigns and conveys to the Association all its rights, title and interest in the Gray Water Agreement. MRLP warrants and represents to the Association that it has full power and authority to enter into this Assignment Agreement and to comply with the terms and conditions hereof. MRLP further warrants that it is not in default under any of the terms and conditions of the Gray Water Agreement and/or that it has obtained the Golf Course's consent to and waiver of any such defaults that may exist, including but not limited to termination of certain "Wastewater Agreements" identified in the Gray Water Agreement.

2. The Association hereby accepts such assignment and assumes the obligations of MRLP under the Gray Water Agreement; provided, however, that the Association does not

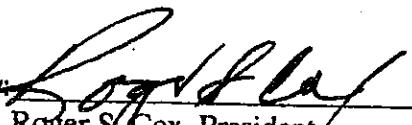


assume any obligations under the Gray Water Agreement which arose or were incurred prior to the effective date of this Assignment. MRLP shall hold the Association harmless and indemnify the Association against any claims or obligations under the Gray Water Agreement arising before the effective date of this Assignment and from any claims or obligations arising from breach of the warranties herein.

3. This Assignment Agreement shall be effective as of the Recordation Date of the Transfer and Subsidy Agreement between the MRLP and the Association, as such date is defined therein.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date first written above.

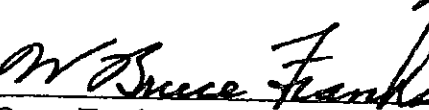
MOUNTAIN RANCH LIMITED PARTNERSHIP  
by Roger Cox Financial Corporation – General Partner

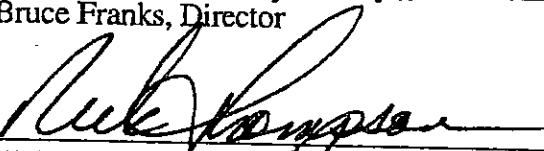
By:   
Roger S. Cox, President


PAA-KO COMMUNITIES SEWER ASSOCIATION

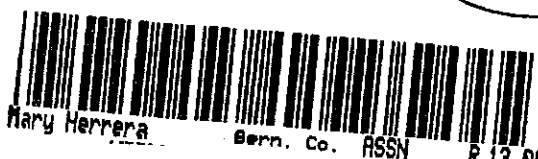
By:   
Roger S. Cox, Director and President

By:   
Michael Fastiggi, Director

By:   
Bruce Franks, Director

By:   
Nick Thompson, Director

By:   
David Wesley, Director



Mary Herrera

Bern. Co. ASSN

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ACKNOWLEDGMENT

STATE OF NEW MEXICO                    )  
  ) ss  
COUNTY OF BERNALILLO )

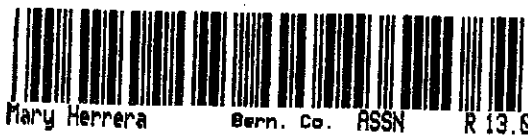
This instrument was acknowledged before me on this 2<sup>nd</sup> day of September, 2004, by ROGER S. COX as President of Roger Cox Financial Corporation, the General Partner of Mountain Ranch Limited Partnership, on behalf of Mountain Ranch Limited Partnership and by ROGER S. COX, MICHAEL FASTIGGI, BRUCE FRANKS, NICK THOMPSON, and DAVID WESLEY on behalf of Paa-Ko Communities Sewer Association.



OFFICIAL SEAL  
M. EUGENIA YOUNG  
NOTARY PUBLIC - STATE OF NEW MEXICO  
Notary Bond Filed with Secretary of State  
My Commission Expires 12/6/2005

[Seal]

M. Eugenia Young  
Notary Public  
My Commission Expires:  
Dec 6, 2005



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**WARRANTY DEED  
(9 Hole Golf Course Parcel)  
PAA-KO Communities**

MOUNTAIN RANCH LIMITED PARTNERSHIP, a New Mexico limited partnership, for consideration paid, grants to PAA-KO GOLF VENTURE LLC, a New Mexico limited liability company, whose address is c/o Roger S. Cox, 1717 Louisiana Blvd., NE, Suite 111, Albuquerque, NM 87110, the following described real estate in Bernalillo County, New Mexico, together with all improvements thereon and appurtenances thereto:

The property described on Exhibit A attached hereto and incorporated herein by reference, together with all easements, rights of way, licenses and other appurtenances necessary to the development and use of the property (all the "Property").

**SUBJECT TO:**

1. Any titles or rights asserted by anyone including, but not limited to, persons, corporations, governments, or other entities, to lands comprising the shores or bottoms of navigable streams, lakes or land beyond the line of the harbor or bulkhead lines established or changed by the United States Government.
2. Unpatented mining claims; reservations or exceptions in patents or in acts authorizing the issuance thereof; water rights, claims or title to water.
3. Right-of-way granted to The Albuquerque Eastern Railway Company in that Right-of-way Deed dated November 28, 1904, recorded in Book 33, Page 549, records of Bernalillo County, New Mexico.
4. Easement granted to Public Service Company of New Mexico and Mountain States Telephone and Telegraph Company by document recorded in Book D295, Page 255, and as shown on that plat recorded in Map Book 91C, Folio 24, records of Bernalillo County, New Mexico.
5. Easement granted to Texas-New Mexico Pipe Line Company by document recorded in Book D402, Page 185, as modified by that Easement Amendment recorded in Book Misc. 384A, Page 923, and as shown on that plat recorded in Map Book 91C, Folio 24, records of Bernalillo County, New Mexico.
6. Reservations contained in Deed recorded in Book D236A, Page 240, records of Bernalillo County, New Mexico.



*RGTC / Mark B. 9-980007*

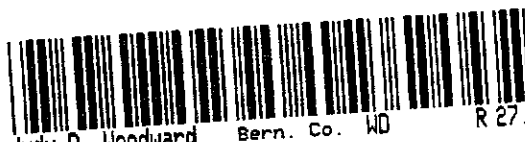
Mexico corporation, and Amrock Enterprises, Inc., a New Mexico corporation, recorded in Book Misc. 215A, Page 743, as modified by that document recorded in Book Misc. 232A, Page 957, records of Bernalillo County, New Mexico.

8. Rights of the Entramosa Water Cooperative as evidenced by those documents recorded in Book Misc. 442, Page 110, Book Misc. 671, Page 877, Book Misc. 741, page 15, Book Misc. 754, Page 610, Book Misc. 928, Page 250, and Book BCR90-15, Page 9410, records of Bernalillo County, New Mexico.
9. Covenants, terms and conditions recorded in Map Book 91C, Folio 24, records of Bernalillo County, New Mexico.
10. Temporary easement granted to the County of Bernalillo, State of New Mexico, for roadway and slope/drainage by document recorded in Book BCR94-2, Page 3973, records of Bernalillo County, New Mexico.
11. License Agreement recorded in Book BCR94-32, Page 912, as Document No. 94138184, records of Bernalillo County, New Mexico.
12. Easement granted to U.S. West Communications, Inc. by document recorded in Book BCR95-17, Page 3263, as Document No. 95071994, records of Bernalillo County, New Mexico.
13. Reservations contained in Patent from the United States of America, recorded in Book 215A, Page 725, records of Bernalillo County, New Mexico.
14. Mortgage securing an indebtedness in the amount of \$3,500,000.00, recorded March 2, 1998, as document numbered 1998023379, records of Bernalillo County, New Mexico.

and

FURTHER SUBJECT TO the following use restriction:

Grantor hereby declares and Grantee by its acceptance of this Deed hereby acknowledges and agrees that: (1) the use of the Property shall forever be restricted to golf course purposes, including all uses that are reasonably ancillary or incidental to a golf course, including without limitation, a driving range, a golf clubhouse and amenities generally associated with a country club, such as swimming pool(s) and tennis courts; (2) the burden of this restriction constitutes a covenant running with the Property which shall be binding upon any and all of Grantee's successors and assigns of all or any interest in the Property; (3) the benefit of this restriction shall be



Property which shall be binding upon any and all of Grantee's successors and assigns of all or any interest in the Property; (3) the benefit of this restriction shall be in gross solely in favor of Grantor or the PAA-KO COMMUNITIES HOMEOWNER'S ASSOCIATION, at such time as it succeeds to Grantor's rights hereunder; and (4) in the event that the use restriction is breached, Grantor or its permitted successor and assign, as the case may be, shall have as its exclusive remedy the right to seek and obtain from the Second Judicial District Court, Bernalillo County, a judgment canceling this deed and conveyance and awarding to Grantor or permitted successor or assign the Property subject to all reservations, restrictions, easements, and encumbrances then of record and to real property taxes and assessments for the then current year.

FURTHER SUBJECT TO the following reversionary rights in favor of Grantor:

Grantor hereby reserves a right of entry so as to permit Grantor to reenter the Property and take possession of the Property upon the failure of the conditions described below. Upon the failure of one or more of the conditions described below, unless such condition is waived by Grantor, its permitted successor or assign, Grantor shall give notice of the exercise of its right of entry to Grantee and shall at the same time cause such notice of exercise to be recorded in the real property records of Bernalillo County, New Mexico. Immediately upon recordation of such notice, all rights of Grantee in the Property, and all improvements thereon and appurtenances thereto, shall cease and shall vest in the Grantor, or its permitted successor or assign, as provided herein. Upon any reversion of Grantee's rights hereunder upon exercise of Grantor's right of entry, Grantor, its permitted successor or assign, shall be deemed to have assumed and agreed to pay any and all obligations with respect to which there is a properly perfected lien against the Property.

Grantor shall have the right to exercise its right of entry, if construction of the Golf Course, including that portion located on the Property, is not substantially completed by April 30, 2004. For purposes of this condition, substantial completion of construction shall mean receipt of a certificate of occupancy by the appropriate governmental authorities with respect to all material improvements which constitute the Golf Course. This condition shall be deemed satisfied, notwithstanding the failure to substantially complete construction by the stated date, provided that the only reason for the delay is an event of *force majeure* and further provided that the delay does not exceed one hundred eighty (180) days beyond the stated date.

The right of entry held by Grantor hereunder shall be automatically subordinated to any properly perfected lien of any and all lenders providing construction or permanent financing for the Golf Course improvements. This subordination need not be evidenced by any further subordination documents in order to be effective against Grantor, and its permitted successor or assign.



FURTHER SUBJECT TO the following reserved easement rights:

Grantor hereby reserves floating easements in, over, across, and under the Property for the purpose of installing, building, locating, relocating, maintaining, repairing, removing, replacing, operating, servicing, and otherwise using such pipelines, cables, conduits, fiber optic cable, and other infrastructure for the purpose of providing utilities services to the PAA-KO Communities, including without limitation, water, electricity, gas, telephones, cable television, and liquid wastewater services, together with free access to, from and over said easements; provided, however, that all utilities infrastructure and improvements shall be underground to the maximum extent possible and shall be constructed in conformance with all applicable covenants, conditions, and restrictions that currently pertain to the Property, if any, and which may pertain to the Property at the time such utilities shall be constructed or installed. At such time as Grantor makes use of the easements reserved herein and specifically locates such easements and designates the specific beneficiary of such easement(s) (e.g., a utility service provider), Grantor and Grantee shall file of record in the records of Bernalillo County, New Mexico, a sufficient description of such easements (including specifically the party who will have the benefit of such easement(s)), which description shall become the description of the easements reserved herein, and by which description the easements will no longer be considered floating easements. Grantor shall at its expense restore any part of the Property underlying any easements reserved herein that is disturbed by the Grantor's or Grantor's permitted successor's or assign's use of the easements. Until such time as the easements reserved herein are specifically located, the benefit of the easements shall be in gross for the benefit of the PAA-KO Communities now in existence and as may be developed in the future. The PAA-KO Communities are more particularly described in Exhibit B attached hereto and incorporated herein by this reference. The burden of the easements reserved herein shall be appurtenant to and run with the Property.

With GENERAL WARRANTY COVENANTS.

WITNESS its hand this 27 day of 7, 1998.

MOUNTAIN RANCH LIMITED PARTNERSHIP, a  
New Mexico limited partnership

By: Roger Cox Financial Corporation, a  
New Mexico corporation, General  
Partner

By:

  
Roger S. Cox, President



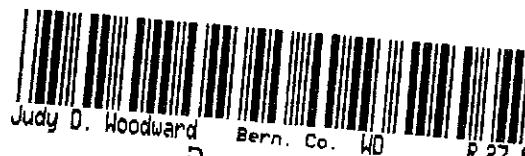
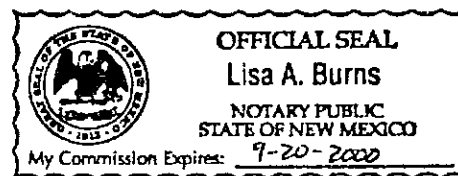
STATE OF NEW MEXICO       )  
  ) ss.  
COUNTY OF BERNALILLO    )

This Warranty Deed was acknowledged before me on July 27,  
1998, by Roger S. Cox, President of Roger Cox Financial Corporation, General  
Partner of Mountain Ranch Limited Partnership, a New Mexico limited partnership, on  
behalf of said limited partnership.

Lisa A. Burns  
Notary Public

My Commission Expires:

9-20-2000





## Exhibit A

### 9 Hole Parcel Legal Description

See metes and bounds description attached hereto



Judy D. Woodward

Bern. Co. WD

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# EXHIBIT A

BEGINNING at the most easterly point of said tract herein described, whence the Northeast corner of Paa-ko Village, Unit 2, as the same is shown and designated on the plat thereof, filed January 31, 1996 in Vol. 96C, folio 54 bears S 02°29'44" W, 3805.11 feet distant; thence, from said point of beginning, S 19°55'35" W, 174.88 feet to an angle point;

thence, S 05°34'28" W, 119.44 feet to an angle point;  
thence, S 26°55'04" W, 324.20 feet to an angle point;  
thence, S 28°53'52" W, 285.34 feet to an angle point;  
thence, S 39°59'13" W, 229.55 feet to an angle point;  
thence, S 27°17'22" W, 944.88 feet to an angle point;  
thence, S 82°06'27" W, 379.26 feet to an angle point;  
thence, N 47°59'50" W, 481.27 feet to an angle point;  
thence, N 65°52'56" W, 252.27 feet to an angle point;  
thence, N 62°57'45" W, 137.34 feet to an angle point;  
thence, N 75°02'51" W, 366.61 feet to an angle point;  
thence, N 85°43'23" W, 240.70 feet to an angle point;  
thence, N 12°37'47" E, 65.06 feet to an angle point;  
thence, N 88°01'53" W, 155.67 feet to an angle point;  
thence, N 46°27'15" W, 85.30 feet to an angle point;  
thence, N 64°21'10" W, 77.35 feet to an angle point;  
thence, N 64°37'56" W, 164.06 feet to an angle point;  
thence, N 34°21'20" W, 83.60 feet to an angle point;  
thence, N 70°55'52" W, 405.85 feet to an angle point;  
thence, N 04°07'16" E, 92.03 feet to an angle point, said point being designated as Junction Point 1;

thence, N 76°16'54" E, 234.11 feet to an angle point;  
thence, S 17°36'46" E, 59.35 feet to an angle point;  
thence, S 68°14'26" E, 582.54 feet to an angle point;  
thence, N 59°00'46" E, 84.02 feet to an angle point;  
thence, S 15°45'40" E, 96.93 feet to an angle point;  
thence, S 14°25'48" W, 96.35 feet to an angle point;  
thence, S 43°47'51" E, 42.19 feet to an angle point;  
thence, S 89°35'14" E, 114.00 feet to an angle point;  
thence, S 75°08'40" E, 211.26 feet to an angle point;  
thence, N 68°34'28" E, 113.46 feet to an angle point;  
thence, S 85°35'05" E, 361.79 feet to an angle point;  
thence, S 64°45'33" E, 114.25 feet to an angle point;  
thence, S 39°15'48" E, 278.34 feet to an angle point;  
thence, S 68°27'27" E, 96.92 feet to an angle point;  
thence, S 58°02'57" E, 158.46 feet to an angle point;  
thence, S 43°01'43" E, 107.27 feet to an angle point;  
thence, S 43°36'18" E, 93.38 feet to an angle point;  
thence, S 66°10'59" E, 144.68 feet to an angle point;  
thence, N 19°24'53" E, 327.60 feet to an angle point;  
thence, N 00°26'20" E, 46.85 feet to an angle point;  
thence, N 16°03'18" E, 203.21 feet to an angle point;  
thence, N 15°48'41" E, 176.76 feet to an angle point;  
thence, N 15°43'18" E, 82.84 feet to an angle point;  
thence, N 15°14'01" E, 102.71 feet to an angle point;  
thence, N 44°34'01" E, 219.48 feet to an angle point;  
thence, N 33°53'34" E, 201.30 feet to an angle point;  
thence, N 28°20'42" E, 98.30 feet to an angle point;  
thence, N 23°08'03" E, 224.71 feet to an angle point;  
thence, N 21°25'22" E, 227.45 feet to an angle point;  
thence, N 40°14'30" W, 110.44 feet to a point on a curve;  
thence, southeasterly along a curve to the right, through a central angle of 52°09'47", having a radius of 385.00 feet and an arc length of 350.51 feet (chord = S 85°21'34" E, 338.53 feet) to the point of beginning and containing 22.4551 acres, more or less.

TOGETHER WITH the following described tract:

BEGINNING at the most southerly corner of said tract herein described, whence said Junction Point 1 bears S 45°31'16" W, 97.76 feet distant; thence, from said point of beginning N 19°43'03" E, 61.94 feet to an angle point;

thence, N 72°36'32" W, 151.37 feet to an angle point;  
thence, N 61°33'12" W, 112.03 feet to an angle point;  
thence, N 42°35'51" W, 59.31 feet to an angle point;  
thence, N 44°02'16" W, 135.23 feet to an angle point;  
thence, N 67°23'01" W, 176.01 feet to an angle point;

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LEGAL DESCRIPTION - PAA-KO GOLF COURSE (9 HOLE COURSE) Page 2

thence, N 86°32'33" W, 180.68 feet to an angle point;  
thence, N 68°48'13" W, 59.33 feet to an angle point;  
thence, N 59°01'56" W, 97.68 feet to an angle point;  
thence, N 82°47'41" W, 136.15 feet to an angle point;  
thence, N 51°45'21" W, 96.45 feet to an angle point;  
thence, N 77°38'25" W, 119.66 feet to an angle point;  
thence, N 52°05'38" W, 59.06 feet to an angle point;  
thence, N 49°27'56" W, 33.14 feet to an angle point;  
thence, N 71°49'46" W, 143.62 feet to an angle point;  
thence, N 47°59'07" W, 128.00 feet to an angle point;  
thence, N 16°58'20" W, 93.52 feet to an angle point;  
thence, N 01°42'53" E, 200.76 feet to an angle point;  
thence, S 74°51'15" W, 162.77 feet to an angle point;  
thence, N 84°01'21" W, 136.18 feet to an angle point;  
thence, S 15°18'49" W, 105.68 feet to an angle point;  
thence, N 59°49'35" W, 105.27 feet to an angle point;  
thence, N 65°40'14" W, 54.97 feet to an angle point;  
thence, S 70°47'27" W, 126.72 feet to an angle point;  
thence, N 53°32'14" W, 105.32 feet to an angle point;  
thence, N 07°10'43" W, 66.15 feet to an angle point;  
thence, N 76°16'00" E, 99.21 feet to an angle point;  
thence, N 43°13'18" W, 80.25 feet to an angle point;  
thence, N 13°36'27" W, 72.97 feet to an angle point;  
thence, N 45°54'19" E, 167.22 feet to an angle point;  
thence, N 55°27'13" E, 184.27 feet to an angle point;  
thence, N 58°31'14" E, 131.69 feet to an angle point;  
thence, N 82°17'54" E, 51.25 feet to an angle point;  
thence, N 81°59'22" E, 53.93 feet to an angle point;  
thence, S 86°26'31" E, 146.64 feet to an angle point;  
thence, S 69°11'15" E, 201.57 feet to an angle point;  
thence, S 79°36'15" E, 47.45 feet to an angle point;  
thence, N 69°40'19" E, 145.54 feet to an angle point;  
thence, S 88°59'25" E, 211.14 feet to an angle point;  
thence, S 88°00'30" E, 188.86 feet to an angle point;  
thence, S 75°03'33" E, 156.00 feet to an angle point;  
thence, S 87°08'01" E, 189.52 feet to an angle point;  
thence, S 69°42'38" E, 164.70 feet to an angle point;  
thence, S 87°25'15" E, 97.80 feet to an angle point;  
thence, N 46°48'57" E, 113.37 feet to an angle point;  
thence, N 69°46'09" E, 114.90 feet to an angle point;  
thence, N 89°52'36" E, 39.84 feet to an angle point;  
thence, S 88°14'38" E, 137.41 feet to an angle point;  
thence, S 88°14'57" E, 247.70 feet to an angle point;  
thence, S 85°19'25" E, 129.34 feet to an angle point;  
thence, N 35°41'29" E, 78.24 feet to an angle point;  
thence, N 62°18'36" E, 182.01 feet to an angle point;  
thence, S 85°54'40" E, 72.63 feet to an angle point;  
thence, S 68°36'47" E, 77.30 feet to an angle point;  
thence, S 36°00'39" E, 95.85 feet to an angle point;  
thence, N 89°37'07" E, 101.04 feet to an angle point;  
thence, S 60°00'29" E, 49.49 feet to an angle point;  
thence, S 50°47'25" E, 44.22 feet to an angle point;  
thence, S 29°05'43" E, 126.51 feet to an angle point;  
thence, S 14°09'09" E, 150.78 feet to an angle point;  
thence, S 21°22'26" E, 93.19 feet to an angle point;  
thence, S 34°02'37" E, 43.54 feet to an angle point;  
thence, S 42°40'53" E, 192.94 feet to an angle point;  
thence, S 21°12'43" E, 80.54 feet to an angle point;  
thence, S 06°51'48" E, 138.42 feet to an angle point;  
thence, S 06°31'28" E, 219.88 feet to an angle point;  
thence, S 37°41'09" E, 290.63 feet to an angle point;  
thence, N 76°19'00" E, 141.83 feet to an angle point;  
thence, S 59°30'48" E, 124.46 feet to an angle point;  
thence, N 18°02'11" E, 96.43 feet to an angle point;  
thence, N 44°58'24" E, 56.95 feet to an angle point;  
thence, N 41°06'16" E, 33.11 feet to an angle point;  
thence, N 31°52'06" E, 139.27 feet to an angle point;  
thence, N 45°05'40" E, 84.32 feet to an angle point;  
thence, N 53°36'29" E, 183.21 feet to an angle point;  
thence, N 39°43'51" E, 127.14 feet to an angle point;  
thence, N 57°37'17" E, 50.76 feet to an angle point;  
thence, N 82°32'43" E, 82.82 feet to an angle point;  
thence, N 82°20'35" E, 42.59 feet to an angle point;  
thence, N 63°39'56" E, 156.15 feet to an angle point;



Judy D. Woodward

Bern. Co. WD

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LEGAL DESCRIPTION - PAA-KO GOLF COURSE (9 HOLE COURSE) Page 3

thence, N 84°57'37" E, 186.98 feet to an angle point;  
thence, N 51°46'22" E, 92.84 feet to an angle point;  
thence, N 61°31'00" E, 238.01 feet to an angle point;  
thence, S 86°03'01" E, 96.38 feet to an angle point;  
thence, S 25°55'54" W, 57.45 feet to an angle point;  
thence, S 47°47'28" W, 251.24 feet to an angle point;  
thence, S 00°19'06" E, 54.27 feet to a point on a curve;  
thence, southwesterly along a curve to the left, through a central angle of  
06°08'19", having a radius of 435.00 feet and an arc length of 46.61 feet  
(chord = S 71°59'26" W, 46.58 feet) to a point of tangency;  
thence, S 88°55'17" W, 73.17 feet to a point of curvature;  
thence, southwesterly along a curve to the left, through a central angle of  
39°02'36", having a radius of 325.00 feet and an arc length of 221.47 feet  
(chord = S 49°23'58" W, 217.21 feet) to a point of tangency;  
thence, S 29°52'40" W, 14.38 feet to an angle point;  
thence, N 61°24'18" W, 80.68 feet to an angle point;  
thence, S 59°16'51" W, 335.86 feet to an angle point;  
thence, S 44°17'47" W, 160.59 feet to an angle point;  
thence, S 34°02'29" W, 123.89 feet to an angle point;  
thence, S 46°44'29" W, 125.63 feet to an angle point;  
thence, S 87°57'30" W, 120.92 feet to an angle point;  
thence, N 70°37'13" W, 118.21 feet to an angle point;  
thence, N 53°09'35" W, 67.09 feet to an angle point;  
thence, S 86°48'07" W, 75.84 feet to an angle point;  
thence, S 72°57'01" W, 117.35 feet to an angle point;  
thence, S 13°54'39" W, 50.42 feet to an angle point;  
thence, S 64°12'30" W, 23.54 feet to an angle point;  
thence, S 88°18'51" W, 50.54 feet to an angle point;  
thence, N 30°38'50" W, 270.44 feet to an angle point;  
thence, N 16°27'59" W, 154.42 feet to an angle point;  
thence, N 35°41'24" W, 147.14 feet to an angle point;  
thence, N 32°41'54" W, 173.62 feet to an angle point;  
thence, N 20°29'37" W, 142.38 feet to an angle point;  
thence, N 20°37'42" W, 184.28 feet to an angle point;  
thence, N 20°15'15" W, 115.84 feet to an angle point;  
thence, N 36°38'46" W, 149.69 feet to an angle point;  
thence, N 36°30'11" W, 81.42 feet to an angle point;  
thence, N 19°47'25" W, 77.34 feet to an angle point;  
thence, N 27°08'45" W, 84.92 feet to an angle point;  
thence, N 63°39'03" W, 65.14 feet to an angle point;  
thence, N 83°44'05" W, 55.06 feet to an angle point;  
thence, S 63°55'37" W, 143.45 feet to an angle point;  
thence, S 32°12'53" E, 129.84 feet to an angle point;  
thence, S 36°38'17" W, 96.84 feet to an angle point;  
thence, N 88°59'34" W, 276.89 feet to an angle point;  
thence, S 80°06'32" W, 154.89 feet to an angle point;  
thence, S 75°10'55" W, 158.76 feet to an angle point;  
thence, S 81°55'58" W, 114.06 feet to an angle point;  
thence, N 38°53'17" W, 164.36 feet to an angle point;  
thence, S 47°24'47" W, 163.36 feet to an angle point;  
thence, N 73°34'02" W, 179.46 feet to an angle point;  
thence, N 75°45'47" W, 110.23 feet to an angle point;  
thence, S 83°49'55" W, 136.96 feet to an angle point;  
thence, S 77°08'09" W, 59.06 feet to an angle point;  
thence, S 74°49'51" W, 200.96 feet to an angle point;  
thence, S 74°56'33" W, 141.44 feet to an angle point;  
thence, N 87°26'20" W, 86.69 feet to an angle point;  
thence, N 87°30'55" W, 48.05 feet to an angle point;  
thence, N 60°18'47" W, 81.55 feet to an angle point;  
thence, N 85°40'13" W, 172.59 feet to an angle point;  
thence, S 11°37'46" W, 67.27 feet to an angle point;  
thence, S 27°28'13" W, 124.91 feet to an angle point;  
thence, S 00°27'05" W, 95.48 feet to an angle point;  
thence, S 01°10'19" W, 177.33 feet to an angle point;  
thence, S 73°56'52" E, 93.92 feet to an angle point;  
thence, S 55°10'06" E, 52.18 feet to an angle point;  
thence, S 54°57'01" E, 93.18 feet to an angle point;  
thence, S 81°06'17" E, 141.49 feet to an angle point;  
thence, S 84°21'41" E, 194.03 feet to an angle point;  
thence, N 86°21'05" E, 175.05 feet to an angle point;  
thence, S 78°35'09" E, 106.37 feet to an angle point;  
thence, S 64°25'49" E, 30.77 feet to an angle point;  
thence, S 54°35'57" E, 188.94 feet to an angle point;  
thence, S 76°40'40" E, 93.67 feet to an angle point;



LEGAL DESCRIPTION - PAA-KO GOLF COURSE (9 HOLE COURSE) Page 4  
thence, S 77°09'22" E, 189.46 feet to an angle point;  
thence, S 89°59'39" E, 118.01 feet to an angle point;  
thence, S 88°24'48" E, 16.63 feet to an angle point;  
thence, N 87°19'09" E, 117.65 feet to an angle point;  
thence, S 57°28'07" E, 159.03 feet to an angle point;  
thence, S 54°17'38" E, 114.25 feet to an angle point;  
thence, S 00°36'01" E, 252.53 feet to an angle point;  
thence, S 76°16'54" W, 304.86 feet to the point of beginning and  
containing 40.6683 acres, more or less.  
Said combined tracts containing a total of 63.1234 acres, more or less.



Judy D. Woodward

Bern. Co. WD

R 27.00

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## Exhibit B

### Legal Description of PAA-KO Communities

Tracts A, B, C and D of Mountain Ranch, Bernalillo County, New Mexico, as the same are shown and designated on the plat filed in the Office of the County Clerk of Bernalillo County, New Mexico, on January 22, 1991 in Map Book 91C, folio 24.

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Judy D. Woodward Bern. Co. WD R 27.00

Courtesy Recording

No Title Liability

Rio Grande Title Company Inc.

File # Kelly RCA

Closer Kelly

## ASSIGNMENT OF RIGHT TO USE GRAY WATER

This Assignment of Right to Use Gray Water ("Agreement") is made this 27 day of 7, 1998, by and between MOUNTAIN RANCH LIMITED PARTNERSHIP, a New Mexico limited partnership ("MRLP" or "Assignor"), and PAA-KO GOLF VENTURE LLC, a New Mexico limited liability company ("LLC" or "Assignee").

### Recitals

A. MRLP is the owner and developer of certain real property generally known as the PAA-KO Communities located in Bernalillo County, New Mexico. The Master Plan for PAA-KO Communities contemplates the creation, development, and operation of a 27 hole golf course within the PAA-KO Communities.

B. The LLC and MRLP have agreed that the LLC will construct and operate the golf course and all related improvements and facilities (the "Golf Course") in accordance with the terms and conditions of various agreements among the members of the LLC and agreements between the LLC and MRLP.

C. In connection with the development of the PAA-KO Communities, MRLP has entered into the following agreements related to the use of treated wastewater within and for the benefit of the PAA-KO Communities:

(i) Agreement dated August 25, 1993, between MRLP and Canyon Ridge Estates.

(ii) Agreement dated October 12, 1994, among MRLP, the Canyon Ridge Estates, Phase I, Cooperative Association ("CREPISCA")(n/k/a PAA-KO COMMUNITIES SEWER COOPERATIVE, INC.), and the Entramosa Water and Wastewater Cooperative.

(iii) License Agreement dated October 28, 1994, between MRLP and CREPISCA with respect to the wastewater treatment facilities.

(iv) Fourth Amendment to Agreement and First Amendment to License Agreement dated April 1, 1998, between MRLP and CREPISCA.

(collectively the "Wastewater Agreements"). Under the Wastewater Agreements, MRLP has the right to use treated wastewater for irrigation purposes within the PAA-KO Communities.

D. MRLP desires to permit the LLC to use treated wastewater for irrigation of the Golf Course and other suitable purposes related to the operation of the Golf Course in accordance with the terms and conditions stated herein.



THEREFORE, for good and valuable consideration, the adequacy and receipt of which the parties hereby acknowledge, the parties agree as follows:

**1. Assignment.** In consideration of the LLC's undertaking to construct and operate the Golf Course and the LLC's covenants and agreements hereunder, Assignor hereby assigns, conveys, and transfers to the LLC the right to use treated wastewater under the Wastewater Agreements for all purposes related to the irrigation of the Golf Course and for any other Golf Course related uses in accordance with the terms and conditions of the Wastewater Agreements. Assignee's rights hereunder are exclusive except to the limited extent provided in paragraph 4 herein. Further, Assignor hereby grants and conveys to Assignee a non-exclusive easement over and across the real property on which the "licensed facilities," as defined in the Wastewater Agreements, are located for the purpose of connecting, installing, maintaining, repairing, and replacing the treated wastewater distribution system to the "licensed facilities." The burden of this easement shall be appurtenant to the real property on which the "licensed facilities" are located. The benefit of the easement shall be in gross for the benefit of Assignee or any future owner or operator of the Golf Course.

**2. Assignee's Rights and Obligations.** Assignee shall be responsible for all costs and expenses of whatever kind or nature with respect to the distribution of the wastewater from the point of discharge from the "licensed facilities" to the Golf Course, including without limitation pipes and pumps.

**3. Assignor's Rights and Obligations.** Assignor shall have the right to use treated wastewater in accordance with the terms and conditions of the Wastewater Agreements, which right shall be co-extensive with Assignee's rights to use the treated wastewater. In the event, however, that there is insufficient treated wastewater to satisfy Assignee's and Assignor's requirements, absent contrary agreement between Assignor and Assignee, Assignee's rights to use the treated wastewater shall be superior to Assignor's rights; therefore, Assignee shall have the right to use all of the treated wastewater which it deems necessary in its discretion for the purposes permitted herein, and Assignor shall have the right to use whatever treated wastewater is available, if any, after Assignee's uses have been satisfied. Assignor's use of the treated wastewater shall be at its sole cost and expense.

**4. Assignor's and Assignee's Covenants.** Assignor and Assignee hereby covenant and agree with each other that:

**4.1** During the term of this Agreement, Assignor and Assignee shall maintain and keep in full force and effect the Wastewater Agreements.

**4.2** In the event of a default by Assignor or Assignee under the Wastewater Agreements, the non-defaulting party shall have the right to cure such default on behalf of the defaulting party, and all costs incurred by the non-defaulting party in curing such default shall be payable by the defaulting party upon demand.



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**4.3** Neither Assignor nor Assignee shall assign, sell, convey, or otherwise transfer any interest in the Wastewater Agreements without the other party's prior written consent, which consent the other party may withhold in its discretion, except that Assignor shall have the right to assign its interest in this Agreement without Assignee's consent to the PAA-KO COMMUNITIES SEWER COOPERATIVE, INC., and Assignee shall have the right to assign its interest in this Agreement without Assignor's consent to any subsequent owner or operator of the Golf Course.

**4.4** Assignor shall give notice to the other parties under the Wastewater Agreements of the assignment hereunder.

**4.5** Assignee covenants and agrees to use the available treated wastewater for the Golf Course purposes contemplated herein before Assignee uses the water available to it under the Water Rights Lease between Assignor and Assignee dated contemporaneously herewith.

**5. Indemnification.** Assignor shall indemnify and hold harmless Assignee from and against any and all claims, losses, damages, or liabilities, including incidental and consequential damages and including Assignee's costs and reasonable attorney's fees, arising out of or related to Assignor's breach of this Agreement. Assignee shall indemnify and hold harmless Assignor from and against any and all claims, losses, damages, or liabilities, including Assignor's costs and reasonable attorney's fees, arising out of or related to the Assignee's breach of this Option Agreement.

**6. Enforcement; Arbitration.** In the event of any breach or threatened breach of this Agreement by any party, the non-defaulting party shall be entitled to an injunction, without bond, restraining such breach, and costs and attorneys' fees relating to any such proceeding or any other legal action to enforce the Agreement, but nothing herein shall be construed as prohibiting the non-defaulting party from pursuing other remedies available to it for such breach or threatened breach.

Except for claims barred by the applicable statute of limitations (which may not be pursued by the parties) and except for claims for injunctive relief (which may be pursued in federal or state court or by arbitration), the parties agree that any and all disputes arising out of or relating to this Agreement, or the breach thereof, including disputes as to the validity and/or enforceability of this Agreement or any portion thereof, are to be resolved by binding arbitration conducted in Albuquerque, New Mexico. Unless otherwise assessed to or among the parties in the arbitrator's discretion, the expense of arbitration shall be shared equally by the parties. Such arbitration shall be conducted, upon the request of any party, before a single arbitrator selected by the parties or, failing agreement on the choice of arbitrator within thirty (30) days of service of written demand for arbitration, by an arbitrator designated by the American Arbitration Association. Such arbitration shall be in accordance with the laws of the State of New Mexico and applicable federal law and pursuant to (but not necessarily under the auspices of) the commercial arbitration rules of said Association and such of the federal rules of civil procedure, including rules of discovery, as the arbitrator may determine to



apply. The arbitrator shall have the power and authority to award equitable remedies, including specific performance and injunction as contemplated by this Agreement. The decision of the arbitrator shall be final and binding upon the parties and enforceable in a court of competent jurisdiction. The duty to arbitrate shall survive any termination or cancellation of this Agreement.

**7. Notices.** Any notice or other communication under this Agreement shall be delivered personally or sent by registered or certified mail, postage prepaid, addressed as follows:

**To MRLP:**

Mountain Ranch Limited Partnership  
1717 Louisiana Blvd., NE, Suite 111  
Albuquerque, New Mexico 87110  
Attn: Roger S. Cox, General Partner

**To the LLC:**

PAA-KO Golf Venture LLC  
c/o Mr. Roger S. Cox  
1717 Louisiana Blvd., NE, Suite 111  
Albuquerque, New Mexico 87110

**8. Entire Agreement/Amendments.** This Agreement constitutes the entire agreement of the parties and supersedes all prior agreements or understandings. This Agreement may not be modified or amended except by the written agreement of the parties hereto.

**9. Governing Law.** This Agreement shall be governed by the laws of the State of New Mexico.

**10. Counterparts.** This Agreement may be executed in one or more counterparts, each of which together shall constitute a single instrument.

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement as of the date first written above:

MOUNTAIN RANCH LIMITED PARTNERSHIP, a New Mexico limited partnership

By: Roger Cox Financial Corporation, a New Mexico corporation, General Partner

By:   
Roger S. Cox, President



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PAA-KO GOLF VENTURE LLC, a New Mexico  
limited liability company

By: *Roger S. Cox*  
Roger S. Cox, Manager

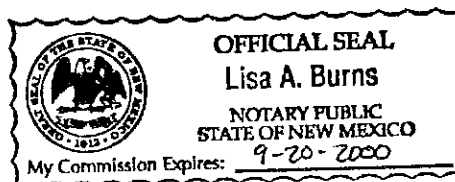
STATE OF NEW MEXICO     )  
  ) ss.  
COUNTY OF BERNALILLO     )

This Assignment of Right to Use Gray Water was acknowledged before me on  
July 27, 1998, by Roger S. Cox, President of Roger Cox Financial  
Corporation, General Partner of Mountain Ranch Limited Partnership, a New Mexico  
limited partnership, on behalf of said limited partnership.

*Lisa A. Burns*  
Notary Public

My Commission Expires:

9-20-2000



STATE OF NEW MEXICO     )  
  ) ss.  
COUNTY OF BERNALILLO     )

This Assignment of Right to Use Gray Water was acknowledged before me on  
July 27, 1998, by Roger S. Cox, Manager of PAA-KO Golf Venture LLC, a  
New Mexico limited liability company, on behalf of said limited liability company.

*Lisa A. Burns*  
Notary Public

My Commission Expires:

9-20-2000

