

When recorded please return to:
Minden-Gardnerville Sanitation District
P.O. Box 568
Minden, Nevada 89423

AGREEMENT FOR ANNEXATION

This Agreement is made on the day of June 16, 2000),
between HERBIG PROPERTIES LIMITED (hereinafter referred to as "OWNER"),
and the Minden-Gardnerville Sanitation District, a governmental body organized
under the laws of the State of Nevada, (hereinafter referred to as "DISTRICT").

WITNESSETH

WHEREAS, the OWNER has real property situate in the County of
Douglas, State of Nevada, described as follows:

All that real property situate in the County of Douglas, State of
Nevada, described as follows:

A parcel of land located within portions of the Northwest one-
quarter (NW1/4) and Southwest one-quarter (SW1/4) of
Section 3, Township 12 North, Range 20 East, Mount Diablo
Meridian, more particularly described as follows:

Commencing at the West 1/16 corner of Section 3, T.12N.,
R.20E, M.D.M., a found 5/8" rebar with aluminum cap stamped
"Do.Co." in well as shown on Record of Survey No. 23 for
Douglas County recorded January 4, 1991, in the Office of
Recorder, Douglas County, Nevada, as Document No. 242238;

Thence South 00°28'21" West, 1302.20 feet to a found
5/8" rebar with tag RLS 5665;

Thence along an existing fence line, the property
boundary, as described in Affidavit of Acknowledgement of
Property Boundary recorded October 20, 1997, in the Office of
Recorder, Douglas County, Nevada, in Book 1097, at page
3757, and Book 1097, at page 3760, North 89°19'44" West,
1291.78 feet to a point on the east right-of-way of Elges Avenue
per Grant of Easement and Right-of-Way recorded January 21,
1998, in the Office of Recorder, Douglas County, Nevada, in
Book 198, at page 3077;

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Thence along the east right-of-way, South 00°21'36" West, 967.32 feet, to the northwest corner of Parcel 3 as shown on the Parcel Map for Herbig Properties Limited, recorded September 14, 1999, in the Office of Recorder, Douglas County, Nevada, as Document No. 476559, THE POINT OF BEGINNING;

Thence along the easterly right-of-way of Waterloo Lane as shown on said Parcel Map, North 61°07'36" East, 432.20 feet;

Thence along the arc of a curve to the right having a radius of 30.00 feet, central angle of 87°43'30", and arc length of 45.93 feet;

Thence South 31°08'54" East, 569.96 feet;

Thence South 00°23'56" East, 346.14 feet;

Thence North 86°36'53" West, 455.58 feet;

Thence North 00°23'56" West, 422.11 feet;

Thence North 66°48'16" West, 33.08 feet;

Thence North 84°09'09" West, 229.72 feet, to a point on said east right-of-way of Elges Avenue;

Thence along said east right-of-way, North 00°21'36" East, 150.32 feet, to the POINT OF BEGINNING, containing 8.26 acres, more or less.

APN 1220-03-000-015

WHEREAS, OWNER desires to be annexed into desires sewer service and capacity from DISTRICT; DISTRICT; and

WHEREAS, DISTRICT is willing to annex OWNER's property and to provide sewer capacity and service;

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

SECTION ONE

In consideration of DISTRICT providing sewer capacity and sewer service to OWNER and thereby allowing OWNER to deposit sewage in DISTRICT's system, OWNER agrees to pay the following fees:

a. An annexation application fee in the sum of ONE THOUSAND AND NO/100 DOLLARS (\$1,000.00) has previously been paid. This fee will be

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applied to the DISTRICT's expenses incurred in reviewing OWNER's application and plans. Any balance remaining will be refunded to OWNER. In the event the DISTRICT's expenses incurred in reviewing OWNER's application and plans exceed the fee, the OWNER agrees to pay to the DISTRICT the amount of the additional expenses.

b. An acreage fee totaling FOUR THOUSAND NINE HUNDRED FIFTY-SIX DOLLARS AND NO/100 (\$4,956.00) represents payment for the applicable acreage fee of SIX HUNDRED AND NO/100 DOLLARS (\$600.00) per acre for 8.26 acres. The Acreage fee must be returned with the executed original to this Agreement within the time constraints set forth in Part One, Section IX, paragraph J of the DISTRICT's ordinances.

c. At the time of this contract, OWNER is not requesting any capacity. If and when OWNER does request capacity, and that only if the DISTRICT has capacity available, a capacity fee will be paid by the OWNER, in full, on or before the earliest of the following dates: (1) nine (9) months from the date the DISTRICT allocates the capacity; (2) prior to the issuance of a connection permit; or (3) before the DISTRICT approves and/or signs any final subdivision parcel map. The above-described capacity fee is subject to revision, and the amount of the fee shall be the comparable rate within the DISTRICT for each Equivalent Dwelling Unit at the time of allocation, if available. Capacity will be allocated by the DISTRICT at the time OWNER makes the request. All capacity not used within two (2) years of the date of the allocation of the sewer capacity will be forfeited to the DISTRICT without any recourse or refund to the OWNER.

The applicant must use any and all capacity purchased within two (2) years of the date of annexation. Entering into an awarded, binding, written, bona fide construction contract with a licensed contractor in the State of Nevada for the installation of sewer service within the two-year period shall be deemed use of the capacity provided the contract requires installation of sewer facilities within a reasonable period of time (not to exceed six (6) months) in which to install the facilities. For good cause shown and demonstrated, and under very extenuating circumstances which the Board, in its absolute discretion, may accept or reject for any reason or no reason whatsoever, the Board may grant one and only one six (6) month extension of time in which to use the capacity, provided that such request for extension is made before the expiration of the original two-year period. Annexed property shall be subject to all the current rules, regulations, ordinances, ad valorem taxes or other taxes and charges adopted or levied by the District. Any other provisions deemed reasonably necessary by the District due to special circumstances pertaining to any specific annexation applications shall be included in the agreement which also shall include the number of allocated units. Failure to comply with the time requirements set forth in this section shall result in forfeiture of all capacity purchased without notice to the applicant, and on forfeiture, all money paid to the District shall then become the property of the District and no amounts shall be refunded.

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d. A connection fee is due and payable by OWNER immediately on issuance of a connection permit. The amount of the fee shall be the comparable rate within the DISTRICT for each Equivalent Dwelling Unit at the time of connection. This fee is subject to revision by the DISTRICT.

e. A monthly fee will be due and payable upon the annexation of OWNER's property to the sewer system. The OWNER and/or OWNERS of record at the time the charge is assessed will be responsible for payment of the fee. The monthly fee will be in such amount as is being assessed by the DISTRICT for equivalent dwelling units, and for the particular use or type of use or uses for which the service is devoted. This fee is subject to increase from time to time in accordance with the DISTRICT's revised rate regulations and schedules.

f. Payments of fees pursuant to Paragraph (e) above are due and payable at the DISTRICT's office on or before the tenth (10th) day after the statement has been mailed. A basic penalty in the amount of ten percent (10%) of the fee due, for non-payment of fees when due, shall be charged for the first month's delinquency. Thereafter, a penalty of one and one-half percent (1-1/2%) per month of the amount of the fee due plus the basic penalty amount, shall be imposed for non-payment of the fee and basic penalty, on the first day of the calendar month following the due date. Said penalty shall continue to be assessed for each additional month the account remains unpaid.

SECTION TWO

OWNER agrees to construct all facilities in accordance with the DISTRICT's applicable rules, regulations and ordinances. OWNER will give the DISTRICT five (5) days' written notice prior to commencing construction.

SECTION THREE

The terms and conditions of this Annexation Agreement are deemed covenants which run with the land and are binding upon the heirs, devisees, transferees and/or assignees of the OWNER. A copy of this Annexation Agreement shall be recorded to give subsequent parties notice and to bind subsequent parties to the terms and conditions of this Agreement.

SECTION FOUR

In the event that the DISTRICT is legally unable to provide sewer service, or sewer capacity, or is prevented from further providing the same, this Annexation Agreement shall terminate and become of no force and effect and the

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DISTRICT shall have no further obligation to provide sewer service or capacity to OWNER, his heirs, devisees, transferees, and/or assignees.

SECTION FIVE

This Annexation Agreement inures to the benefit of and is binding upon the executors, administrators, assignees and successors of the parties to this Agreement.

SECTION SIX

This Annexation Agreement contains all of the agreements of the parties hereto with respect to the matters contained herein. No prior agreement or understanding pertaining to any such matter shall be effective for any purpose. No provision of this Annexation Agreement shall be modified or canceled except if made in writing and signed by all parties to this Annexation Agreement.

SECTION SEVEN

This Agreement must be executed and returned unchanged and unmodified within sixty (60) days of delivery. Failure to comply with this requirement results in revocation of the DISTRICT'S offer to annex and OWNER must wait six (6) months to reapply.

EXECUTED at Minden, Nevada, on the date first above written.

DISTRICT

OWNER

By: *Daniel R. Hellwinkel*
DANIEL R. HELLWINKEL
Chairman, Board of Trustees
Minden-Gardnerville Sanitation District

By: *Lawson H. Herbig*
Herbig Properties Limited

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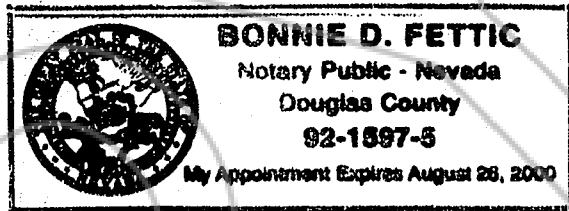
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STATE OF NEVADA)
) ss.
COUNTY OF DOUGLAS)

On this 16th. day of June, 2000, personally appeared before me, a Notary Public, DANIEL R. HELLWINKEL, known to me to be the person whose name is subscribed to the within instrument, as authorized officer of MINDEN-GARDNERVILLE SANITATION DISTRICT, and who acknowledged to me that he executed the same freely and voluntarily and for the uses and purposes therein mentioned.

Subscribed and sworn to before me
this 16th. day of June, 2000.

By Bonnie D. Feticc
Notary Public

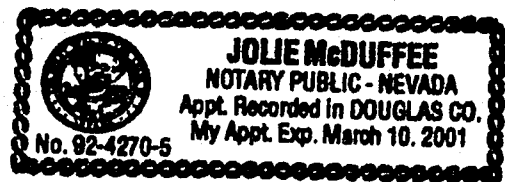


STATE OF NEVADA)
) ss.
COUNTY OF DOUGLAS)

On this 14th day of June, 2000, personally appeared before me, a Notary Public, HERBIG PROPERTIES LIMITED, known to me to be the person whose name is subscribed to the within instrument, and who acknowledged to me that he executed the same freely and voluntarily and for the uses and purposes therein mentioned.

Subscribed and sworn to before me
this 14th day of June, 2000.

By Jolie McDuffee
Notary Public



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COPY

REQUESTED BY
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IN OFFICIAL RECORDS OF
DOUGLAS CO., NEVADA.

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LINDA SLATER
RECORDER

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