PREPARED BY & RETURN TO:
LOWRANCE AND DAVIS P.C.
5100 POPLAR AVE., SUITE 2200
CLARK TOWER
MEMPHIS, TN 38137
(901) 761-1212

EASEMENT AND RIGHT TO WATER USAGE OF OFF-SITE WELL

This Agreement entered into this 20th day of February, 1997, by and between MICHAEL G. KEOUGH, the owner of the well supplying the water, (hereinafter referred to as Grantor) and JOANN W. KEOUGH, party desiring the usage of the well water, (hereinafter referred to as Grantee),

WITNESSETH:

WHEREAS, the Grantor desires to use the water of the well of the Grantor, located on the property noted in Exhibit A, attached hereto, and serving the Grantee's property noted in Exhibit B, attached hereto; and

WHEREAS, the Grantor is agreeable to provide the Grantee usage of the water, and

WHEREAS, the U. S. Department of Housing and Urban Development provides guidelines in its FHA manual 4150.1 chap. 12, sec. 17 for a shared well.

NOW THEREFORE, for Ten and 00/100 ($10.00) Dollars and other good and valuable consideration paid by the Grantee to the Grantor herein, the Grantor agrees to provide the Grantee access to the water from the Grantor's well, subject to the following terms and conditions:

1. All parties agree to permit well water sampling and testing by a responsible local authority at any time at the request of any party.

2. All parties require that corrective measures be implemented if testing reveals a significant water quality deficiency, but only with the consent of the Grantor and Grantee.

3. All parties assure continuity of water service to "supplied" parties, if the "supplying" party has no further need for the shared well system. ("Supplied" parties normally should assume all costs for their continuing water supply.)

4. All parties agree to prohibit well water usage by any party for other than bonafide domestic purposes.

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W.E. DAVIS CH. CLK.

5. All parties agree to prohibit connection of any additional living unit to the shared well system without:

a. The consent of the Grantor and Grantee.
b. Appropriate amendment of the agreement, and
c. Compliance with items C through F as listed in the Manual of FHA Guidelines 4150.1 Chapter 12, Section 17 and attached as Exhibit C.

6. All parties agree to prohibit any party from locating or relocating any element of

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an individual sewage disposal system within 50 feet (100 feet for proposed construction) of the shared well.

7. All parties agree to a five foot easement on the property of the Grantor for all elements of the system, assuring access and necessary working space for system operation, maintenance, replacement, improvement, inspection and testing.

8. All parties agree that no party may install landscaping or improvements that will impair use of the easements.

9. All parties agree that any removal and replacement of pre-existing site improvements, necessary for system operation, maintenance, replacement, improvement, inspection or testing, will be at the cost of their owner, except that costs to remove and replace common boundary fencing or walls shall be shared equally between or among parties.

10. All parties agree to the right of any party to act to correct an emergency situation in the absence on site of the other parties. An emergency situation shall be defined as failure of any shared portion of the system to deliver water upon demand.

11. All parties agree to permit agreement amendment to assure equitable readjustment of shared costs when there may be significant changes in well pump energy rates or the occupancy or use of an involved property.

12. All parties agree to the consent of the Grantor and Grantee upon cost sharing, except in emergency situations, before actions are taken for system maintenance, replacement or improvement.

13. All parties agree that any necessary replacement or improvement of a system element(s) will at least restore original system performance.

14. All parties agree to required cost sharing for:

a. The energy supply for the well pump;
b. System maintenance including repairs, testing, inspection and disinfection;
c. System component replacement due to wear, obsolescence, incrustation or corrosion; and
d. System improvement to increase the service life of material or component, to restore well yield, or to provide necessary system protection.

15. All parties agree that no party shall be responsible for unilaterally incurred shared well debts of another party, except for correction of emergency situations. Emergency situation correction costs shall be equally shared.

16. All parties are responsible to each party for the following:

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a. Prompt repair of any detected leak in his water service line or plumbing system;

b. Repair costs to correct system damage caused by a resident or guest at his property; and

c. Necessary repair or replacement of the service line connecting the system to his dwelling.

17. All parties agree to equal sharing of repair costs for system damage caused by persons other than a resident or guest at a property sharing the well.

18. All parties agree to equal sharing of costs for abandoning all or part of the shared system so that contamination of ground water or other hazards will be avoided.

19. All parties agree to prompt collection from the Grantor and Grantee and prompt payment of system operation, maintenance, replacement, or improvement costs.

20. All parties agree that the recorded agreement may not be amended during the term of a federally insured or guaranteed mortgage on any property served, except as provided in items 5 and 11, above.

21. All parties agree to binding arbitration of any dispute or impasse between parties with regard to the system or terms of agreement. Binding arbitration shall be through the American Arbitration Association or a similar body and may be initiated at any time by any party to the agreement. Arbitration costs shall be equally shared by parties to the agreement.

AND FURTHER,

1. This agreement is binding upon the parties herein and their successors and heirs.

2. The mortgagee herein enters into this Agreement for consent to well usage herein, since the mortgagee has interest in the property.

WITNESS the execution of the signatures of the undersigned.

GRANTEE:

JOANN W. KEOUGH

GRANTOR:

MICHAEL G. KEOUGH

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STATE OF MISSISSIPPI
COUNTY OF DESOTO

This day personally appeared before me, the undersigned authority in and for the State and County aforesaid, the within named JOANN W. KEOUGH, who acknowledged that she signed and delivered the foregoing instrument on the day and year therein mentioned.

Given under my hand and official seal of office, this the 24 day of Feb, 1997.

My commission expires: 4/13/97

NOTARY PUBLIC

STATE OF MISSISSIPPI
COUNTY OF DESOTO

This day personally appeared before me, the undersigned authority in and for the State and County aforesaid, the within named MICHAEL G. KEOUGH, who acknowledged that he signed and delivered the foregoing instrument on the day and year therein mentioned.

Given under my hand and official seal of office, this the 25th day of February, 1997.

My commission expires:
March 14, 2000

NOTARY PUBLIC

EXHIBIT A

The south 10.001 acres of the Willard B. Shelton 30.011 acre tract in Section 20, Township 2 South, Range 5 West, Desoto County, Mississippi as recorded in Book 164, Page 51, in the Chancery Clerk's Office of DeSoto County, Mississippi. BEGINNING at a point in the east line of Section 20, Township 2 South, Range 5 West, DeSoto County, Mississippi, 646.38 feet south of the northeast corner of said Section 20; thence south 6 degrees 56 minutes 08.4 seconds east, along the east line of Section 20, a distance of 983.05 feet to a point in the northwest right-of-way of the Burlington Northern Railroad; thence north 47 degrees 59 minutes 12.1 seconds west, along said right-of-way, 681.62 feet to a point of curve, thence continuing along said right-of-way along a curve to the left having a radius of 5,309.03 a distance of 681.02 feet to a point; thence north 83 degrees 57 minutes 38.6 seconds east parallel to William B. Shelton north line 926.67 feet to the POINT OF BEGINNING, containing 435,606.071 square feet or 10.001 acres,

LESS AND EXCEPT:

Two acres in the northeast quarter of the northeast quarter of Section 20, Township 2 South, Range 5 west, Desoto County, Mississippi, more particularly described as follows: Being the east two acres of Lot No. 1 of Keough Division of 10 acres in the northeast quarter of the northeast quarter of Section 20, Township 2 South, Range 5 West, as recorded in Plat Book 40, Page 1 in the Chancery Clerk's Office of DeSoto County, Mississippi.

EXHIBIT B

Two acres in the northeast quarter of the northeast quarter of Section 20, Township 2 South, Range 5 West, DeSoto County, Mississippi, more particularly described as follows: Being the east two acres of Lot No. 1 of Keough Division of 10 acres in the northeast quarter of the northeast quarter of Section 20, Township 2 South, Range 5 West, as recorded in Plat Book 40, Page 1 in the Chancery Clerk's Office of DeSoto County, Mississippi.

C. Re capable of providing a continuing supply of water to involved dwelling units so that each existing property simultaneously will be assured at least three gallons per minute (five gallons per minute for proposed construction) over a continuous four hour period. (The well itself may have a lesser yield if pressurized storage is provided in an amount that will make 720 gallons of water available to each connected existing dwelling of 1,200 gallons of water available to each proposed dwelling during a continuous four hour period. The shared well system yield should be demonstrated by a certified pumping test or other means acceptable to all agreeing parties.)

D. Provide safe and potable water. This may be evidenced by a letter from the health authority having jurisdiction or, in the absence of local health department standards, be a certified water quality analysis demonstrating that the well water complies with the U. S. Environmental Protection Agency's National Interim Primary Drinking Water Regulations, as set forth in CFR 40, Subpart B, Section 141.11.

E. Have a valve on each dwelling Service line as it leaves the well so that water may be shut off to each served dwelling without interrupting service to other properties.

F. Serve no more than four living units or properties. If more than four properties will be served by one well, one of the ownership and organizational alternatives identified in HUD 4075.12 Rev., Paragraph 3B, shall be implemented instead of a shared well agreement.