

ESCROW AGREEMENT

This Agreement is made and entered into this ____ day of _____, 1998, by and between **FOLSOM RIDGE LLC.**, a Limited Liability Company, hereinafter called Developer, and **CENTRAL BANK OF LAKE OF THE OZARKS**, a Missouri Banking Corporation, hereinafter referred to as Agent.

WITNESSETH:

WHEREAS, Developer is in the process of developing Portage Park #1, Portage Park #3, Big Island Lakesites and Big Island Lakesites First Addition, all subdivisions in Camden County, Missouri, which are a portion of certain real estate described in that Trustee's Deed recorded in Book 458, at page 845, Deed Records of Camden County, Missouri hereinafter to be known as Phase I as shown on Exhibit A which is attached hereto; and

WHEREAS, Developer intends to place on said real estate a sewer system to which purchasers of real estate in said development and others may connect upon completion of said sewer system; and

WHEREAS, purchasers of real estate from Developer and others who desire to connect to the sewer system will be paying in advance a sum of money as determined by Developer to connect to said sewer system which sum is to be held in Escrow until the sewer system is completed, in place, and operational at which time said sum will be delivered to Developer as set out herein.

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

1. Agent. Central Bank of Lake of the Ozarks hereby agrees to act as Agent for Developer and to handle all money that might be received from purchasers in the development for connection to the sewer system until such time as the system is complete, in place and operational. It is acknowledged by the parties hereto that Agent is acting as a depository only and is not bound by any other agreements or instructions except as specified herein.

2. Payment of Funds. Agent hereby agrees to pay over to Developer all money held by it hereunder at such time as the sewer system is complete, in place and operational. As a condition of payment, Developer shall deliver to Agent a letter from an Engineer licensed in the State of Missouri, stating that the sewer system is complete, in place and operational together with a letter from the State of Missouri that the sewer system meets all requirements of the State of Missouri.

3. Dispute or Disagreement. In the event Agent is notified in writing of any dispute or disagreement arising between Developer and any other person or entity making claim to any of the funds in said account, Agent is authorized to hold all funds in said account until all such difference shall have been resolved and proper written releases and waivers obtained from all persons involved; otherwise, Agent may hold said funds in said account until the rights of all interested parties have been fully and finally adjudicated in a Court of competent jurisdiction. Agent may bring an interpleader action in the Circuit Court of Camden County, Missouri, as Plaintiff against the Developer and all parties claiming an interest to the funds in said account to secure a legal determination to resolve any disputes pertaining to said funds and Agent shall be reimbursed for all its expenses, including attorney fees, for bringing such action from the funds in said account.

4. Indemnification. The payment of funds to Developer as provided in paragraph 2 above shall constitute a complete discharge of Agent's duties hereunder and Developer agrees to indemnify the


Agent and hold it harmless from any loss, damage or expense from any claims, suits or other actions arising after said payment.

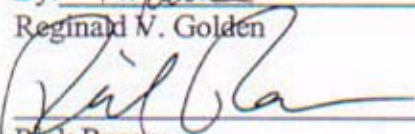
5. Phases. This Agreement shall cover Phase I of the total development. Other Phases to the development are contemplated and the parties may at their option extend this Agreement to other Phases as they are developed.

6. Binding Effect. This Agreement shall be binding upon the parties hereto and their respective successors and assigns.

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

FOLSOM RIDGE LLC

By: 
Reginald W. Golden


Rick Rusaw


David V. Lees

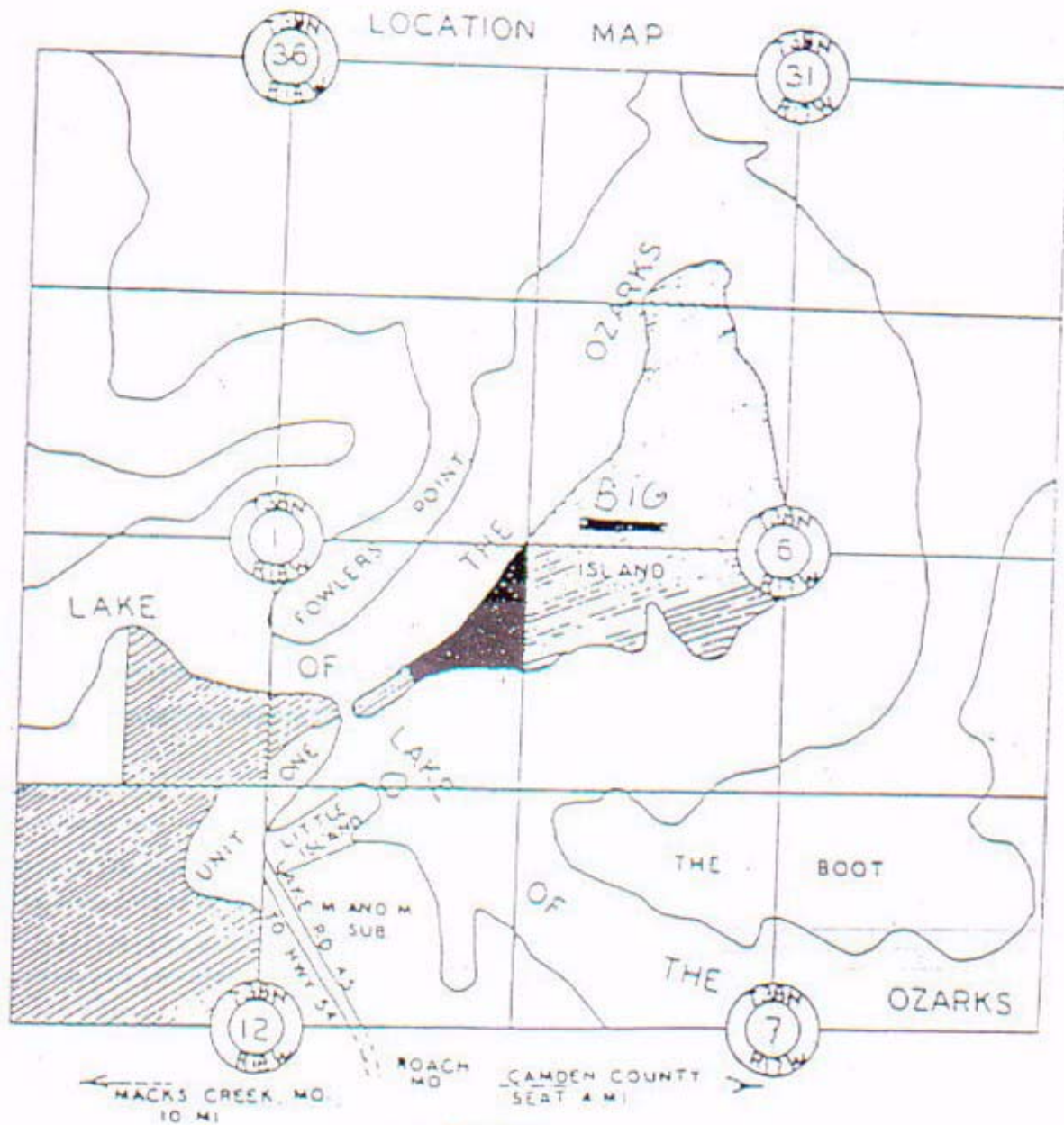
DEVELOPER

Central Bank of Lake of the Ozarks

By: _____

AGENT

Exhibit A



LEGEND



=

UNIT THREE



=

PORTAGE PARK

**Attachment I Existing HOA's Already
Established Prior to BIHOA;
Attorney Letter Stating that
BIHOA Covenants Apply Only
to Land F.R. Purchased and
Must Be Ratified/Signed to
Become BIHOA Member**

Big Island Homeowners Association
P. O. Box 54
Longmont, CO 80502

December 14, 2000

Jeffery & Cathy Litty
HCR 67, Box 840
Roach, MO 65787

Dear Jeffery & Cathy,

Since our letter of November 29, 2000 we have had many inquires regarding the new covenants and bylaws. Therefore, we are mailing all of the documents including the new bylaws, the new covenants and the letter Folsom Ridge, LLC has written to the Homeowners Association. These documents will be presented to the existing Homeowners Association for voting approval on December 29, 2000.

If you wish to vote on these documents you must join the existing Homeowners Association by ratifying the documents mailed last April. If you want a new copy of these documents please call my office at 303-702-0708 and we will mail them to you.

If you wish to join the Homeowners Association after the changes are approved, we will be mailing ratification forms to you in January after the vote has taken place. As stated before, the Homeowners Association will extend this offer for 90 days.

The other item I realized we missed in our letter of November 29th is the location of the island residents meeting on December 29th. It will be held at Central Bank of Lake of the Ozarks, 140 E. Hwy 54, Camdenton at 1:00 p.m.

I know this is probably confusing, but legally this is how this must happen. Please give me a call if you have any questions.

Sincerely,



R. V. (Reggie) Golden
Manager

*I, (we) are not
members of the
BI HOA - I, (we)
have never signed/
ratified any
documents!*

*Reggie
admits
that to be
members
we must
join*

RATIFICATION OF AMENDED AND RESTATED DECLARATION OF COVENANTS AND CONDITIONS

1. Jeffery R. Litty and Cathy Litty (hereinafter referred to as "Litty") are the owners of the real property described as follows:

All that part of Lot Eighty-two (82) of the Amended Plat of Big Island Lake Sites, First Addition, a subdivision of record in Camden County, Missouri, described as follows: Beginning at an existing 3/8 inch iron pin at the Northeast corner of said Lot Eighty-two (82); thence run South Eleven Degrees, Four Minutes, Forty-eight Seconds (11°04'48") West (Plat=North Ten degrees, Fifty-six Minutes (10°56') East) along the East line of said Lot Eighty-two (82), One Hundred Thirty-nine and Thirty-Three Hundredths (139.33) feet to a point on the right of way line of the roadway shown on the recorded plat of said subdivision; thence run along said right of way line in a Northwesterly direction along a curve having a radius of Eighty-two and Ninety-six Hundredths (82.96) feet, an arc distance of Fourteen and Three Tenths (14.3) feet to a set one-half (1/2) inch iron pin; thence departing said right of way line North Sixteen Degrees, Forty Minutes, Forty-three Seconds (16°40'43") East One Hundred Thirty-four and Twenty-seven Hundredths (134.27) feet to the point of beginning.

2. Folsom Ridge, LLC, a Colorado corporation, certified to do business in Missouri, recorded an Amended and Restated Declaration of Covenants and Conditions (the "Covenants") dated January 10, 2001, and recorded in Camden County, Missouri on January 17, 2001 at Book 507, Page 587.

3. Litty, hereby ratifies such Covenants and agrees that the terms of such Covenants shall bind the real property owned by them described above, and shall inure to the benefit of, and be binding on the undersigned, their heirs, successors and assigns.

"Litty"

Jeffery R. Litty

Cathy Litty

STATE OF)
COUNTY OF) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 2001 by Jeffery R. Litty and Cathy Litty.

My commission expires: _____

Witness my hand and official seal.

Notary Public

**RATIFICATION OF AMENDED AND RESTATED DECLARATION OF
COVENANTS AND CONDITIONS**

1. Jeffery R. Litty and Cathy Litty (hereinafter referred to as "Litty") are the owners of the real property described as follows:

All the following described land lying above contour elevation Six Hundred Sixty-two (662) feet: All of Lots Eighty (80) and Eighty-one (81) in Amended Plat of Big Island Lake Sites, First Addition, a subdivision in Camden County, Missouri, according to the Amended Plat thereof on file and of record in the Office of the Recorder of Deeds, Camden County, Missouri.

2. Folsom Ridge, LLC, a Colorado corporation, certified to do business in Missouri, recorded an Amended and Restated Declaration of Covenants and Conditions (the "Covenants") dated January 10, 2001, and recorded in Camden County, Missouri on January 17, 2001 at Book 507, Page 587.

3. Litty, hereby ratifies such Covenants and agrees that the terms of such Covenants shall bind the real property owned by them described above, and shall inure to the benefit of, and be binding on the undersigned, their heirs, successors and assigns.

"Litty"

Jeffery R. Litty

Cathy Litty

STATE OF)
) ss.
COUNTY OF)

The foregoing instrument was acknowledged before me this _____ day of _____, 2001 by Jeffery R. Litty and Cathy Litty.

My commission expires: _____

Witness my hand and official seal.

Notary Public

PHILLIPS, McELYEA, WALKER & CARPENTER, P.C.

ATTORNEYS AT LAW

190 COURT CIRCLE

P.O. BOX 559

CAMDENTON, MISSOURI 65020

(573) 346-7231

FAX (573) 346-4411

CHARLES E. McELYEA

JOHN T. WALKER

RONALD K. CARPENTER

DAVID T. WELCH

DEIRDRE O'DONNELL

HUGH PHILLIPS (1911-1997)

BRANCH OFFICE:

P.O. BOX 303

OSAGE BEACH, MO 65065

(573) 348-2247

LEGAL ASSISTANTS: Sharon Piskorski
Gari Luttrell

May 1, 2000

Mr. & Mrs. Joseph J. Schrader
HCR 67 Box 766
Roach, MO 65787

Dear Jim & Jeanette:

After meeting with you in my office on April 21, 2000, and receiving for review the numerous documents that you left with me on that date to review. I have completed my review as I indicated during our telephone conversation with you on Saturday, April 29, 2000.

As I understand your situation, you are concerned that Folsom Ridge LLC, a Colorado limited liability company, as the owner and developer (developer) of a large parcel of land in the vicinity of your residence is now changing the conditions upon which you can connect to the waste water treatment (sewer) system constructed to service both lots being developed by Folsom Ridge LLC and lots owned by others (including yourself).

When the developer announced plans for the construction of a waster water treatment facility, the developer invited you and other third party landowners to secure the right to connected to such completed system if you paid \$4,800.00 into an escrow account at Central Bank of Lake of the Ozarks (escrow agent). The developer would proceed to construct the sewer facility. The bank would pay over to the developer all escrow funds at such time as the sewer system was completed, in place and operational. As a condition for payment, the developer must deliver to the bank a letter from a Missouri licensed engineer stating that the sewer system is complete, in place and operational together with a letter from Missouri stating that the sewer system meets all requirements of the state. Upon the occurrence of these events the developer would receive the escrow funds, you and the other parties paying the funds into escrow would be entitled to connect to the sewer system.

The developer in its letter of April 11, 2000 to Jeanette intimates that this is now the case. However, the developer in its letter states additional conditions that were not a part of the original agreement. The developer is requiring that you (Jeanette), as the lot owner, agree to (ratify) certain restrictive covenants that will pertain to your lot forever from date of recording unless later terminated or modified. By ratifying these restrictive covenants you are also consenting to the articles of incorporation and the bylaws of a homeowners association called

COPY

Mr. & Mrs. Joseph J. Schrader
May 1, 2000
Page 2 of 5

Big Island Homeowners Association. I shall attempt to address your concerns based upon my understanding of the situation.

First, based upon the information provided by you to me, I believe that the developer is entitled to receive the money from the bank, as escrow agent, upon the happening of the following: "Developer shall deliver to Agent a letter from an Engineer licensed in the State of Missouri, stating that the sewer system is complete, in place and operational together with a letter from the State of Missouri that the sewer system meets all requirements of the State of Missouri". When the foregoing condition occurs, the Developer is entitled to the escrowed funds. If the bank disburses the escrowed funds to the Developer without this occurring, the bank may be liable to you and the others that deposited funds into escrow. The escrow agreement indicates that by paying into escrow the amount determined by the Developer you have the right to connect to the sewer system upon its completion. No other requirement is stated in the escrow agreement.

There does not appear to be any writing that reflects your agreement with the developer with respect to connecting to the sewer system. You did not agree to consent to the proposed restrictive covenants, the articles of incorporation and bylaws of Big Island Homeowners Association. The proposed documents do not appear to be drafted in a manner that is mutually beneficial to the developer and the ultimate users of the sewer system (including yourself).

Pertaining to Attachment I

Let me first provide comment regarding the proposed restrictive covenants ("restrictions"). The restrictions apply to all land that the developer purchased in 1998 from the trustees of the Uskali trusts plus such other lands held by others ratifying these restrictions. Big Island Homeowners Association is to be the association to enforce these restrictions and to manage and operate the water and sewer system serving the land area subject to these restrictions.

The stated purpose of these restrictions is to provide for the "Water System and Sewer System to serve the Lots and the Property" subject to these restrictions. Each lot owner is responsible for repair and maintenance of the system within the boundaries of his or her lot. The association is responsible ^{for} such repairs and maintenance that occur outside of the various owners' property boundaries. The association will determine the amount of money needed to be raised to operate the system, and to determine the amount of the annual assessment for such common expenses. In addition to this annual assessment, the association will also determine the amount lot owners will be required to pay for the "working capital deposit" and any special assessments. The amount of the working capital deposit may be adjusted annually at the same time, as the annual assessment is determined. No interest will be paid on the working capital deposit, and no refund will be paid to the lot owner when the lot owner sells his or her lot. The proposed restrictions indicate that the annual assessment or common expenses and the working capital deposit are two separate assessments but appear to be for the same purpose. ⁴⁰⁰ This will want this clarified.

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Mr. & Mrs. Joseph J. Schrader
May 1, 2000
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Special assessments may be required to cover the cost of construction, reconstruction, repair or replacement. Two thirds of each class of membership in the association present and voting at such meeting must approve any such special assessment. A voting member of a class may vote either in person or by proxy.

The rate of the assessment for both annual and special assessments is unclear to me. This provision is located at Section 6 of Article IV of the proposed restrictions, which states as follows:

"Both annual and special assessments must be fixed at a uniform rate for all Lots and the Property on a prorata basis based upon the number of connections to the Water System and Sewer System and shall be collected on a monthly basis."

This can be read as meaning that if 100 represents all lots and 30 represents the number of connections to the water and sewer systems. The cost of operating the water and sewer systems for the 30 connections is prorated among the 100 lots. This is probably not the meaning you have in mind. Clarification needs to be obtained from the developer on this point.

Section 7 of Article IV indicates that annual assessments commence for all lots connected to the Water and Sewer Systems and those lots ratifying the restrictions on the first day of the month following such lot's connection to the system. This seems to indicate that only the users of the system will pay the annual assessment. This would be in keeping with your understanding. But, it seems to be in conflict with the preceding provision. Therefore, these two provisions need to be clarified.

The association is to have two classes of members. The Class A members are the developer and every lot owner purchasing his or her lot from the developer. The Class B members are the lot owners who did not purchase their lots from the developer but ratified the proposed restrictions.

The lot owners in Class A members are entitled to one vote weighted by the relative square footage of their lot owned in relation to all of the property the developer purchased from the Uskali trusts. Each lot owner in Class B has one vote per lot. Under this set up the developer controls everything as long as the developer owns a significant land area, which may well extend beyond January 1, 2005.

Next, I direct your attention to the bylaws for the association. You were not supplied a copy of the Articles of Incorporation for the association so I do not have this document to review. However, the purposes stated in the bylaws appear to include many additional purposes than are needed for an association with its charge limited to operating and managing community water and sewer systems. For example, the purposes dealing with road, security and trash are not needed for this association. There are two purpose clauses dealing with managing common property. This should be consolidated into one and limited to the common property owned by

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Mr. & Mrs. Joseph J. Schrader
May 1, 2000
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the association, i.e. the water and sewer systems. I am not certain as to the meaning of purpose "j". I believe purpose "m" is incorrect. If the association is dissolved, the assets of the association should be returned to its member. An association to operate a water and wastewater treatment system is not a 501 © (3) organization under the tax law.

The bylaws restate the same classes of membership as set forth in the proposed restrictions. The bylaws provide that the five-member board of directors will first be elected to serve until the first annual meeting of the association. The board elected at the first annual meeting will provide for staggered terms. After that annual meeting one or two directors will be elected annually and each director will serve for a three-year term. Directors are not limited to any number of terms that can be served.

Bylaw Article IV, Section 8 e deals with the power of the board to levy assessments. This provision is not the same as the one appearing in the proposed restrictions. Whatever becomes the agreed procedure with regard to assessments should be stated the same way in each document.

Bylaw Article XII, Sections 1 provides that as the developer owns property purchased from the Uskali trusts, the developer has the right to connect any property that the developer may develop to the water and sewer systems without paying a connection fee. However, it is unclear if the developer begins paying the annual assessments for common expenses the month following connection as any other lot owner.

After reviewing the numerous documents that left with me on April 21, 2000, I do not believe that you (Jeanette) should sign the piece of paper ratifying the proposed restrictive covenants unless certain changes are made to that document as well as the bylaws (and possibly the articles of incorporation) of the association. Again, this was not a requirement when you were invited to deposit \$4,800.00 with the escrow agent.

I suggest that you permit me to write to the developer on your behalf acknowledging receipt of its letter date April 11, 2000 on April 17, 2000. Such a letter should express satisfaction of receiving word that the sewer system is complete and operational, but also request copies of both its licensed engineer's report stating the system is complete, in place and operational, and the letter received from the State of Missouri stating that the sewer system meets all the requirements of the State of Missouri.

The letter to the developer should also remind the developer that the original terms entitling you (Jeanette) to connect to the sewer system did not require you to ratify any proposed restrictions, it merely required you to deposit \$4,800.00 into the escrow account at Central Bank of Lake of the Ozarks, and to consent to the escrow agent paying over the funds to the developer upon receipt of the two above described letters. And, you continue to agree to these terms.

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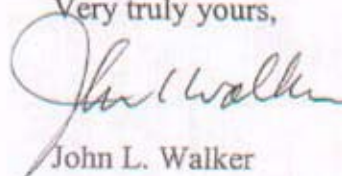
Mr. & Mrs. Joseph J. Schrader
May 1, 2000
Page 5 of 5

However, you will not ratify the proposed restrictions as presently stated, but are willing to discuss with the developer's designated representative as to how the proposed restrictions, association bylaws and articles may be changed to become agreeable to you.

If you so direct, I should also send a letter to the escrow agent, advising the agent that you do not object to the release of the funds that you placed in escrow to the developer upon the developer's full compliance with the provisions of the escrow agreement.

After you have had an opportunity to review the contents of this letter, please let me know how you want me to proceed in your behalf. I shall await your further questions and instructions.

Very truly yours,

A handwritten signature in blue ink, appearing to read "John L. Walker", written over the typed name.

John L. Walker

JLW:jw

COPY

pg 1

Excerpts from F.R's/BIHOA
recorded covenants "Excepting" my
property lots from their rules,
regulations, and restrictions,

a subdivision of record in Carden County, Missouri, described as follows: Beginning at a point on the centerline of the roadway shown on said plat on the line between Lot 63 and Lot 64 of said subdivision; thence run along said centerline North 28 degrees 10 minutes 00 seconds East 89.96 feet, (Plat=90 feet), to a point on the line between Lot 65 and Lot 66; thence departing said centerline, South 74 degrees 17 minutes 14 seconds East, (Plat=South 74 degrees 22 minutes East), a distance of 20.54 feet to an existing 3/8 inch iron pin on the line between Lot 65 and Lot 66; thence departing, said lot line, South 83 degrees 09 minutes 19 seconds East 200.45 feet to a set 1/2 inch iron pin on the shoreline of the Lake of the Crarks, as shown on the recorded plat of said subdivision; thence run along said shoreline as follows, South 26 degrees 42 minutes 41 seconds West 31.48 feet to an existing iron pin on the corner to Lot 65 and Lot 66; thence South 23 degrees 42 minutes 37 seconds West 50.05 feet to an existing iron pin at the corner of Lot 65 and Lot 64; thence South 33 degrees 20 minutes 44 seconds West 18.47 feet to a set 1/2 inch iron pin; thence, departing said shoreline, North 80 degrees 28 minutes 30 seconds West 200.30 feet to an existing 3/8 inch iron pin on the line between Lot 64 and Lot 63 of said subdivision; thence North 71 degrees 42 minutes 14 seconds West, (Plat=North 71 degrees 30 minutes West), 20.31 feet to the Point of Beginning.

ALSO EXCEPTING: All of Lots 66 through 77; all of Lots 80, and 81; and all that part of Lot 84 of AMENDED PLAT OF BIG ISLAND LAKE SITES FIRST ADDITION, a subdivision of record in Carden County, Missouri, described as follows: Beginning at a point on the centerline of the 40 foot wide roadway, as shown on the recorded plat of said subdivision at the Southwest corner of said Lot 84; thence departing said centerline North 00 degrees 08 minutes 00 seconds West along the West line of said Lot 84, a distance of 20.08 feet to an existing iron pin on the North right of way line of said roadway; thence continue North 00 degrees 08 minutes 00 seconds West along said West line, a distance of 170.09 feet to an iron pin set on the shoreline of the Lake of the Crarks; thence departing said West line run in a Southeasterly direction along said shoreline 10 feet, more or less, to an iron pin at a point which bears North 85 degrees 01 minutes 00 seconds East 17.40 feet and North 0 degrees 00 minutes 00 seconds East, 179.58 feet from the point of Beginning; thence departing said shoreline, South 01 degree 00 minutes

Continued Next Page

51 seconds West, 159.47 feet to an iron pin on the North right of way line of said roadway; thence continue South 01 degree 27 minutes 51 seconds West 20.11 feet to a point on the centerline of said roadway; thence South 85 degrees 21 minutes 00 seconds West along said centerline 17.40 feet to the Point of Beginning.

ALSO EXCEPTING: All of Lot 83 and All that part of Lot 82 of the AMENDED PLAT OF BIG ISLAND LAKE SITES, FIRST ADDITION, a subdivision of record in Camden County, Missouri, described as follows: Beginning at an existing 3/8 inch iron pin at the Southwest corner of said Lot 82; thence run along the West line of said Lot 82, North 02 degrees 38 minutes 11 seconds East 132.16 feet, (Plat=North 02 degrees 31 minutes East 132.5 feet), to an existing 3/8 inch iron pin at the Northwest corner of said Lot 82; thence run along the shoreline of the Lake of the Crarks, South 83 degrees 42 minutes 09 seconds East 49.95 feet, more or less, to an existing 3/8 inch iron pin at the Northeast corner of said Lot 82; thence departing said shoreline, South 03 degrees 46 minutes 00 seconds West 135.17 feet to the Point of Beginning.

ALSO EXCEPTING: All that part of the following described property which lies above contour elevation 661 feet: All that part of Lot 84 of the AMENDED PLAT OF BIG ISLAND LAKE SITES FIRST ADDITION, a subdivision of record in Camden County, Missouri, described as follows: Commencing at a point on the centerline of the forty foot wide roadway, as shown on the recorded plat of said subdivision at the Southwest corner of said Lot 84; thence run along the centerline of the roadway shown on the recorded plat of said subdivision North 83 degrees 01 minutes East 17.40 feet to the point of beginning of the tract of land described herein; thence departing said centerline, North 01 degrees 00 minutes 51 seconds East 20.11 feet to an iron pin; thence continue North 01 degrees 00 minutes 51 seconds East 159.47 feet to an iron pin on the shoreline of the Lake of the Crarks; thence run along said shoreline in a Southeasterly direction 24 feet, more or less, to an iron pin at the Northeast corner of said Lot 84; thence, departing said shoreline, South 03 degrees 01 minutes 00 seconds West, along the East line of said Lot 84; a distance of 148.54 feet to an existing iron pin on the North line of said roadway; thence continue South 03 degrees 01 minutes 00 seconds West 20.11 feet to a point on the centerline of said roadway at the Southeast corner of said Lot 84; thence South 85 degree: 21 minutes 00 seconds West 17.40 feet to the Point of Beginning.

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ALSO EXCEPTING: All that part of Lot 82 of the AMENDED PLAT OF BIG ISLAND LAKE SITES FIRST ADDITION, a subdivision of record in Camden County, Missouri, described as follows: Beginning at an existing 3/8 inch iron pin at the Northeast corner of said Lot 82; thence run South 11 Degrees, 4 Minutes, 48 Seconds West (Plat=North 10 degrees, 56 Minutes East) along the East line of said Lot 82, 139.33 feet to a point on the right of way line of the roadway shown on the recorded plat of said subdivision; thence run along said right of way line in a Northwesterly direction along a curve having a radius of 82.96 feet, an arc distance of 14.3 feet to a set 1/2 inch iron pin; thence departing said right of way line North 16 degrees, 40 minutes 43 seconds East 134.27 feet to the point of beginning.

ALSO EXCEPTING: All of Lots 85 through 94 AMENDED PLAT OF BIG ISLAND LAKE SITES, FIRST ADDITION.

ALSO EXCEPTING: All that part of the following described property which lies above contour elevation 662 feet: All that part of Lots 95, 96 and 97 of the AMENDED PLAT OF BIG ISLAND LAKE SITES, FIRST ADDITION, a subdivision of record in Camden County, Missouri, described as follows: Commencing at an existing 3/8 inch iron pin at the Southerly most corner of Lot 100 of said subdivision, thence run North 57 degrees 22 minutes 57 seconds East 153.26 feet (Plat=North 57 degrees, 18 minutes East 153.1 feet), along the line between Lot 100 and Lot 101, to an existing 3/8 inch iron pin at the lot corner between said Lot 100 and Lot 101 on the West right of way line of the roadway shown on the recorded plat of said subdivision; thence continue North 57 degrees 27 minutes 57 seconds East 22.72 feet to a point on the centerline of said roadway; thence run along said centerline North 61 degrees 00 minutes West 55.32 feet to the point of beginning of a 47 degree curve to the right; thence continue North 61 degrees 00 minutes West, along the tangent line of said curve, a distance of 14.57 feet; thence continue North 61 degrees 00 minutes 00 seconds West 30.40 feet to the P.I. of said 47 degrees curve; thence run along the tangent line and centerline of said roadway North 20 degrees 30 minutes West 49.77 feet to the point of beginning of the tract of land described herein; thence departing said centerline, South 85 degrees 58 minutes 30 seconds West 20.49 feet to an existing 3/8 inch iron pin; thence South 80 degrees 21 minutes 48 seconds West 153.83 feet to a point on the shoreline of the

(Continued Next Page)

Cathy Orler's
HOA governing
her property

BDT 139 AM 078

RESTRICTIONS AND CONDITIONS AFFECTING BIG ISLAND LAKE SITES
FIRST ADDITION

The following Restrictions and Conditions refer and apply to the real estate described in the amended plat of Big Island Lake Sites First Addition, a subdivision in Camden County, Missouri, filed and of record in the Office of the Recorder of Deeds, Camden County, Missouri, in Plat Book 10 at page 19, and shall run with the land and shall be binding upon all persons and corporations who now own or hereafter acquire any interest in any part of said real estate, and upon their heirs, successors, assigns and grantees. These Restrictions and Conditions shall be in full force and effect until December 31, 1989 and shall thereafter be continued automatically in effect for successive periods of ten (10) years each, provided however, that the owners of fee simple title to a majority of the lots in said subdivision may release all of the said real estate from any or more of these restrictions on January 1, 1990, or at the end of any successive ten (10) year period thereafter by executing and acknowledging an appropriate document and recording the same for record in the Office of the Recorder of Deeds of Camden County, Missouri, prior to December 31, 1989, or prior to the expiration of any successive ten (10) year term.

These Restrictions and Conditions shall replace that certain "Declaration of Restrictions" executed and acknowledged by the undersigned Frank E. Uskali and Alice J. Uskali on July 9, 1962, and recorded in the Office of the Recorder of Deeds of Camden County, Missouri, on July 10, 1962 in Book 123 page 145, said "Declaration of Restrictions" recorded July 10, 1962, is hereby revoked in its entirety and shall be null and void in all respects and shall not be binding in any respect on any person or corporation who now owns or hereafter acquires any interest in any part of the real estate described in said "Declaration of Restrictions," or on their heirs, successors, assigns or grantees.

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A. No commercial building shall be erected on any lot or lots in this subdivision or on the shoreline easement appurtenant thereto, unless the plans and specifications therefor, including the location thereof, have first been submitted to the Dedicators, for their examination and approval and the same approved by said Dedicators, in writing, and no such commercial building or buildings shall be erected except strictly in accordance with such plans and specifications including the location thereof. No residential buildings shall be erected on any lot or lots in this subdivision or on the shoreline easement appurtenant thereto unless the plans and specifications therefor, including the location thereof, have first been submitted to Frank Parish of Camden County, Missouri, the Developer, for his examination and approval and the same approved by said Developer, in writing, and no such residential building or buildings shall be erected except strictly in accordance with such plans and specifications, including the location thereof. The said Developer shall have the power to approve or reject the architectural design of such building or buildings, and the character of materials to be used thereon and therein regardless of the cost or location of the proposed building or buildings, and his decision approving or rejecting any such plans and/or specifications, including the location thereof, shall be final.

B. Building lines shall be a least six (6) feet from easement lines, right-of-way, and/or adjoining lot lines. In no instance shall the minimum distance from front line of dwelling to the building line on opposite side of street be less than seventy feet.

C. No structure other than a single family dwelling or a two family unit not exceeding two and one-half stories in height and a private garage not to exceed 400 square feet in area, subject to written approval of the Developer, shall be erected or placed on any residential lot; and until the principal building shall have been erected or placed on said lot, no other building or structure shall be erected or placed thereon, nor on the shoreline easement appurtenant thereto.

D. Houseboats, boathouses, berths, anchorages, docks, ramps, bulkheads, seal walls and/or other shoreline installations shall be subject to approval in writing, by the Developer and by the proper Public Authorities.

USE OF LOT AND APPURTENANCES

A. Cars, boat trailers, and other vehicles shall be parked only on their owners' private driveway or in authorized parking areas.

B. No truck or other commercial vehicle shall be permitted upon any residential lot except when said truck or commercial vehicle is actually delivering, unloading or loading personal property to and from the premises and except any truck or commercial vehicle which is restricted to the interior confines of the private garage, the intention being to prevent unnecessary, excessive and continuous open parking of trucks and commercial vehicles upon said lot.

C. Residential lots shall not be used nor shall any building thereon be used for commercial purposes, nor as a wrecking yard, nor for storage, temporarily or permanently, commercially or otherwise, of junk, debris or abandoned personal property.

D. No lot or improvements thereon in this subdivision shall be used commercially nor shall any activities be engaged in thereon or therein, for gain or profit, without the approval, in writing of the Dedicators.

E. No noxious or offensive trade shall be carried on upon any lot or improvements thereon, or upon any shoreline easement appurtenant thereto in said subdivision, nor shall anything be done thereon which may be or become a nuisance or annoyance in the neighborhood.

F. The use of said real estate shall be permitted only in structures conforming with the above conditions and restrictions and no trailer, bus, basement, tent, railroad car, shack, barn or outbuilding shall be erected or placed on said real estate or be used at any time as a residence or place of business, temporarily or permanently.

G. No sign of any character shall be placed upon or in any lot or lots in the subdivision without the written consent of the Developer nor shall any signs be placed on or attached to any part of the exterior of any structure in the subdivision, without the written consent of the Developer, except that a sign not to exceed two feet by four feet (2' X 4') in size, with the lettering thereon limited to "Private," "for Sale", or "For Lease" shall be permitted.

H. No chickens, fowl, mink, fox, skunk, cattle, horses, hogs, goats, sheep, or rabbits shall be kept or maintained on said real estate, nor shall the growing of mushrooms for commercial purposes be permitted.

A. Before the real estate shall be occupied, a water well and a septic tank of brick, tile or concrete or other satisfactory method of disposing of sewage shall be completely installed by the Purchaser or his successors in interest without expense to the Dedicators, and the arrangements for sewage disposal shall be such as to prevent all nuisance and all possibility of contamination, and such as to be satisfactory to the Dedicators and to the Public Authorities.

B. Water wells shall be located and constructed in accordance with the standards set forth by the State Department of Public Health and public authorities, the location being such that the wells will be reasonably protected from pollution by seepage from waste disposal system on the same or adjacent lots.

C. Waste disposal systems shall be located and constructed with the standards set forth by the State Department of Public Health and public authorities, the location such that these systems be at a reasonable safe distance from water wells on the same or adjacent lots, so as to protect such wells from pollution.

D. All lots having tile or drainage ditches are subject to the rights of the adjacent owners and the public to have maintained the uninterrupted flow of water through said tile or drainage ditches.

E. All lot owners shall remove or cause to be removed, at their own expense, all garbage, tin cans, rubbish and debris, semi-weekly to a designated area authorized by the Dedicators; at no time, under no conditions shall such garbage, tin cans, rubbish and debris be disposed of in any unauthorized areas.

IV
PARKS AND EASEMENTS

A. All strips and parcels of land designated as parks and/or easements are reserved by the Dedicators for the purpose of building and maintaining walks parks, public utilities and roads.

B. The Dedicators hereby convey to all lot owners in the Portage Park Subdivision, the right to use the parks for recreation and enjoyment and the right to use the land, boat ramp and shoreline in Jackson Park in Unit No. 1 as an approach to the Lake for the recreation and enjoyment of swimming, bathing, boating and fishing. HOWEVER, this easement enjoyment, is not exclusive to Portage Park Unit No. 3, but all property and lot owners in all subdivision of the Dedicators now or hereafter formed in Camden County, Missouri have the right to use the park easement privilege as herein set forth. No lot owner or any other person shall at any time prevent or attempt to prevent another lot owner or assignee of the Dedicators from the orderly and peaceful enjoyment and exercise of this right, by obnoxious personal conduct, by monopolizing all or part of the approach to the water, or by blocking lanes or driveways with car, boat, trailer or other obstructions.

C. No person shall mar, mark, disfigure, deface, destroy, pick, cut down or in any other way, wilfully or carelessly injure or cause to be injured any installation, structure, natural formation or flora in the parks and easements, nor shall any person cause or allow papers, trash, rubbish or garbage to litter the grounds in this subdivision.

D. No person shall remove or more, or cause to be removed or moved, any structure, installation, natural formation or flora in the park grounds or shoreline easements appurtenant thereto; nor shall any person install, erect, construct, build, park or otherwise place any installation, structure, tent, shelter, raft, vehicle or other device, of temporary or permanent nature, in the park grounds, easements, or shoreline easements appurtenant thereto, without the written consent of the Dedicators.

ENCUMBRANCES

All lots in this subdivision are subject also the following encumbrances:

- A. All such general taxes, special taxes, impositions, and special assessments as the purchaser herein agrees to pay;
- B. All zoning and building laws, ordinances and regulations;
- C. All recorded restrictions, easements, conditions and building lines;
- D. All easements for street purposes, public utilities and drainage;
- E. Questions of survey and party fences, if any;
- F. Drainage ditches, easements, feeders, and laterals, if any; and
- G. To easements contained in a certain conveyance from the Union Electric Land and Development Company to the Union Electric Light and Power Company, dated June 13, 1932, recorded in Book 63, page 162, Records of Camden County, Missouri.

VI

GENERAL RESERVATIONS

A. The dedicators reserve unto the Developer the right to sell or convey a portion of a lot and to permit a structure to be erected or placed on such a portion of a lot, but such a portion of a lot shall otherwise be subject to all of the conditions, restrictions and provisions otherwise governing such lot as herein provided.

B. Lots in this subdivision which extent past fences between adjoining property and said lots are subject to the rights of parties in possession of that part of said lots.

C. The construction cost of roads which the Dedicators have built or shall build in the subdivision, shall be borne by the Dedicators, but the Dedicators do not agree to maintain or repair any road or roads

9 62

RESTRICTIONS AND CONDITIONS

AFFECTING

BIG ISLAND LAKE SITES

Recorded 5-23-60
Signed: Frank Usali
Alice Usali

Recorder - H.J. Williams

The following Restrictions and Conditions refer to the real estate described in plat of Big Island Lake Sites, a subdivision in Camden County, Missouri, filed and of record in the office of the Recorder of Deeds, Camden County, Missouri, in Plat Book 6 at Page 32, and shall run with the land and shall be in force and effect and shall be binding on all parties and all persons claiming under them until January 1, 1985, at which time said restrictions and conditions shall automatically extend for successive periods of ten (10) years, unless by a vote of the majority of the then owners of the lots, it is agreed to change the said restrictions and conditions in whole or in part.

I.

BUILDINGS AND THEIR LOCATION

a. No commercial building shall be erected on any lot or lots in this subdivision or on the shoreline easement appurtenant thereto, unless the plans and specifications therefor, including the location thereof, have first been submitted to the Dedicators, for their examination and approval and the same approved by said Dedicators, in writing, and no such commercial building or buildings shall be erected except strictly in accordance with such plans and specifications, including the location thereof. No residential building shall be erected on any lot or lots in this subdivision or on the shoreline easement appurtenant thereto, unless the plans and specifications therefor, including the location thereof, have first been submitted to Frank Parish of Camden County, Missouri, the Developer, for his examination and approval and the same approved by said Developer, in writing, and no such residential building or buildings shall be erected except strictly in accordance with such plans and specifications, including the location thereof. The said Developer shall have the power to approve or reject the architectural design of such building or buildings, the location of such building or buildings, and the character of materials to be used thereon and therein, regardless of the cost or location of the proposed building or buildings, and his decision approving or rejecting any such plans and/or specifications, including the location thereof, shall be final.

b. Building lines shall be at least six (6) feet from easement lines, right-of-way, and/or adjoining lot lines. In no instance shall the minimum distance from front line of dwelling to the building line on opposite side of street be less than seventy feet.

c. No structure other than a single family dwelling or a two-family unit not exceeding two and one-half stories in height and a private garage not to exceed 400 square feet in area, subject to written approval of the Developer, shall be erected or placed on any residential lot; and until the principal building shall have been erected or placed on said lot, no other building or structure shall be erected or placed thereon, nor on the shoreline easement appurtenant thereto.

d. Houseboats, boathouses, berths, anchorages, docks, ramps, bulkheads, sea walls and/or other shoreline installations shall be subject to approval in writing, by the Developer and by the proper Public Authorities.

II.

USE OF LOT AND APPURTENANCES

a. Cars, boat trailers, and other vehicles shall be parked only on their owners' private driveway or in authorized parking areas.

b. No truck or other commercial vehicle shall be permitted upon any residential lot except when said truck or commercial vehicle is actually delivering, unloading or loading personal property to and from the premises and except any truck or commercial vehicle which is restricted to the interior confines of the private garage, the intention being to prevent unnecessary, excessive and continuous open parking of trucks and commercial vehicles upon said lot.

c. Residential lots shall not be used nor shall any building

15 11 6-12

thereon be used for commercial purposes, nor as a wrecking yard, nor for storage, temporarily or permanently, commercially or otherwise, of junk, debris or abandoned personal property.

d. No lot or improvements thereon in this subdivision shall be used commercially nor shall any activities be engaged in thereon or therein, for gain or profit, without the approval, in writing, of the Dedicators.

e. No noxious or offensive trade shall be carried on upon any lot or improvements thereon, or upon any shoreline easement appurtenant thereto in said subdivision, nor shall anything be done thereon which may be or become a nuisance or annoyance in the neighborhood.

f. The use of said real estate shall be permitted only in structures conforming with the above conditions and restrictions and no trailer, bus, basement, tent, railroad car, shack, barn or outbuilding shall be erected or placed on said real estate or be used at any time as a residence or place of business, temporarily or permanently.

g. No sign of any character shall be placed upon or in any lot or lots in the subdivision without the written consent of the Developer nor shall any signs be placed on or attached to any part of the exterior of any structure in the subdivision, without the written consent of the Developer, except that a sign not to exceed two feet by four feet (2' x 4') in size, with the lettering thereon limited to "Private", "For Sale", or "For Lease" shall be permitted.

h. No chickens, fowl, mink, fox, skunk, cattle, horses, hogs, goats, sheep, or rabbits shall be kept or maintained on said real estate, nor shall the growing of mushrooms for commercial purposes be permitted.

III.

WATER AND SANITATION

A. Before the real estate shall be occupied, a water well and a septic tank of brick, tile or concrete or other satisfactory method of disposing of sewage shall be completely installed by the Purchaser or his successors in interest, without expense to the Dedicators, and the arrangements for sewage disposal shall be such as to prevent all nuisance and all possibility of contamination, and such as to be satisfactory to the Dedicators and to the Public Authorities.

b. Water wells shall be located and constructed in accordance with the standards set forth by the State Department of Public Health Authorities, the location being such that the wells will be reasonably protected from pollution by seepage from waste disposal system on the same or adjacent lots.

c. Waste disposal systems shall be located and constructed with the standards set forth by the State Department of Public Health and Public Authorities, the location being such that these systems be at a reasonably safe distance from water wells on the same or adjacent lots, so as to protect such wells from pollution.

d. All lots having tile or drainage ditches are subject to the rights of the adjacent owners and the public to have maintained the uninterrupted flow of water through said tile or drainage ditches.

e. All lot owners shall remove or cause to be removed, at their own expense, all garbage, tin cans, rubbish and debris, semi-weekly to a designated area authorized by the Dedicators; at no time, under no conditions shall such garbage, tin cans, rubbish and debris be disposed of in any unauthorized areas.

IV.

PARKS AND EASEMENTS

a. All strips and parcels of land designated as parks and/or easements are reserved by the Dedicators for the purpose of building and maintaining walks, parks, public utilities and roads.

b. The Dedicators hereby conveys to all lot owners in the Portage Park Subdivision, the right to use the parks for recreation and enjoyment and the right to use the land, boat ramp and shoreline in Jackson Park in Unit No. 1 as an approach to the Lake for the recreation and enjoyment of swimming, bathing, boating and fishing. HOWEVER, this easement enjoyment is not exclusive to Portage Park Unit No. 3, but all property and lot owners in all subdivisions of the Dedicators now or hereafter formed in Camden County, Missouri, have the right to use the park

easement privilege as herein set forth. No lot owner or any other person shall at any time prevent or attempt to prevent another lot owner or assignee of the Dedicators from the orderly and peaceful enjoyment and exercise of this right, by obnoxious personal conduct, by monopolizing all or part of the approach to the water, or by blocking lanes or driveways with car, boat, trailer or other obstructions.

c. No person shall mar, mark, disfigure, deface, destroy, pick, cut down or in any other way, wilfully or carelessly injure or cause to be injured any installation, structure, natural formation or flora in the parks and easements, nor shall any person cause or allow papers, trash, rubbish or garbage to litter the grounds in this subdivision.

d. No person shall remove or move, or cause to be removed or moved, any structure, installation, natural formation or flora in the park grounds or shoreline easements appurtenant thereto; nor shall any person install, erect, construct, build, park or otherwise place any installation, structure, tent, shelter, raft, vehicle or other device, of temporary or permanent nature, in the park grounds, easements, or shoreline easements appurtenant thereto, without the written consent of the Dedicators.

v.

ENCUMBRANCES

All lots in this subdivision are subject also to the following encumbrances:

- a. All such general taxes, special taxes, impositions, and special assessments as the Purchaser herein agrees to pay;
- b. All zoning and building laws, ordinances and regulations;
- c. All recorded restrictions, easements, conditions and building lines;
- d. All easements for street purposes, public utilities and drainage;
- e. Questions of survey and party fences, if any;
- f. Drainage ditches, easements, feeders, and laterals, if any; and
- g. To easements contained in a certain conveyance from the Union Electric Land and Development Company to the Union Electric Light and Power Company, dated June 13, 1932, recorded in Book 63, Page 162, Records of Camden County, Missouri.

VI.

GENERAL RESERVATIONS

- a. The Dedicators reserve unto the Developer the right to sell or convey a portion of a lot and to permit a structure to be erected or placed on such a portion of a lot, but such a portion of a lot shall otherwise be subject to all of the conditions, restrictions and provisions otherwise governing such lot as herein provided.
- b. Lots in this subdivision which extend past fences between adjoining property and said lots are subject to the rights of parties in possession of that part of said lots.
- c. The construction cost of roads which the Dedicators has built or shall build in the subdivision, shall be borne by the Dedicators, but the Dedicators do not agree to maintain or repair any road or roads.

IN THE PARTIES HERETO, or any of them or their heirs or assigns, shall violate or attempt to violate any of the covenants herein, it shall be lawful for any other person or persons owning any real property in said Development of Subdivision to prosecute any proceedings at law or in equity against the person or persons violating or attempting to violate any such covenant and either to prevent him or them from so doing or to recover damages or other dues for such violation.

IN VALIDATION of any one of the covenants: by judgment or court order shall in no way affect any of the other provisions which shall remain in full force and effect.

**Attachment J Settlement Agreement
Between DNR, Attorney
General, And F.R.**

STATE OF MISSOURI
DEPARTMENT OF NATURAL RESOURCES

Bob Holden, Governor • Stephen M. Mahfood, Director

www.dnr.state.mo.us

April 23, 2004

CERTIFIED MAIL 7099 3220 0009 3735 6740
RETURN RECEIPT REQUESTED

Mr. Charles McElyea, Atty. at Law
190 Court Circle
P.O. Box 559
Camdenton, MO 65020

RE: Big Island Subdivision, Camden County, MO-0123013

Dear Mr. McElyea:

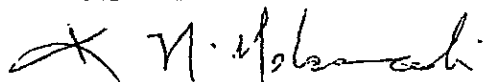
Enclosed is a copy of the fully executed Settlement Agreement between the Department of Natural Resources, Attorney General of Missouri, and Folsom Ridge Development LLC. The department appreciates your cooperation to bring Big Island Subdivision into compliance with the Missouri Clean Water Law.

Please note the schedule outlined in paragraphs 3-9 to reinstall the water distribution lines and to comply with all the requirements of the construction permit when issued.

If you have any questions concerning this letter, you may contact Ms. Elena Seon of my staff at P. O. Box 176, Jefferson City, MO 65102-0176 or at (573) 751-9391. If you have any questions concerning the requirements of the Settlement Agreement please contact Mr. Mike Tharpe at (573) 522-1801. The engineering report, plans and specs should be submitted to the Public Drinking Water Branch at 101 Adams Street, Jefferson City, MO 65101.

Sincerely,

WATER PROTECTION PROGRAM



Kevin Mohammadi, Chief
Compliance and Enforcement Section

KM:esn

Enclosure

- c: Bruce Martin, Southwest Regional Office, with enclosure
Robert Cook, Attorney General's Office, with enclosure
Mike Tharpe, Drinking Water Branch, with enclosure
Ben Pugh, Big Island Subdivision, with enclosure

integrity and excellence in all we do

SETTLEMENT AGREEMENT

THIS SETTLEMENT AGREEMENT is made between the Missouri Department of Natural Resources, the "Department"; Jeremiah W. (Jay) Nixon, Attorney General of Missouri, the "AGO"; and Folsom Ridge, L.L.C., "Folsom". The parties, the Department, the AGO, and Folsom, enter into this agreement on the date this Settlement Agreement is signed by the Department.

WHEREAS, Jeremiah W. (Jay) Nixon is the duly elected, qualified, and acting Attorney General of the State of Missouri.

WHEREAS, the Department is the state agency authorized to administer the provisions of the Missouri Clean Water Law, Chapter 644 of the Revised Statutes of Missouri (as amended) on behalf of the Clean Water Commission and the Missouri Safe Drinking Water Law, Chapter 640 of the Revised Statutes of Missouri on behalf of the Safe Drinking Water Commission.

WHEREAS, Folsom developed the Big Island Subdivision (Big Island) located in the NW $\frac{1}{4}$, NW $\frac{1}{4}$, SW $\frac{1}{4}$, Sec. 6, T38N, R17W, in Roach, Camden County, Missouri.

WHEREAS, Folsom built a wastewater treatment facility (WWTF), septic tank with a recirculating sand filter and chlorination, including collection (sewer) lines, to serve the residents of Big Island. Sludge is disposed of by a contract hauler.

WHEREAS, the receiving stream for the WWTF is the Little Niangua Arm of the Lake of the Ozarks basin, Class L2, which is waters of the state as defined in Section 644.016(17), RSMo.

WHEREAS, The Big Island Home Owners Association (BIHOA) owns and operates the WWTF pursuant to Missouri State Operating Permit (MSOP) MO-0123013. The MSOP expires on February 24, 2005.

WHEREAS, The Big Island Home Owners Association (BIHOA) submitted an engineering report, plans and specifications for a new community public water supply well, storage facility and distribution system and received approval for this report on December 18, 1998 pursuant to Public Drinking Water Program Review Number 31182-98. The approval was valid for two years.

WHEREAS, Folsom constructed a community water system as defined in Missouri Safe Drinking Water Regulation 10 CSR 60-2.015(2)(C)9.

WHEREAS, On December 18, 1998 the Missouri Public Drinking Water Program requested The Big Island Home Owners Association (BIHOA) to provide detailed drawings of the trench to match the revised specifications submitted by (BIHOA) and show the earthen shelf on which the water line was to be placed. The Missouri Public Drinking Water Program subsequently received the drawings, showing the earthen shelf.

WHEREAS, On February 23, 2000 final approval of the construction done under permit review number 31182-98 was sent to BIHOA which stated that this final approval does not include the distribution lines as the Department was unable to observe the placement of these lines to verify adequate separation of the water and sewer lines in accordance with community drinking water construction standards. This final approval also included the caveats that the Department reserves the right to require any and all necessary alterations of the system to bring it back into compliance with appropriate standards and to withdraw approval of the water supply facilities any time they are found to be unsatisfactory.

WHEREAS, The Big Island Home Owners Association (BIHOA) owns and operates the Drinking Water Treatment Plant pursuant to Public Water Supply permit (PWS) MO-3031265.

WHEREAS, on January 12, 2004, department staff inspected Big Island and observed the following violations: the water and wastewater collection and distribution lines were placed in the same trench without proper separation between the lines; the water distribution lines were not placed on an undisturbed earthen shelf as was stated in the as-built drawings; and the water and sewer lines were not constructed in accordance with the approved plans.

WHEREAS, failure to construct according to plans is a violation of Missouri Clean Water Law, Section 644.076.1, RSMo, and 10 CSR 20-8.120 (11)(C)1 and Missouri Safe Drinking Water Law, Section 640.115.2, RSMo, and 10 CSR 3.010(1).

WHEREAS, the Missouri Clean Water Law, Section 644.076.1, RSMo, makes it unlawful to violate the Missouri Clean Water Law and regulations promulgated pursuant thereto and establishes civil penalties of up to and including ten thousand dollars and no cents (\$10,000.00) per day for each day, or part thereof for each violation.

WHEREAS, the Missouri Safe Drinking Water Law, Section 640.130.4, RSMo, makes it unlawful to violate the Missouri Safe Drinking Water Law and regulations promulgated pursuant thereto and establishes civil penalties of up to and including fifty dollars and no cents (\$50.00) per day, or part thereof for the first violation of sections 640.100 to 640.140 and one hundred dollars and no cents (\$100.00) per day or part thereof for the second violation and for each violation thereafter.

WHEREAS, the Department, the AGO, and Folsom desire to resolve all disputes or claims which could be made against Folsom for the above-alleged violations of the Missouri Clean Water Law and Missouri Safe Drinking Water Law.

NOW, THEREFORE, in consideration of the mutual promises contained herein, the Department, the AGO, and Folsom further stipulate and agree as follows:

1. The provisions of this Settlement Agreement shall apply to and be binding upon the Department, the AGO, and Folsom, as well as their successors in interest, and their successors in office. Further, each party executing this Settlement Agreement shall be responsible for ensuring that their agents, subsidiaries, affiliates, lessees, officers, servants, or any person or entity acting pursuant to, through, or for the parties, adhere to the terms of this Settlement Agreement.

2. Folsom agrees to pay a civil penalty in the amount of eight thousand dollars and zero cents (\$8,000.00) in the form of a certified check or cashier's check made payable to the "*Camden County Treasurer as Trustee for the Camden County School Fund.*" The check for the civil penalty sum is due and payable upon execution of this Settlement Agreement by Folsom. The check shall be mailed to:

Mr. Robert Cook
Assistant Attorney General
PO Box 899
Jefferson City, MO 65102

Receipt of the executed Settlement Agreement and check are acknowledged by the Department and the AGO signatures affixed hereto.

3. Within sixty (60) days of the execution of this Settlement Agreement, Folsom shall submit to the department an engineering report, plans and specifications,

identifying the corrections required to be made to the water distribution system required or proposed to be made to correct issues necessitating this Settlement Agreement. That report must contain the signature and seal of an engineer registered in the State of Missouri to practice such work. That engineer shall respond to the department regarding requests for clarification of information, inclusion of additional information and the like and shall be transmitted to the department within thirty (30) days of request by the department for further information.

4. Within one hundred and eighty (180) days of the Department's approval of the engineering report, plans and specifications and issuance of a construction permit, Folsom shall complete modification of the water distribution system weather permitting.

5. Folsom shall submit to the department an engineer's certification of construction completion.

6. Under no condition shall any construction take place to modify, correct or replace any portion of the water distribution system until the construction permit, referenced in paragraph 5 above, has been issued by the department, and all such construction must be in strict compliance with the approved plans and specification reviewed and approved by the department.

7. Folsom shall notify the department's Southwest Regional Office (SWRO), and in particular the engineering section of that office, of the commencement of construction and shall make arrangements with that office for inspections to be made at intervals during the reconstruction. Folsom, or his general contractor, shall make such arrangements at least seventy-two (72) hours in advance of the anticipated need for such inspection and agrees to advise of any canceling or rescheduling needed at least forty-eight (48) hours before such inspection is scheduled to take place.

8. Folsom agrees that, in the event of any conflict in placement and/or alignment between water and wastewater piping during the course of the project, that he, or his contractor, shall communicate such conflict to the engineering section of the SWRO and shall resolve such conflict with approval from that office. Folsom, or his contractor, also agrees to properly record such resolutions on "as-built" plans to be submitted at the time the project is completed. Finally, Folsom agrees to refrain from covering such resolutions with fill material until inspected by SWRO engineering staff, if so directed by that office.

9. The terms of this agreement shall not be deemed to have been satisfied until the project has been subjected to a Final Construction Inspection and approved by staff from the SWRO and until Folsom's engineer has submitted a properly sealed certification of project completion, to include a statement that the project was constructed in accordance with previously approved plans and specifications.

10. Should Folsom fail to meet the terms of this Settlement Agreement, including the deadlines set out in paragraphs 3 - 9, Folsom agrees to pay stipulated penalties in the following amount:

| <u>Days of Violation</u> | <u>Amount of Penalty</u> |
|--------------------------|--------------------------|
| 1 to 30 days | \$100.00 per day |
| 31 to 90 days | \$250.00 per day |
| 91 days and above | \$500.00 per day |

Any such stipulated penalty shall be paid within ten (10) days of demand by the AGO as described in paragraph 2. above. This stipulated penalty is not a civil penalty, nor an administrative penalty. Rather it is a sanction for not complying with the terms of this agreement.

11. Nothing in this Settlement Agreement shall be construed as excusing or

forgiving future noncompliance with the Missouri Clean Water Law, Chapter 644, RSMo, and its implementing regulations or the Missouri Safe Drinking Water Law, Chapter 640, RSMo, and its implementing regulations. In the event that Folsom fails to pay the civil penalty or comply with any other terms as specified herein, a breach of this Settlement Agreement shall be deemed to have occurred and litigation to require compliance or any other remedies will be pursued, including but not limited to, filing suit for the violations of the Missouri Clean Water Law and/or the Missouri Safe Drinking Water Law as alleged in this Settlement Agreement.

12. Execution of this Settlement Agreement shall be complete when the Department has signed and dated the Settlement Agreement. As the last party signing the Settlement Agreement, the Department shall promptly distribute copies of the executed Settlement Agreement to the other signatories.

13. Upon receipt of full payment of the above-mentioned penalty and full compliance with this Settlement Agreement, the Department and the AGO agree to refrain from initiating or asserting against Folsom any civil or administrative suit claiming violations of the Missouri Clean Water Law, Chapter 644, RSMo, and Missouri Safe Drinking Water Law, RSMo 640, as alleged in this Settlement Agreement.

14. Each signatory to this Settlement Agreement avers that he or she has the authority to bind his or her respective party to this Settlement Agreement as evidenced by their signature on this Settlement Agreement.

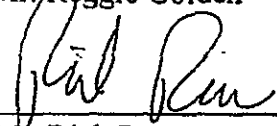
15. In consideration for the release contained herein, Folsom agrees to comply with all applicable Missouri water pollution statutes and regulations in the future.

In Witness Whereof, the parties have executed this Agreement as follows:

FOLSOM RIDGE DEVELOPMENT LLC

By:  Mgr
Mr. Reggie Golden

Date: 4/10/04

By:  n
Mr. Rick Rusaw

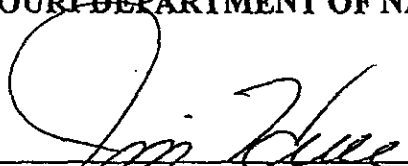
Date: 4/10/04

**JEREMIAH W. (JAY) NIXON
ATTORNEY GENERAL OF MISSOURI**

By: 
Robert C. Cook, Assistant Attorney General

Date: 4/20/04

MISSOURI DEPARTMENT OF NATURAL RESOURCES

By: 
Jim Hull, Director
Water Protection Program

Date: 4-26-04

**Attachment K 80 Homes Maximum
Capacity of Water and
Wastewater System**

LAKE PROFESSIONAL ENGINEERING SERVICES, INC.

CONSULTING ENGINEERS

P.O. Box 27

Camdenton, Mo. 65020

JAMES O. JACKSON, P. E. 573-480-0508 - BOWDEN CAMPBELL, EIT 573-480-7100
573-873-3898

September 30, 1998

Mr. Steve Jones, P.E.
Jefferson City Regional Office
Missouri Department of Natural Resources
P.O. Box 176
Jefferson City, MO 65102



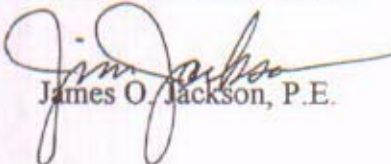
RE: Construction of Deep Well at Big Island Subdivision

Dear Mr. Jones:

Attached are two copies of the Application For a Construction Permit, the engineering report, detailed specifications (including a layout map), calculations and a map showing the location of the project. This project will furnish water for 80 lots. There is land available for future expansion and an application will be made when the well pump and/or water lines are expanded.

If you have any questions please feel free to contact me.

Respectfully Submitted,


James O. Jackson, P.E.

Enclosures

Date Rec'd 10-13-98 Plan # 31182-98
Public Drinking Water Program
Division of Environmental Quality

RECEIVED

OCT 13 1998

PUBLIC DRINKING WATER
PROGRAM

WPC - Camden
Big Island
Big Island West Sewer
ID NO 2174

STATE OF MISSOURI
DEPARTMENT OF NATURAL RESOURCES

McClintock - Governor • Stephen M. Muldoon - Director

DIVISION OF ENVIRONMENTAL QUALITY

Jefferson City Regional Office

210 Hoover Road P.O. Box 176 Jefferson City, MO 65102-0176

(573) 751-2729

FAX (573) 751-0814

March 3, 2000

Big Island Home Owners Assoc.
ATTN: David Lees
HCR 67 Box 680
Roach, MO 65787

80 LOTS...
NOT 119!

Dear Mr. Lees:

The Department of Natural Resources (DNR) has reviewed your submittal for a construction permit for Big Island West sewer extension. Our review indicates the following concern/deficiency in the submittal.

Treatment facility must be shown to be adequate to treat the additional loading from the sewer extension in accordance with 10 CSR 20-6.010(4)(D)5. *The treatment plant is designed to serve 80 lots and with the proposed sewer extension there is 119 lots that will connect to the treatment plant. Therefore, the project should be expanded to include the expansion of the treatment plant.

Your response concerning the above should be sent before April 7, 2000.

An extension of the time for response may be requested by letter to me at Jefferson City Regional Office, P.O. Box 176, Jefferson City, MO 65102. The request must identify why you cannot respond within the established time frame and must include a proposed date for response. Extensions will only be granted when the request is reasonable and it is received within thirty (30) days of receipt of this letter.

Failure to respond may result in the application being returned and, if applicable, forfeiture of the filing fee. If you have any questions, please contact me at (573) 751-2729.

Sincerely,

JEFFERSON CITY REGIONAL OFFICE

Keith B. Forck

Keith B. Forck, P.E.
Environmental Engineer

KBF:cr

c: Water Pollution Control Program
Lake Professional Engineering Services, I

STATE OF MISSOURI
DEPARTMENT OF NATURAL RESOURCES

Bob Holden, Governor • Stephen M. Mahfood, Director

DIVISION OF ENVIRONMENTAL QUALITY

Jefferson City Regional Office
210 Hoover Road P.O. Box 176 Jefferson City, MO 65102-0176
(573)751-2729
FAX (573)751-0014

November 16, 2001

Folsom Ridge, LLC
ATTN: Mr. Reggie Golden
PO Box 328
Longmont, CO 80501

Dear Mr. Golden:

The Department of Natural Resources has become aware of several issues regarding the wastewater collection and treatment system at Big Island. Please address the following concerns:

1. According to the original homeowners association documentation, there were Class A and B members. We have become aware that there are people connected to the wastewater treatment facility who are not members of the homeowners association. In accordance with 10 CSR 20-6.010(3)(B)5(IV), everyone connected to the wastewater treatment system shall be bound by the rules of the association, and thus be a member.
2. The as-built plans revised on October 9, 1999, by Lake Professional Engineering Services, Inc. do not appear to be accurate. For example, the pipe up to the wastewater treatment plant has been relocated. Please submit as-built plans, which show what was actually constructed.
3. According to Construction Permit 26-3390, the wastewater treatment plant expansion shall be complete and operational, prior to the construction of the eighty-first house within the Big Island Development. The eighty houses within the Big Island Development will be considered to be the original existing thirty-six houses along with the construction of forty-four new houses or connections. Update on the number of connections and sold lots is requested. 80

Your response concerning the above should be sent before December 7, 2001. If you have any questions, please contact me at (573) 751-2729.

Sincerely,

JEFFERSON CITY REGIONAL OFFICE



Kristine Ricketts
Regional Director

KR:kfr

c: Water Pollution Control Program
Lake Professional Engineering Services
Big Island Homeowners Association

→ "Connections"
KEY WORD

Association a sum set from time to time by the Board, and as approved by the affirmative vote of two-thirds (2/3) of the Owners, as operating capital for the Association. Each Owner acknowledges that this deposit is for the purpose of providing operating funds for the Association, and not as reserves for improvement, unless specifically designated as part of the capital improvement reserves by the Board. The amount of such deposit shall be adjusted annually as of the time the annual assessments are determined. All additional sums due to, or to be refunded by, the Association shall be paid, or refunded, within thirty (30) days after the determination. The Association shall not be required to pay interest on such deposits. At the time of each conveyance of a Lot or Property, such deposit shall not be returned to the selling Owner, but the selling Owner shall be entitled to a credit from his purchaser to the extent of the selling Owner's current balance of such deposit.

Section 4. Special Assessment for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy a special assessment for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement under the following terms:

A. With regard to the original Water System and/or Sewer System, any such special assessment for construction, reconstruction, repair or replacement under this section shall have the assent of two-thirds (2/3) of the Owners and (1) who are connected to the Water System and/or Sewer System, as applicable, or (2) who have membership rights by virtue of their ownership of a Lot, or (3) who are entitled to use such original Water System and Sewer System by virtue of having paid a tap fee but who have not yet connected to the original Water System and Sewer System), who are voting in person or by proxy at a meeting duly called for this purpose. The initial Sewer System is designed to serve 80 homes (included in this number are homes which are entitled to connect to the original Sewer System by virtue of having paid a tap fee but have not yet established a connection).

B. With regard to any expansion of the Water System and/or Sewer System to serve Lots beyond the original 80 Lots intended to be served by the original Water System and Sewer System shall be paid by Declarant or its successors. For a period of five (5) years from September 1, 2000, with regard to the Water System and Sewer System presently in existence and installed by Folsom, and such additional systems or additions thereto (expansion) that may be installed in the future by Folsom, Folsom warrants the Water System and Sewer System were installed in accordance with customary installation procedures and to the best of Folsom's knowledge were installed in accordance with applicable laws and regulations. In the event a defect is discovered within the warranty period, for (a) the water and sewer lines installed by Folsom and/or (b) the sand beds installed by Folsom serving the sewer system, Folsom commits to repair defects at its sole cost. Such warranty does not cover defects and damages occasioned due to acts of God and damages caused by circumstances beyond Folsom's control. If any of the materials used in the Water System or Sewer System are found to be defective or if the installation is found to be defective, Folsom shall be entitled to any claim and recovery against the manufacturer concerning the materials used in the Sewer System and Water System, and against the original installer for any defective installation.

C. In order to alleviate the impact of the cost of unforeseen expenses and/or capital improvements, the Association by the assent of two-thirds (2/3) of the Owners may establish a reserve account, and monthly assessments to fund such reserve account.

Section 5. Notice and Quorum for any Action Authorized Under Section 4.A. Written notice of any meeting called for the purpose of taking any action authorized under Section 4.A. shall be sent to all members not less than thirty (30) days nor more than

Folsom Ridge corrects "owns" more property - therefore controlling the vote.

"lot owner" ratifies by signature this document? - because these docs. came 2 yrs. after the fact.

Sept. 2005 - assoc. membs. receive liability for system

**Attachment L DNR Violation for Water Line
Expansion Off Big Island**



Matt Blunt, Governor • Doyle Childers, Director

DEPARTMENT OF NATURAL RESOURCES

www.dnr.mo.gov

June 28, 2005

NOTICE OF VIOLATION #11210SW

Mr. Reggie Golden
Folsom Ridge, L.L.C.
P.O. Box 54
Longmont, CO 80501

Dear Mr. Golden:

On May 13, 2005, during a construction inspection, Mr. Clinton J. Finn, P.E., of the Missouri Department of Natural Resources Southwest Regional Office (the department), observed an area adjacent to Big Island Subdivision that was being cleared for development. It was observed that waterlines from the Big Island Subdivision Waterline Relocation of Phase I and New Phase III project (review number 53303-04) appear to have been extended to this area under development.

In an effort to determine if this extension of waterlines was included in the approval of the above mentioned project, a construction inspection was conducted by Mr. Breck Summerford, P.E. and Mr. John MacEachen, both of the department's Public Drinking Water Branch, Ms. Elena Seon, of the department's Water Pollution Branch, and Mr. Clinton J. Finn, P.E., of this office.

During this construction inspection, it was determined that waterlines have been extended to this area adjacent to Big Island Subdivision and that this extension was not included in the approval for the Waterline Relocation of Phase I and New Phase III project. Therefore, this extension constitutes construction, installation, or modification of a community public water supply without written authorization, and is a violation of the federal and state Safe Drinking Water Law and Regulations as listed below:

Folsom Ridge, L.L.C. failed to obtain written authorization from the department prior to construction, alteration, or extension of the drinking water system at Big Island Subdivision in Roach, Camden County, Missouri.

These violations are also formally listed in the enclosed Notice of Violation NOV 11210SW.

SCHEDULE OF COMPLIANCE

1. Cease construction immediately on waterlines that you do not have written approval for.


Mr. Reggie Golden
Folsom Ridge, L.L.C.
June 28, 2005
Page 2

2. Within 30 calendar days, Folsom Ridge, L.L.C. shall submit to the Department of Natural Resources Southwest Regional Office, 2040 W. Woodland, Springfield, Missouri 65807, 417-891-4300, a written explanation of the failure to obtain written authorization (construction permit) from the department prior to improvements to the drinking water systems.
3. Within 30 calendar days, Folsom Ridge, L.L.C. shall submit to the Department of Natural Resources Public Drinking Water Branch, P.O. Box 176, Jefferson City, Missouri 65102, 573-751-5331, two copies of the engineering report, calculations, plans, and specifications prepared by a professional engineer registered in Missouri, for all public water supply improvements to be constructed along with a completed application for construction approval (enclosed). The engineering documents must include and clearly identify the portions of the system that have already been constructed. The proposed improvements as well as the portions constructed without a permit must comply with the department's *Design Guides for Community Water Systems*.

Please be aware that all future construction, alteration, or extension of the drinking water and wastewater system must be approved and authorized in writing before work can begin. Please contact Mr. Clinton J. Finn, P.E. of this office by calling 417-891-4300 or via mail at the Southwest Regional Office, 2040 W. Woodland, Springfield, Missouri 65807-5912 if you have any questions.

Sincerely,

SOUTHWEST REGIONAL OFFICE


Cynthia S. Davies, Chief
Water Section

CSD/cfb

Enclosures

c: Krehbiel Engineering
Public Drinking Water Branch
Water Pollution Control Branch

CAMDEN/PDW
BIG ISLAND SUBDIVISION
MO-3031265
029.pdwp.BigIslandSubdivison.mo3031265.WaterlineReplacement.2005.06.28.fy05.enrf.5330304.cjf.doc



MISSOURI DEPARTMENT OF NATURAL RESOURCES
NOTICE OF VIOLATION

VIOLATION NUMBER

11210SW

DATE AND TIME ISSUED

June 28, 2005

SOURCE (NAME, ADDRESS, PERMIT NUMBER, LOCATION)

Big Island Subd.

Folsom Ridge, L.L.C., P.O. Box 54, Longmont, CO 80501, (303) 702-0708

MO-3031265

SE1/4, SW1/4, Sec. 31, T39N, R17W; SE1/4, SE1/4, Sec. 1, T38N, R18W; W1/2, Sec. 6, T38N, R17W Camden County

MAILING ADDRESS

Folsom Ridge, L.L.C., P.O. Box 54

CITY

Longmont

STATE

CO

ZIP CODE

80501

NAME OF OWNER OR MANAGER

Mr. Reggie Golden, Folsom Ridge, L.L.C.

TITLE OF OWNER OR MANAGER

Owner

LAW, REGULATION OR PERMIT VIOLATED

Missouri Safe Drinking Water Law Section 640.115.2 RSMo
Missouri Safe Drinking Water Regulation 10 CSR 60-3.010(1)(A)

NATURE OF VIOLATION

DATE(S):

TIME(S):

Caused or permitted construction, installation or modification of community public water supply without written authorization.

SIGNATURE (PERSON RECEIVING NOTICE)

Sent Via US Mail

SIGNATURE (PERSON ISSUING NOTICE)

Mr. Clinton Finn

TITLE OR POSITION

TITLE OR POSITION

Environmental Engineer/SWRO

DISTRIBUTION: SOURCE CENTRAL OFFICE REGIONAL OFFICE

**Attachment M F.R.'s Written Commitment
Restricting Boundary of
Water/Sewer System to
Only Include Big Island**

NOVEMBER 17, 2000

Big Island Homeowners Association
P. O. Box 54
Longmont, CO 80502

#9

November 17, 2000

Dear Homeowners Association Members,

We firmly believe in the importance of, and desire to have a strong Homeowners Association to run the sewer and water system. For this reason, Folsom Ridge, LLC will commit to the items detailed in this letter. All of you already are members of the Homeowners Association and we would invite every homeowner on Big Island to be a member of the Homeowners Association.

We have addressed all of the concerns raised in our summer meetings. Some of these items include:

- 1) One vote per lot (not allocated by square feet) - drafted in the new covenants.
- 2) No different class of members (all get the same vote) - drafted in the new covenants.
- 3) Folsom Ridge, LLC warranting the system until September 1, 2005.
- 4) Restricting the boundary of the area the system will serve to only include the Big Island Lake Sites, Big Island Lake Sites 1st Addition, Portage Park Unit 3, Portage Park Unit 1, and all other property on the Island (peninsula) itself.

We have also dug several holes and have verified proper installation of water and sewer lines. In addition, we have either made commitments to or provided the following:

- a) Cleanup of construction areas is nearly complete.
- b) We will replant the construction areas to be completed in the spring when the horticulturist recommends planting.
- c) We have cleared an area for boat trailer storage.
- d) We have built a boat ramp for Island residents' use - one key will be provided to each homeowner.
- e) We will subsidize the water and sewer systems for costs over the monthly assessment until June 30, 2001.

Folsom Ridge, LLC has completed the following items, which have improved the value of all residents' property.

- 1) Sewer System - available to the entire Island - gives residents an option to connect when their old out of date sewage treatment methods fail.
- 2) Water System - available to the entire Island.
- 3) Paved Road - will be paved all the way around the Island.
- 4) Provided an area for trailer storage to limit visual impacts.
- 5) Helped to clean up the water in the lake. Hooked up at least two systems that were dumping raw sewage into the lake.

- 6) Built a boat ramp for all island residents to use.
- 7) Provide a means to upgrade the phone service on the Island.

Per your authorization at the July 4th meeting we have attempted to reach agreement with the committee of dissenting neighbors on Big Island. While we continue to hope they will join our Homeowners Association, we have not been able to bring this matter to conclusion as new issues arise at each meeting. Folsom Ridge, LLC has made many concessions to the group over the last several months, however, there always seems to be one more new thing on the table. We have reached consensus on many items, therefore, for the sake of the majority of the Island property owners we are prepared to move forward.

We have worked hard to please this committee of neighbors, however, it does not appear that reaching complete consensus with them will happen. At least two of them have indicated that they would not join the association even if we agreed on all of the covenants.

For this reason we have decided to recommend to the Homeowners Association (HOA) the following:

- 1) That the HOA and Folsom Ridge, LLC sign the forthcoming documents, including the new covenants, the Folsom Ridge, LLC letter of commitments, and the change in bylaws.
- 2) That the HOA ratify these documents as amended.
- 3) That the members of the HOA ratify the new documents.
- 4) That the HOA continue to extend our offer to join to non-members that have already paid for a tap for a period of 90 days.


We will call a HOA meeting for December 29, 2000 to discuss these items. This meeting will be conducted based on the existing covenants for the purpose of converting to the new covenants. Only members of the HOA will be invited to this meeting. In an effort of respect, we will have a separate informational meeting for all Big Island residents later the same day.

We hope this letter properly portrays how hard and diligently we have worked toward uniting all residents of Big Island, both old and new. It is truly our desire to be good neighbors and friends. Big Island has changed and will continue to change. Folsom Ridge, LLC has and will do its part to help Big Island become one of the lake's most desired communities. In addition to being the developers, all of the partners of Folsom Ridge, LLC have residences on the Island.

You will receive shortly, under separate cover, copies of the new bylaws, new covenants and a new ratification form for your review. We will be asking you to approve these items at our December meeting. We look forward to seeing you there.

If you have any questions or concerns, please don't hesitate to call me at 303-702-0708.

Sincerely,


R. V. (Reggie) Golden
Manager

Big Island Homeowners Association
P. O. Box 54
Longmont, CO 80502

July 20, 2000

Jim & Jeanette Schrader
HCR 67, Box 766
Roach, MO 65787

Dear Jim & Jeanette,

I thought it was time to update all of the current members of the Big Island Homeowners Association on my progress with the concerned citizens committee representing approximately 20 non-members.

I think, in all, the discussion has been very positive. The items that they are concerned about have nearly all been addressed. I think we are close to getting consensus on the by-laws and the covenants. Most of the changes will benefit you as well. The major items of discussion have been the following:


- 1) A longer warranty of the system by Folsom Ridge LLC.
- 2) Changing the voting system.
- 3) Changing the monthly assessment to \$15-20 for sewer and setting aside the additional money for Capitol improvements and replacement. This would hopefully eliminate the need for special assessments.
- 4) Adding a monthly assessment of \$5-10 for those people who bought a tap but are not using it. This would be their contribution to the costs of maintaining the homeowners association. The thought here is that there are a certain amount of ongoing costs that pertain to the HOA and the system whether you are hooked on or not. Beyond that there are additional costs incurred to treat sewage if you are connected and therefore the connected people should pay more.
- 5) Restricting the boundary of the HOA to only include the causeway and the island thus eliminating approximately 160 acres that is somewhat separate anyway.
- 6) Setting up a separate rate structure for the water system.
- 7) Folsom will pay for any expansion in the system to serve additional taps for our development.

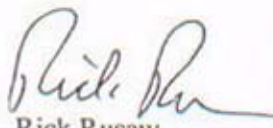
It is important that the Big Island residents have a strong HOA to run this system. Therefore, it is in all of our best interests to have as many of the island residents as possible become a member. I am very interested in your opinion related to these changes. Please contact me as soon as possible if you have any thoughts or other ideas.

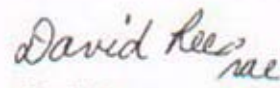
As we move forward, we will ask you all to sign one more set of covenants and vote to change the bylaws one more time. We will not do this until the changes are approved.

I am eager to hear any thoughts you might have regarding these items. Please don't hesitate to call. I can be reached at (303) 702-0708. I look forward to hearing from you.

Sincerely,


R. V. (Reggie) Golden
Manager


Rick Rusaw
Manager


David Lees
Manager

Big Island Homeowners Association
P. O. Box 54
Longmont, CO 80502

November 29, 2000

Jeffery & Cathy Litty
HCR 67, Box 840
Roach, MO 65787

Dear Jeffery & Cathy,

Recently we sent a letter to the Homeowners Association Members of Big Island. We will be having a meeting for all members of the Homeowners Association (HOA) on December 29, 2000. We would like to extend another invitation to you to join the HOA thereby making you eligible to attend the meeting. In the interest of all the residents who choose not to be a part of the HOA, we will hold an informational meeting on December 29, 2000 at 1:00 p.m. and would like for you to attend if you choose not to join the HOA.

Since the summer when the HOA was formed, a group of concerned island residents who did not choose to belong to the HOA presented their concerns. While we have worked diligently to accommodate these wishes, we have discovered that we will not have complete consensus on all the issues and feel it is time to bring this to closure. We have addressed all of the concerns raised in our summer meetings. Some of these items include:

- 1) One vote per lot (not allocated by square feet) – drafted in the new covenants.
- 2) No different classes of membership (all get the same vote) – drafted in the new covenants.
- 3) Folsom Ridge, LLC warranting the system until September 1, 2005
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We have also dug several holes and have verified proper installation of water and sewer lines. In addition, we have either made commitments to or provided the following:

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Folsom Ridge, LLC has completed the following items, which have improved the value of all residents' property.

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- 7) Provided a means to upgrade the phone service on the Island.

We believe it is in the best interest of all Island residents, as well as the HOA, to have everyone belong to the HOA that is hooked on to the system. The HOA will be much stronger if we all are united. We have worked diligently to address the concerns of this group in a reasonable fashion, however, we don't believe that we will reach consensus with all the members of this group as a few have indicated that they would never join the HOA. It is our desire to be good neighbors and friends. Big Island has changed and will continue to change. Folsom Ridge, LLC has and will do its part to help Big Island become one of the lake's most desired communities. In addition to being the developers, all of the members of Folsom Ridge, LLC have residences on the Island.

We want to extend an offer to have you join the HOA. If you're interested in joining or reviewing the documents we sent to the HOA members please give me a call at 303-702-0708. The following documents were sent to the HOA members:

- 1) Notice of Special Meeting of Big Island Homeowners Association.
- 2) Revised Bylaws of Homeowners Association (proposed).
- 3) Revised Covenants and Restrictions (proposed).
- 4) Letter of Commitment to Homeowners Association from Folsom Ridge, LLC.
- 5) Proxy for your vote.

If you would like a copy of the documents prior to the meeting please give me a call and I will mail them to you. The HOA's offer to join will extend for 90 days after the December 29th meeting.

We look forward to seeing you at our meeting on December 29th. If you have any questions in the meantime, please don't hesitate to call.

Sincerely,



R. V. (Reggie) Golden
Manager

Big Island Homeowners Association
P. O. Box 54
Longmont, CO 80502

November 29, 2000

Benjamin & Karen Pugh
HCR 67, Box 726
Roach, MO 65787

Dear Benjamin & Karen,

Recently we sent a letter to the Homeowners Association Members of Big Island. We will be having a meeting for all members of the Homeowners Association (HOA) on December 29, 2000. We would like to extend another invitation to you to join the HOA thereby making you eligible to attend the meeting. In the interest of all the residents who choose not to be a part of the HOA, we will hold an informational meeting on December 29, 2000 at 1:00 p.m. and would like for you to attend if you choose not to join the HOA.

Since the summer when the HOA was formed, a group of concerned island residents who did not choose to belong to the HOA presented their concerns. While we have worked diligently to accommodate these wishes, we have discovered that we will not have complete consensus on all the issues and feel it is time to bring this to closure. We have addressed all of the concerns raised in our summer meetings. Some of these items include:

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- 5) Proxy for your vote.

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We look forward to seeing you at our meeting on December 29th. If you have any questions in the meantime, please don't hesitate to call.

Sincerely,



R. V. (Reggie) Golden
Manager

**Attachment N Examples Of Non-Member
Fees Billings; Letters to F.R.
DNR, And PSC Trying to
Clarify/Resolve Fee Issue**

Big Island Homeowners Association Inc

P. O. Box 536
Roach, MO 65787

Phone # 303-702-0708

Invoice

| Date | Invoice # |
|----------|-----------|
| 7/1/2005 | 1170 |

Bill To

Cathy Orlor
3252 Big Island Dr.
Roach, MO 65787

| | | | Terms |
|--------|---|--------------|----------------|
| | | | Net 30 |
| Months | Description | Rate | Amount |
| 3 | Big Island HOA Sewer Fees NOT Connected Current Quarter 2005 (80, 81 & 82) | 7.00 | 21.00 |
| 3 | Big Island HOA Water Fees NOT Connected Current Quarter 2005 (80, 81 & 82) | 7.00 | 21.00 |
| | | Total | \$42.00 |

May 30, 2001

info. rec'd. by
Shraders & other
neighbors re:
water/sewer fees
assessments

Reggie Golden

Roanoke Island Homeowners' Association

RO502

Dear Mr. Golden:

During recent conversations with our neighbors, it has been brought to our attention that a letter and assessment for water and sewer fees was sent. Since the date of this letter, we have received no such information, and therefore writing to inform you of this fact, as we feel this was an oversight.

Please send information to the following address: Jeff and Cathy Litty

HCR 67 Box 840

Roach, Mo. 65787

Sincerely,

JTG and Cathy

Big Island Homeowners Association
P. O. Box 54
Longmont, CO 80502

December 14, 2000

Jeffery & Cathy Litty
HCR 67, Box 840
Roach, MO 65787

Dear Jeffery & Cathy,

Since our letter of November 29, 2000 we have had many inquires regarding the new covenants and bylaws. Therefore, we are mailing all of the documents including the new bylaws, the new covenants and the letter Folsom Ridge, LLC has written to the Homeowners Association. These documents will be presented to the existing Homeowners Association for voting approval on December 29, 2000.

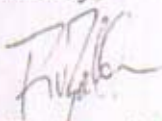
If you wish to vote on these documents you must join the existing Homeowners Association by ratifying the documents mailed last April. If you want a new copy of these documents please call my office at 303-702-0708 and we will mail them to you.

If you wish to join the Homeowners Association after the changes are approved, we will be mailing ratification forms to you in January after the vote has taken place. As stated before, the Homeowners Association will extend this offer for 90 days.

The other item I realized we missed in our letter of November 29th is the location of the island residents meeting on December 29th. It will be held at Central Bank of Lake of the Ozarks, 140 E. Hwy 54, Camdenton at 1:00 p.m.

I know this is probably confusing, but legally this is how this must happen. Please give me a call if you have any questions.

Sincerely,



R. V. (Reggie) Golden
Manager

*I, (we) are not
members of the
BI HOA - I, (we)
have never signed/
ratified any
documents!*

*Reggie
admits
that to
be
members
we must
join*

RATIFICATION OF AMENDED AND RESTATED DECLARATION OF COVENANTS AND CONDITIONS

1. Jeffery R. Litty and Cathy Litty (hereinafter referred to as "Litty") are the owners of the real property described as follows:

All that part of Lot Eighty-two (82) of the Amended Plat of Big Island Lake Sites, First Addition, a subdivision of record in Camden County, Missouri, described as follows: Beginning at an existing 3/8 inch iron pin at the Northeast corner of said Lot Eighty-two (82); thence run South Eleven Degrees, Four Minutes, Forty-eight Seconds (11°04'48") West (Plat=North Ten degrees, Fifty-six Minutes (10°56') East) along the East line of said Lot Eighty-two (82), One Hundred Thirty-nine and Thirty-Three Hundredths (139.33) feet to a point on the right of way line of the roadway shown on the recorded plat of said subdivision; thence run along said right of way line in a Northwesterly direction along a curve having a radius of Eighty-two and Ninety-six Hundredths (82.96) feet, an arc distance of Fourteen and Three Tenths (14.3) feet to a set one-half (1/2) inch iron pin; thence departing said right of way line North Sixteen Degrees, Forty Minutes, Forty-three Seconds (16°40'43") East One Hundred Thirty-four and Twenty-seven Hundredths (134.27) feet to the point of beginning.

2. Folsom Ridge, LLC, a Colorado corporation, certified to do business in Missouri, recorded an Amended and Restated Declaration of Covenants and Conditions (the "Covenants") dated January 10, 2001, and recorded in Camden County, Missouri on January 17, 2001 at Book 507, Page 587.

3. Litty, hereby ratifies such Covenants and agrees that the terms of such Covenants shall bind the real property owned by them described above, and shall inure to the benefit of, and be binding on the undersigned, their heirs, successors and assigns.

"Litty"

Jeffery R. Litty

Cathy Litty

STATE OF)
) ss.
COUNTY OF)

The foregoing instrument was acknowledged before me this _____ day of _____, 2001 by Jeffery R. Litty and Cathy Litty.

My commission expires: _____

Witness my hand and official seal.

Notary Public

RATIFICATION OF AMENDED AND RESTATED DECLARATION OF COVENANTS AND CONDITIONS

1. Jeffery R. Litty and Cathy Litty (hereinafter referred to as "Litty") are the owners of the real property described as follows:

All the following described land lying above contour elevation Six Hundred Sixty-two (662) feet: All of Lots Eighty (80) and Eighty-one (81) in Amended Plat of Big Island Lake Sites, First Addition, a subdivision in Camden County, Missouri, according to the Amended Plat thereof on file and of record in the Office of the Recorder of Deeds, Camden County, Missouri.

2. Folsom Ridge, LLC, a Colorado corporation, certified to do business in Missouri, recorded an Amended and Restated Declaration of Covenants and Conditions (the "Covenants") dated January 10, 2001, and recorded in Camden County, Missouri on January 17, 2001 at Book 507, Page 587.

3. Litty, hereby ratifies such Covenants and agrees that the terms of such Covenants shall bind the real property owned by them described above, and shall inure to the benefit of, and be binding on the undersigned, their heirs, successors and assigns.

"Litty"

Jeffery R. Litty

Cathy Litty

STATE OF)
COUNTY OF) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 2001 by Jeffery R. Litty and Cathy Litty.

My commission expires: _____

Witness my hand and official seal.

Notary Public

Big Island Homeowners Association
P. O. Box 54
Longmont, CO 80502

Rcvd. 06-30-01

June 27, 2001

Jeff and Cathy Litty
HCR 67, Box 840
Roach, MO 65787

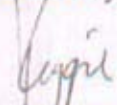
Dear Jeff and Cathy,

I apologize for the mistake on the billing. I got your letter this morning and you are correct. It is ironic that yesterday I was looking at our "master list" and noticed that you were on it as "connected". I quickly made the change because I knew you weren't. Please find enclosed a new invoice for \$5.00 per month. Hopefully, you understand there are always glitches on the first round of billings. The next round should be much smoother.

Again, I would encourage you to join the association. Most of your neighbors have now joined. It clearly gives you a vote in the operation of the system. It is also a way to ensure that your investment is protected so that when you decide to hook up you can. I have also enclosed the by-laws, covenants and restrictions as modified last fall, and a ratification form. Please consider joining our association.

I look forward to seeing you next week.

Sincerely,



R. V. (Reggie) Golden
Big Island Homeowners Association

... Reggie "Quickly
made Chng." yesterday
as he says; then invoice
date should be 06-26-01-
... but date he recd. my
ltr. re: "incorrect" billing
+ date of this ltr. (06-27-01)
is date of invoice!
(...so he did not notice error)

Invoice

Big Island Homeowners Association

P. O. Box 54

Longmont, CO 80502-

USA

Phone: (303) 702-0708 Fax: (303) 702-058

Invoice Date 06/13/2001

Member ID 17

Payment Terms Net 10 Days

Member: Jeff & Cathy Litty

HCR 67, Box 840

Roach, MO 65787-

USA

| | |
|--------------------|----------------|
| <i>Member Dues</i> | <i>\$30.00</i> |
|--------------------|----------------|

| | |
|--------------------|--|
| <i>Amount Paid</i> | |
|--------------------|--|

| | |
|------------------|----------------|
| <i>Total Due</i> | <i>\$30.00</i> |
|------------------|----------------|

*Big Island HOA Water Fees - January 1-March 31, 2001 - \$10.00
per month*

Invoice

Big Island Homeowners Association

P. O. Box 54

Longmont, CO 80502-

USA

Phone: (303) 702-0708 Fax: (303) 702-058

Invoice Date 06/13/2001

Member ID 6

Payment Terms Net 10 Days

Member: Jeff & Cathy Litty

HCR 67, Box 840

Roach, MO 65787-

USA

| | |
|--------------------|----------------|
| <i>Member Dues</i> | <i>\$45.00</i> |
| <i>Amount Paid</i> | |
| <i>Total Due</i> | <i>\$45.00</i> |

*Big Island HOA Sewer Fees - January 1-March 31, 2001 -
\$15.00 per month*

June 25, 2001

Reggie Golden

Big Island Homeowners' Association

P.O. Box 54

Longmont, Co. 80502

Reggie Golden:

During your recent visit, we discussed the fact that we do have a "sewer tap" located on our property, but are not receiving service at this time. It is our understanding, that the assessment fee, (if we elect to pay), for a "non-member," not receiving service, is \$5.00 a month. However, the invoice we received, (see attached), reflects a \$15.00 monthly fee. Please clarify any misunderstanding.

Thank You,

Jeff and Cathy

Jeff and Cathy Litty

Invoice

Big Island Homeowners Association

P. O. Box 54

Longmont, CO 80502-

USA

Phone: (303) 702-0708 Fax: (303) 702-058

Invoice Date 06/27/2001

Member ID 35

Payment Terms Net 10 Days

Non-Member: Jeff & Cathy Litty
HCR 67, Box 840
Roach, MO 65787-
USA

| | | |
|-------------------|-------------------------------|----------------|
| <i>Non-Member</i> | <i>Member Dues</i> | <i>\$15.00</i> |
| | <i>Amount Paid</i> | <i>15.00</i> |
| | <i>Total Due</i> | <i>\$15.00</i> |

Big Island HOA Sewer Fees - January 1-March 31, 2001 - \$5.00
per month for lots not connected to the sewer system.

*We are non-members of
the Big Island Homeowners
Association!*

*Cathy and
Jeff*

*pd.
07-01-01
CK, # 18*

Wednesday, June 27, 2001

Page 1 of 1

Invoice

Big Island Homeowners Association

P. O. Box 54

Longmont, CO 80502-

USA

Phone: (303) 702-0708 Fax: (303) 702-058

Invoice Date 06/27/2001

Member ID 11

Payment Terms Net 10 Days

Member: Jeff & Cathy Litty

HCR 67, Box 840

Roach, MO 65787-

USA

| | |
|--------------------|----------------|
| <i>Member Dues</i> | <i>\$15.00</i> |
|--------------------|----------------|

| | |
|--------------------|--|
| <i>Amount Paid</i> | |
|--------------------|--|

| | |
|------------------|----------------|
| <i>Total Due</i> | <i>\$15.00</i> |
|------------------|----------------|

*Big Island HOA Water Fees - January 1-March 31, 2001 - \$5.00
per month for lots not connected to the water system.*

PHILLIPS, McELYEA, CARPENTER & WELCH, P.C.

ATTORNEYS AT LAW
190 COURT CIRCLE
Mailing Address: P.O. BOX 559
CAMDENTON, MISSOURI 65020
(573) 346-7231
FAX (573) 346-4411

CHARLES E. McELYEA
RONALD K. CARPENTER
DAVID T. WELCH
DEIRDRE O'DONNELL
MICHAEL A. CARTER

LEGAL ASSISTANTS: Sharon Piskorski
Dana Stoufer

HUGH PHILLIPS (1911-1997)

March 19, 2003

Mr. and Mrs. Jeffery Litty
3552 Big Island Drive
Roach, MO 65787

RE: Big Island Homeowners Association

Dear Mr. and Mrs. Litty:

I have been asked on behalf of the Big Island Homeowners Association to respond to your letter of February 10, 2003 concerning the increased assessment.

This increase in assessment was recommended and voted on by the Homeowners Association at their last meeting. An increase in insurance costs necessitated the \$1.00 per month increase. This is something over which the Homeowners Association had no control, but in order to meet the expenses of the Big Island Homeowners Association it was necessary to increase the monthly assessment from \$5.00 per month to \$7.00 per month.

It is the position of the Big Island Homeowners Association Board that at such time as connection to the sewage treatment system is made by a property owner, that all delinquent assessments must be brought current.

If you have any questions, do not hesitate to contact me.

Very truly yours,



Charles E. McElyea

CEM:sp
cc: Big Island Homeowners Association

February 10, 2003

Big Island Homeowners' Association Inc.

P.O. Box 536

Roach, MO. 65787

To Whom it may concern:

As concerned and supportive residents of the Big Island community, we have as a voluntary gesture of goodwill, been contributing \$5.00 each month towards the ongoing and regular maintenance expenses associated with the water/wastewater facility.

However, not being members of the Big Island Homeowners' Association, and/or not being connected to the water/wastewater facility to receive any type of service, we respectfully decline your request for an increased contribution.

Nevertheless, in an effort to show our ongoing community support, we will continue our voluntary gesture of goodwill, with a \$5.00 a month contribution towards the ongoing expenses associated with the water/wastewater system, until such time as we decide to join the Big Island HOA and/or connect to the water/wastewater facility to receive services, and at that time, be subject to regular assessments.

Enclosed, please find our check, in the amount of \$15.00. (\$5.00 for each month of the first quarter of 2003.)

Respectfully yours,

The Littys

Refused to
accept my
\$5.00 contribution!
(delinquent ^{not} assessments)



Print - Close Window

From: "Reggie Golden" <reggieg@dgmlc.com>**To:** tphiley@yahoo.com, "Stan Zeldin (E-mail)" <szeldin@worldnet.att.net>**Subject:** Big Island**Date:** Fri, 28 May 2004 16:19:56 -0600

F.R. Credibility
Also:
Reggie
agrees to
fix all
Water Lines

Dear Phil,

I would appreciate your passing on this information to your group and sending me confirmation.
Thank You

Dear Island Resident,

After much consternation, we have platted the center of Big Island into approximately 223 single family lots. The lots generally meet the requirements that will be imposed with the new planning and zoning ordinance. They are all approximately 10,000 square feet in size. That

amounts to about 4 lots per acre. In addition we have recorded setbacks that will allow us to attach the buildings across lot lines together. This

is often referred to as zero lot lines. While we do not believe this necessarily serves us or you in the best interest, we had no choice but to protect our property rights based on what happened at last week's meeting.

Additionally, we have replatted the west side of the island into 62 lots.

Many of these lots will also be interior lots. There has also been a marina site platted, and about 8 large single family lots remain along the shoreline.

Along the rest of the shoreline the lots have been replatted to match the new road. There are approximately 32 waterfront lots that also front the new road.

It is truly unfortunate that we were forced to plat the island in this manner. Had we been allowed to execute our plan with the rezoning, much more of the island would have been preserved as open space for all to enjoy.

While not complete, the plan was to have some duplexes, triplexes and four-plexes mixed in with some single family units that would ultimately provide much less density than we have now platted. The plan also would have included some walking/biking trails and other community amenities. Without the rezoning, we are not able to accomplish these goals. While we want to work with all of our neighbors, we cannot allow a select few to

undermine our property rights.

As we have stated many times before, we also intend to correct the water line issue on the island at the direction of DNR. They have mandated the fix and we have agreed to fix it according to an agreement that we both signed. The plans are currently in DNR's offices for approval. When we get a construction permit, within a reasonable time, we are prepared to begin the replacement. Everyone who currently is hooked up or has paid for a tap will be hooked up to the new line. As construction begins in the next few weeks, we appreciate your patience and your understanding when we ask that you not go near the construction site. Construction sites are inherently dangerous even without curious bystanders who happen to get too close. Please help us by staying clear of the construction site.

There was some discussion that the residents might be interested in purchasing the interior of the island. If that is still the case, we are currently taking offers. We have a couple of interested parties since the property is now platted, but certainly would work with the residents first, if they had an interest.

In addition, we would appreciate your respect of our property rights by not trespassing on our land. The new roads that have been platted and cut, in particular, create new safety hazards that have not previously been exposed. As such, we have posted "No Trespassing " signs on all of the entrances. We would appreciate your cooperation in this matter. Over the next several months additional roads will be cut in the center of the island to facilitate the platted development.

If you have any questions regarding any of our activities or just want to talk please don't hesitate to call me at (303)702-0708. I always have an open door.

Sincerely,

R. V. (Reggie) Golden
Folsom Ridge, LLC
Manager

May 09, 2005

Martin Hummel
Engineer Water Sewer Department
Public Service Commission
P. O. Box 360
Jefferson City, MO.

Good Morning, Martin:

As per our telephone conversation last week, please find attached, (attachment "A"), the letter from the Big Island Homeowners' Association to me, wherein once again, creatively imposed "fees" associated with the DNR mandated water installation correction are the subject.

DNR was initially contacted by me, because the Big Island developer, Folsom Ridge, was refusing to correct the reinstallation of my water main servicing my tap, alleging that I must first agree to pay "fees" before this correction would be done.

The settlement agreement, (attachment "B"), between the developer, Folsom Ridge, DNR, and the Attorney General's Office, very clearly outlines in paragraphs 3-9 to reinstall the water distribution lines and to comply with all the requirements of the construction permit when issued. No mention or reference of any fees in any amount(s) is made with regards to the reinstallation. The fact that my water main servicing my tap, did indeed come under the jurisdiction of the DNR mandate as per the settlement agreement, was confirmed by Clinton J. Finn, (Unit Chief - Drinking Water; Engineering and Technical Assistance), through a personal investigation, and documented in a report, (attachment "C"), dated March 08, 2005, Review NO. 53303-04, that was subsequently generated as a result of his personal inspection.

Furthermore, in a summary letter, (attachment "D"), dated March 17, 2005, written to Elena Seon at the Department of Natural Resources, I outlined a synopsis of the situation to date, and very specifically stated that:

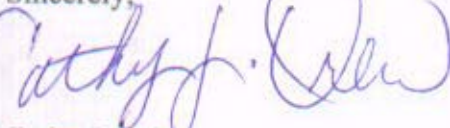
1. I am not a member of the Big Island Homeowner(s) Association. (I have never signed any document agreeing to membership and consequently being subject to the rules, regulations, and requirements thereof, and subsequently any fees charged and/or assessed by the association.)
2. I am not connected to the water/wastewater system to receive any services for which fees can be charged and/or assessed, and/or membership can be assumed and/or considered.
3. Additionally, at the time my water and wastewater taps were purchased, a letter, (attachment "E"), from Folsom Ridge's then partner and project manager, David

Lees, stated that no fees would ever be required, until such time as a property owner chose to connect to the system and receive service.

4. Not being a member of the association and/or connected to the system, I have never agreed to pay any fees. (My only comments have been, that I may consider making a voluntary contribution at some point in the future.)
5. Page 3, paragraph 2, of the above referenced letter from me to DNR, clearly indicates that I have never made any agreement to pay any fees, and therefore proves the attached letter from the Big Island Homeowner(s) Association, to be incorrect in its context.

I will not be responding in writing to the Big Island Homeowner(s) Association regarding this matter, as I will be allowing the Department of Natural Resources and the Public Service Commission, to resolve the situation through the rules and regulations of the state laws and statutes governing the operations of a water/wastewater facility.

Sincerely,



Cathy J. Orler
3252 Big Island Drive
Roach, MO. 65787
(573)317-1490

May 06, 2005

Elena Seon
Environmental Specialist
Department of Natural Resources
Water Protection Program
P. O. Box 176
Jefferson City, MO. 65102-0176

Good Morning, Elena:

As per our telephone conversation last week, please find attached, (attachment "A"), the letter from the Big Island Homeowners' Association to me, wherein once again, creatively imposed "fees" associated with the DNR mandated water installation correction are the subject.

DNR was initially contacted by me, because the Big Island developer, Folsom Ridge, was refusing to correct the reinstallation of my water main servicing my tap, alleging that I must first agree to pay "fees" before this correction would be done.

The settlement agreement between the developer, Folsom Ridge, DNR, and the Attorney General's Office, very clearly outlines in paragraphs 3-9 to reinstall the water distribution lines and to comply with all the requirements of the construction permit when issued. No mention or reference of any fees in any amount(s) is made with regards to the reinstallation. The fact that my water main servicing my tap, did indeed come under the jurisdiction of the DNR mandate as per the settlement agreement, was confirmed by Clinton J. Finn, (Unit Chief - Drinking Water; Engineering and Technical Assistance), through a personal investigation, and documented in a report, (attachment "B"), dated March 08, 2005, Review NO. 53303-04, that was subsequently generated as a result of his personal inspection.

Furthermore, in a summary letter, (attachment "C"), dated March 17, 2005, written to you, I outlined a synopsis of the situation to date, and very specifically stated that:

1. I am not a member of the Big Island Homeowner(s) Association. (I have never signed any document agreeing to membership and consequently being subject to the rules, regulations, and requirements thereof, and subsequently any fees charged and/or assessed by the association.)
2. I am not connected to the water/wastewater system to receive any services for which fees can be charged and/or assessed, and/or membership can be assumed and/or considered.
3. Additionally, at the time my water and wastewater taps were purchased, a letter, (attachment "D"), from Folsom Ridge's then partner and project manager, David

- Lees, stated that no fees would ever be required, until such time as a property owner chose to connect to the system and receive service.
4. Not being a member of the association and/or connected to the system, I have never agreed to pay any fees. (My only comments have been, that I may consider making a voluntary contribution at some point in the future.)
 5. Page 3, paragraph 2, of the above referenced letter from me to you, clearly indicates that I have never made any agreement to pay any fees, and therefore proves the attached letter from the Big Island Homeowner(s) Association, to be incorrect in its context.

I will not be responding in writing to the Big Island Homeowner(s) Association regarding this matter, as I will be allowing your department within DNR and the Public Service Commission, to resolve the situation through the rules and regulations of the state laws and statutes governing the operations of a water/wastewater facility.

Sincerely,

A handwritten signature in dark ink, appearing to read "Cathy J. Orler", with a large, stylized initial "C" and a long, sweeping underline.

Cathy J. Orler
3252 Big Island Drive
Roach, MO. 65787
(573)317-1490

Big Island Homeowners Association, Inc.
P. O. Box 54
Longmont, CO 80502

May 2, 2005

Cathy Orlor
3252 Big Island Drive
Roach, MO 65787

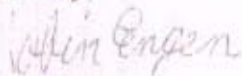
Dear Ms. Orlor,

At the last Homeowners meeting an agreement was reached between you and Folsom Ridge, LLC and the Big Island Homeowners Association, Inc. That agreement was you would pay the appropriate sewer and water fees beginning immediately in exchange for the Big Island Homeowners Association waiving the past due fees and Folsom Ridge, LLC installing a connection point directly in front of your residence. Folsom Ridge, LLC has kept their part of the agreement as the water line connection was installed to your property. At this point no fees have been received by the HOA.

The HOA will not waive any of the past due fees until such time as you begin to pay the appropriate fees going forward. Should you choose not to complete and sustain your part of the agreement, all past due fees will become immediately due and payable. At which point the HOA will take appropriate action. This letter is written with the agreement of the entire HOA Board. Thank you for your immediate attention to this matter.

Enclosed please find a copy of the billing for current fees. We look forward to receiving your payment.

Sincerely,



Robin Engen
Office Manager
Big Island Homeowners Association, Inc.

March 17, 2005

**Elena Seon
Environmental Specialist
Department of Natural Resources
Water Protection Program
P.O. Box 176
Jefferson City, MO. 65102-0176**

Good Morning, Elena:

I would like to take this opportunity, to personally thank you, for your prompt attention to my water/sewer problem, and also thank everyone at DNR who had an active role in the resolve to my water/sewer problem and the water/sewer problem in general on Big Island; it was very much appreciated.

As per our recent telephone conversation last week, this letter is to provide you with written documentation, concerning the proper re-installation of my water line by the developer of Big Island, as mandated by the settlement agreement, between the developer, Folsom Ridge, DNR, and the Attorney General's Office. I would also like to request a copy of the report from Clinton Finn, once it is generated.

I first contacted you on 02-17-05, after previous communications, and efforts with Folsom Ridge, (see attached letters dated 01-24-05 and 02-24-05), in an attempt to receive a correctly installed water tap had failed. Folsom Ridge's position remained, that I must pay "fees" to have my water/sewer problem corrected. I disagreed!

In 1998, existing property owners on Big Island, were solicited by Folsom Ridge LLC, (the developer), to purchase water and sewer taps, as a means to fund and cash flow their installation of a central water and wastewater system, and the residents were then required to pay up front, \$4,800.00 for sewer, and \$2,000.00 for water taps. This money was held in escrow at Central Bank, in Camdenton, Missouri until completion of the system(s). Residents were told there would be no additional charges, until which time they connected to the new system,

and they would have a guaranteed right to connect at the time of their choosing. (See attached letter from David Lees – Folsom Ridge partner and project manager.)

There was no association, (i.e. HOA), in place, as a functional organization to oversee, maintain and operate the water/wastewater system, at the time monies were exchanged and taps were purchased. No mention and/or disclosure of any membership affiliation requirements at any time was made, and therefore, no signatures were required and/or obtained. The current HOA, (which is the organization that was created to manage the water/wastewater system), did not become operative until approximately two years later. The Missouri Department of Natural Resources governing water and wastewater require that a permanent organization be in existence, before commencing with the construction of the system. (10 CSR 20-6-010). The HOA did not elect their first board members until December 29, 2000; again, two years after the permit was issued. The HOA has been and is currently charging mandatory monthly fee assessments, to non-members, as follows:

- Property owners who have paid for a water and/or sewer tap, and by virtue of this, have the right to connect to the system, but are not presently connected to the system.
- Property owners who are not receiving any services
- Property owners who are not members of the HOA

Again, referencing the enclosed letter from Folsom Ridge partner, David Lees, Quote: "...they will not be charged a monthly fee until they hook up." Property owners were not presented with an HOA contract, until April of 2000. At this time, there was extensive proof that the HOA's product was flawed and improperly installed. (ref. Mo. Clean Water Law, Section 644.076.1, RSMo, and 10 CSR 20-8.120(11)(C0 1 and Missouri Safe Drinking Water Law, Section 640.115.2, RSMo, and 10 CSR 3.010 (1). (The reference source for these laws, is the Settlement Agreement between the Department of Natural Resources, Attorney General of Missouri, and Folsom Ridge Development LLC.)

It is my contention, as well as other property owners, that we are not members of this organization; and are therefore, not subject to any mandatory charges, until such time as the owner connects to the system and by signature becomes a member of the HOA. New requirements cannot be made retroactive.

As of the date of this letter, my water tap and main service line have been re-installed. I have no way of determining and/or verifying the correct or incorrect re-installation, since nothing is visible. My response to Folsom Ridge, after the re-installation, has been,... that I might possibly consider, as a voluntary gesture of good will, a contribution to the HOA in the future – NOTHING MORE!

In closing, on behalf of myself, and the other residents of Big Island, I would like to thank DNR for mandating the correct installation of the water/wastewater system.

Sincerely,



Cathy J. Orlor
3252 Big Island Drive
Roach, Mo. 65787
(573) 317-1490

cc: Clinton J. Finn
Unit Chief – Drinking Water
Engineering and Technical Assistance
2040 West Woodland
Springfield, Mo. 65807-5912

John MacEachen
Enforcement Unit Chief
Department of Natural Resources
P.O. Box 176
Jefferson City, Mo. 65102-0176

February 24, 2005

Rick Rusaw – Manager
Folsom Ridge, LLC
P.O. Box 54
Longmont, CO 80502

Good Morning, Rick:

In response to your letter dated February 23, 2005, which I received today, I am happy to hear that you now, would like to "...work towards an equitable solution in regard to my request for a service line to be run to my property from the main water line."

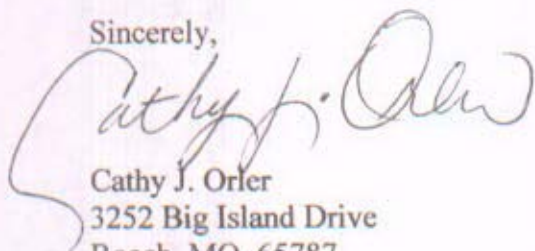
Although, as previously stated, I am happy to hear that you now, would like to work towards an equitable solution, I do feel it is unfortunate that your decision to do so had to come after my call to DNR. Prior to my contacting DNR, I had written a letter to you, bringing this obviously over sighted error to your attention for correction; left numerous telephone messages for you; had two separate telephone conversations with you; and also had a face to face conversation with Mr. Jim Crowder, (Folsom Ridge's Project Manager), as the spokesperson for Reggie Golden; and your, (Folsom Ridge's), position remained, that I must pay fees to have my water/sewer problem corrected.

Furthermore, I would like to clarify your statement, "...my request for a service line to be run to my property from the main water line." The Folsom Ridge documentation I included with my original letter to you clearly indicates that \$4,800.00 was paid for a sewer tap to be installed on my property, and \$2,000.00 was paid for the installation of a water tap at the same time, which was to be connected to a service line connected to the main line. This would allow me to connect to the main system at whatever time I so chose, with no other fees to be assessed to me, until the time at which I became connected to the system, and began receiving service. Also, the payment of monies in exchange for the taps and service line, was with the understanding and agreement, that these installations and connections would be done correctly. (i.e. – the separation of the water and sewer line by 10 feet, and not placed in the same trench; as this creates a severe health hazard where the drinking water is concerned). Mine were not! Therefore, (as per the recent settlement agreement, as mandated by DNR), my lines should be re-installed correctly. My continued request to you is to make the correction. I am not asking for anything and/or service that would be additional and/or new. I do however; expect you to correct your original, incorrect installation!

Knowing you are extremely interested in "re-establishing" the credibility and integrity of Folsom Ridge, and knowing also, what a negative situation has been created where the water and sewer issue is concerned, I find it difficult to understand why, you have not

taken, and do not take the immediate action necessary to correct the incorrect situation,
for which Folsom Ridge is responsible?

Sincerely,

A handwritten signature in dark ink, appearing to read "Cathy J. Orler". The signature is fluid and cursive, with a large initial "C" and a distinct "J" and "O".

Cathy J. Orler

3252 Big Island Drive

Roach, MO. 65787

(573)317-1490

Folsom Ridge, LLC
P. O. Box 54
Longmont, CO 80502

February 23, 2005

Cathy Orler
3252 Big Island Drive
Roach, Missouri 65787

Dear Cathy,

As promised I told you we would work towards an equitable solution in regard to your request for a service line to be run to your property from the main water line. We are committed to seeing that happen and are disappointed that before that could occur you went to DNR to complain.

We had a discussion in regard to this situation this morning with the HOA board and Folsom has agreed to abide by any decision that the HOA board makes in regard to this. You will be hearing from Stan Zeldin shortly in regard to this matter. We are confident that a reasonable solution will be reached for you, the HOA and Folsom Ridge.

Sincerely,

FOLSOM RIDGE, LLC

A handwritten signature in dark ink, appearing to be 'Rick Rusaw', written over the printed name.

Rick Rusaw, Manager

Board of Directors Meeting
Big Island Homeowners Association
June 21, 2004

In attendance were Board Members Reggie Golden, Stacy Shore, Stan Zeldin and Rick Rusaw (via conference call). Invited guests were Dennis Boos, Cheryl Martin, Bill Hughes and Robin Engen.

The meeting was called to order at 10:40 am by Reggie Golden.

Valerie Kasten's letter of resignation was accepted.

Discussion was held with Dennis Boos about joining the Board of Directors and replacing Valerie. Stacy Shore made a nomination to elect Dennis and Stan Zeldin seconded it. Dennis Boos will replace Valerie Kasten.

Old Business:

Assessments fees will be left as they are. The fees were raised 2 years ago to raise the working capital. \$7,000.00 is still owed to Folsom Ridge from Big Island. Right now the account has \$6600.00. Discussion was held on how much to keep in the account. If we need more could do a special meeting for special assessments. We would like to pay Folsom back in September 2006.

Discussed open invoices and will keep track of what everyone owes. There will not be any legal recourse unless someone wants to hook up. ? ☆☆☆

Motion was made and approved to keep the assessment fees at the same rate.

\$17.00 month for Sewer Hooked Up
\$12.00 month for Water Hooked Up
\$ 7.00 month for Sewer not Hooked Up
\$ 7.00 month for Water not Hooked Up

Discussed the DNR application. Reggie Golden gave background information.

Reggie discussed the roads and development plans.

There being no more business to discuss the meeting was adjourned at 12:30 p.m.

Respectfully submitted,

Reggie Golden

These are
"non-member" fees, to
people who purchased tap(s),
but are not connected do not
receive any service, and are not members!

January 24, 2005

Rick Russo
Folsom Ridge Development
P. O. Box 54
Longmont, CO. 80502

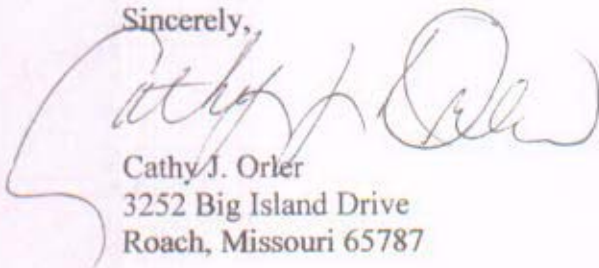
Good Morning, Rick:

I am writing to inquire as to the "neon orange markings" in the street, adjacent the water/waste water connection taps. I am assuming, that the large "W" is indicating that this is a connection tap that is to receive water; however, I would like your, (Folsom Ridge's), clarification/confirmation of this fact. If the afore mentioned is correct, then my property should be designated with a "W", as I have paid for both a water and waste water connection tap. I have enclosed, for your convenience, a copy of Folsom Ridge's own public documentation to substantiate this fact, which is also supported by my personal records. Also, to the best of my determination, there are others on this list who have also paid for the "right to receive water", yet there is no marking in the street to indicate such.

Knowing you are extremely interested in "re-establishing" the credibility and integrity of Folsom Ridge, and knowing also, what a negative situation has been created where the water/waste water issue is concerned, I trust you will look into this matter, and clarify any misunderstanding and/or correct any error that might have occurred.

I look forward to your response.

Sincerely,



Cathy J. Orler
3252 Big Island Drive
Roach, Missouri 65787