

**TRACT 349 MUTUAL WATER COMPANY
RULES FOR WATER SERVICE AND CUSTOMER RELATIONS**

Pursuant to the requirements of Senate Bill 998, effective January 1, 2020, and as amended by Senate Bill 3, effective August 1, 2024, the Company has adopted a separate *Policy on Discontinuation of Residential Water Service for Nonpayment* (the “Service Termination Policy”), which is attached to these *Rules for Water Service and Customer Relations* (“Rules and Regulations”) as **Appendix A** and is incorporated into these Rules by this reference. To the extent of any inconsistency between the Service Termination Policy and these Rules, the Service Termination Policy shall control.

1.01: DESCRIPTION OF SERVICE

A. Quantities: Tract 349 Mutual Water Company ("Company") will use its best efforts to supply water dependably and safely in adequate quantities and pressures to meet the reasonable needs and requirements of its customers (as used in these Rules and Regulations, the term “customer” shall include Company shareholders and their tenants or users of water at a shareholder’s property). Notwithstanding the foregoing, the Company does not guarantee any specific quantities, pressures or flows of water.

B. Responsibility for Loss or Damage: Customers shall accept such conditions of pressure and service as are provided by the Company’s system and shall hold the Company harmless for any loss or damage to customers resulting from the Company’s failure to meet the service goals stated within this section, or due to any interruptions in service.

1.02: CONDITIONS OF SERVICE AND RIGHTS OF THE COMPANY AND CUSTOMERS

A. Notices:

- 1. Notice to Customers:** Notice to a customer will normally be in writing and will be delivered or mailed to the customer's last known address. In emergencies or similar circumstances, the Company may give verbal notice either in person or by telephone, or by leaving a written notice on the door.
- 2. Notice from Customers:** A customer may give the Company notice in person, by telephone confirmed in writing, by e-mail, or by first class mail or overnight delivery to the Company at its office, located at 4630 Santa Ana Street, Cudahy, California 90201.

B. Interruptions and Shortages in Service: The Company expressly reserves the right to interrupt service when necessary to repair, maintain, or install water

lines, meters and other facilities, and to restrict, allocate, or apportion Company water supplies as necessary.

1. **Emergency Interruptions:** The Company will make all reasonable efforts to prevent service interruptions and, when an interruption occurs, will make an effort to re-establish service as soon as possible, consistent with the safety of the Company's customers and the general public.

Where an emergency interruption of service affects service to any fire hydrant or other public fire protection device, the Company will promptly endeavor to notify the appropriate public officials responsible for fire protection, of the interruption and of subsequent restoration of normal service.

2. **Scheduled Interruptions:** Whenever the Company finds it necessary to schedule a service interruption, it will, where feasible, notify all affected customers of the approximate time and anticipated duration of the interruption. Planned interruptions will be scheduled to minimize inconvenience to customers whenever possible.

Where the scheduled interruption will affect service to any fire hydrants or other fire protection devices, the Company will also notify the appropriate public officials responsible for fire protection of the interruption and when service is restored.

3. **Apportionment of Supply During Times of Shortage:** During times of water shortage, the Company will apportion its available water supply among its customers as directed by the appropriate authorities and will adopt any necessary water use restrictions required by applicable law or regulations. If no direction is given by such authorities, the Company will apportion the supply as fairly as possible under the circumstances, and with due regard to public health and safety.

C. Ownership of Facilities on Customer's Premises: The service lateral, meter, and meter box furnished at the customer's expense, whether located wholly or partially upon a customer's premises, are the property of the Company. No rent or other charge will be paid by the Company where the Company-owned service facilities are located on a customer's premises.

D. Company Access to Customer's Premises: The Company shall have access to a customer's property during reasonable hours for the installation, maintenance, operation, or removal of the Company's service lateral, meter, meter box, or other equipment located on the property, and to read any meter located on that property. The

customer's system may be inspected at all reasonable times by authorized Company representatives.

E. Service Calls (Civil Code Section 1722): Where access to a customer's premises for maintenance or other service is required and the customer must be present for such service call, the Company will offer to schedule the service call during a 4-hour period. If the Company fails to make the service call as promised, the customer may bring an action in Small Claims Court for damages actually incurred, in an amount not to exceed the limit set forth in Civil Code Section 1722(c)(2), as it may be amended from time to time. Where unforeseen or unavoidable circumstances prevent the Company from making the service call, it is a defense to such action if the Company made a diligent effort to notify the customer of the delay and then makes the service call within a newly agreed 2-hour period.

F. Company Not Responsible for Damage or Loss to Customer: The Company will not be responsible for any loss or damage resulting from the installation, maintenance, operation, or use by the customer of any appliances or other equipment; nor for any damage to persons or property resulting from the maintenance or repair of Company facilities or of the Company's water distribution and water supply systems, where the Company has not been negligent or engaged in willful misconduct in connection with such maintenance or repair; nor for any damage to persons or property caused by escape or leakage due to conditions on the customer's property, by failure or defects of pipes, or by high or low pressure.

G. Customer's Responsibility for Company Property: The customer will be charged for damage to the Company's meters, equipment, facilities, and other property resulting from the use or operation of appliances or other equipment on the customer's premises, or otherwise due to customer's negligence or willful conduct, including, but not limited to, cutting or otherwise tampering with any lock or other mechanism placed on a meter by the Company to prevent use of water through that meter. Customers should promptly notify the Company in the event of a leak or other problem with the water system. All damage which, after investigation by the Company, is determined to be the responsibility of the customer will also be billed to the property owner, who, as the Company's shareholder, remains ultimately liable for such damage.

1.03: RATES AND CHARGES

A. General Provisions: Rates and charges for water use and other miscellaneous charges are set by the Board of Directors (on occasion, "Board") from time to time. The Company's monthly "ready to serve" or meter charge (which is billed to customers on a bi-monthly basis) is imposed upon a property even at such times when that property is not currently receiving water service from the Company to cover the overall maintenance and upkeep of the Company's water delivery system and overhead expenses associated with the Company's operations. Current rates and charges are maintained and available at the Company offices. Although water bills will, upon request, be mailed to tenants or persons other than the property owner/shareholder, under

the Company's bylaws, as amended from time to time ("Bylaws"), the property owner/shareholder is ultimately responsible for payment of all fees, charges, and assessments. The Bylaws also provide that the Company is granted a lien against the owner/shareholder's property for unpaid fees, charges, and assessments.

B. Miscellaneous Charges: In order to recover the cost associated with late payments, disconnections, and other problems encountered by the Company, the following items will be charged to customers as shown:

1. **Late Charge:** If the bill is not paid within forty-five (45) days after the Billing Date and an Overdue Notice (as defined in the Service Termination Policy) is mailed, the customer shall pay a late charge in the amount of three percent (3%) of the unpaid balance on the account, provided that the late charge shall, at a minimum, be \$10.00, in addition to any other charges that may be due, any advance payments required, or any other conditions established by the Company. In addition, due to the administrative burden now imposed under applicable law (i.e., SB 998 and SB 3) in requiring notice to be provided to each residential dwelling unit, for any multi-unit properties, the late charge shall be imposed separately for each residential dwelling unit at any such multi-unit property. This subdivision shall not apply to, and no late charge shall accrue on, any account maintained by a governmental agency.
2. **Termination or Reconnection Charge:** Where water service has been terminated, whether for nonpayment or another violation of these Rules, the Bylaws, or any other Company rules or policies, the customer will be charged \$25.00 to cover the expense of visiting the premises to either terminate or reconnect service if the termination or reconnection occurs during the Company's normal business hours (i.e., from 7:30 a.m. to 4:00 p.m., Monday through Friday) and \$50.00 if the termination or reconnection occurs outside of the Company's normal business hours. The foregoing termination or reconnection charge must be paid before service will be restored. Any reconnection charge shall be limited as specified in the Service Termination Policy.
3. **Returned Check Charge:** When a customer's check is returned as non-negotiable for any reason, the Company will issue a Notice of Termination of water service (see Rule 1.04.G.5. below) warning the customer that service will be turned off on the date set forth in the notice and that the customer will be charged \$50.00 for the returned check.

4. **Meter Test Charge:** The Company makes every effort to keep its meters in good condition and registering accurately. Any customer may request that their meter be examined and tested to see if it is working correctly, provided they agree to deposit \$50.00 to cover a portion of the cost to the Company for testing the meter. Requests to have a meter tested must be in writing and accompanied by the above deposit. For customer convenience, request forms are available at the Company office.

Upon receipt of a meter test request and the deposit, Company personnel will arrange to have the meter examined and tested. If the meter is found to register either more than, or less than, two percent of the amount of water that actually passes through it, the meter will be properly adjusted or another meter installed, the deposit will be returned to the customer, and the water bill for the current period will be adjusted proportionately as set forth in Section 1.04(I), below.

If the meter is found to register within two percent of being “accurate” (as described in this subsection above), the customer's deposit will be forfeited and the actual cost of making the test will be at the customer’s expense.

5. **Pulled Meter Charge:** If a customer's service has been disconnected and the meter has been "pulled" or removed from the premises, then the customer, or any succeeding property owner who desires to reestablish service to that property, must pay a pulled meter charge of \$300.00 to cover administrative and personnel expenses incurred by the Company in pulling and reinstalling the meter, before the service and meter will be reconnected. The fact that a meter has been “pulled” from a location will not result in the Company not imposing its “ready to serve” or meter charge on that property. Any pulled meter charge that is imposed as a condition to restore water service to a residential account that had previously been terminated for nonpayment shall be limited as specified in the Service Termination Policy.
6. **Unauthorized Water Use:** Any person found taking water from or through any of the Company's facilities without having signed up for service or without other Company authorization (including if said customer or shareholder takes such water as a result of cutting or otherwise tampering with any lock or other mechanism placed by the Company on a meter to prevent use of water through that meter) will be assessed a fine up to \$500.00, as determined by the Company’s Board of Directors, payable to the Company, in

addition to any charges for the quantity of water taken and for the damage done to any Company property, equipment, or facilities. In addition, the Company reserves the right to seek criminal prosecution under California Penal Code Sections 624 and 625 for such unauthorized water use. Written notice of the assessment of such fine shall be given by personal service or by registered or certified mail.

7. **Charge for Turn Off at Main:** If water service to a property is turned on more than once without Company authorization, the service may be shut off at the main, and the customer shall be required to pay, in addition to any other applicable charges, a charge equal to the actual expense to the Company of reconnection prior to the re-establishment of service.
8. **Charge for Turn Off/Turn On At Customer's Convenience:** There shall be no charge for the turning on or off of service at a property pursuant to a customer's request if the Company is requested to do so during its normal business hours (i.e., 7:30 a.m. to 4:00 p.m., Monday through Friday). However, a charge of \$50.00 shall apply to each request to either turn a service on or off if the Company is requested to do so during times other than its normal business hours.
9. **Color, Taste or Other Characteristic Complaints.**
 - a. The Company uses its best efforts to provide its customers with the best quality water possible in compliance with all applicable drinking water standards. However, due to the nature of water distribution systems, from time to time, Company customers may experience problems with color, taste, or other aesthetic characteristics of water the Company provides. The Company encourages its customers to notify it of any such problems that are observed or experienced. However, some customers have abused the complaint process by making repeated unfounded complaints to the Company. The Company incurs costs in responding to those complaints, in addition to the fact that it must log and report all such complaints to the State Water Resources Control Board's Division of Drinking Water.
 - b. In light of prior instances of such unfounded complaints, if:
 - (i) the Company receives a complaint from a customer (the "Initial Complaint"), investigates that complaint and determines in the exercise of good faith that the Initial

Complaint is unfounded and not evidenced by the circumstances alleged by the customer, and (ii) within the six (6) month period commencing on the date the Company makes its determination on the Initial Complaint, the Company receives two additional complaints from the same customer regarding the same issue, each of which the Company also determines to be unfounded and unsubstantiated, then if the Company receives a third or more subsequent complaints which the Company also determines to be unfounded and unsubstantiated (the "Additional Complaints") within that six (6) month period, then for each Additional Complaint so determined to be unfounded and unsubstantiated, the customer shall be charged by the Company the sum of twenty-five dollars (\$25.00).

1.04: BILLING PROCEDURES

A. Joint Service: No joint service is allowed. The property owner is solely liable for payment of bills, unless authorization is provided to mail the bills to a tenant or other occupant of the shareholder/property owner's property. In that case each party is separately and independently responsible for payment of bills.

B. Re-establishment of Credit: A customer whose service has been discontinued for nonpayment of bills will be required to pay any unpaid balance due for the premises to which service is to be restored and will also be required to pay both the late charge as prescribed in Rule 1.03.B.1. and the reconnection charge as prescribed in Rule 1.03.B.2. before service is restored. In addition, the customer will be required to deposit with the Company an amount estimated to equal to the highest of the last 6 billings to the property.

C. Bankruptcy of Customer: If any customer or shareholder seeks protection under the federal bankruptcy law while any charges to the Company remain outstanding, the customer or shareholder must list the Company as a creditor and must immediately provide the Company with notice of the customer or shareholder's bankruptcy filing. Upon conclusion of the bankruptcy proceeding, the customer or shareholder must provide the Company with a copy of any applicable order for relief within seven (7) days of entry of that order. While any bankruptcy proceeding is pending, the customer or shareholder who is the debtor in that proceeding must keep his, her or its account with the Company current, and the Company is entitled to discontinue service if neither the customer or shareholder, nor the bankruptcy trustee, within 20 days after the date of the bankruptcy petition, furnishes a deposit for service after such date. The deposit shall be the highest of the last 6 billings rendered to the property prior to the filing of the petition. Service may be discontinued in accordance with the rules of the Company upon nonpayment for service after the customer or shareholder's bankruptcy petition is filed.

D. Refund of Deposit: When water service is discontinued, the Company will refund the balance of any deposit held for that service in excess of any unpaid bills. Refunds will be made within a reasonable period of time.

E. Rendering and Payment of Bills: Although customers are charged applicable rates and charges for water service each month, bills for water service are rendered on a bi-monthly basis. Bills for service are due and payable upon presentation (i.e., the date of the bill) (the “Billing Date”). If the bill is not paid by the forty-fifth (45th) day after the Billing Date, a late charge as set forth in Section 1.03(B)(1), above, will be assessed and added to the customer’s account. Payment must be made at the office of the Company, and it is the customer’s responsibility to assure that payments are received at the Company’s office in a timely manner. Partial payments are not permitted. Closing bills shall be due and payable at the time of presentation of the closing bill.

F. Separate Billings for Each Meter and Submeter: Notwithstanding anything in this policy to the contrary, and subject to any requirements imposed under California law or by an applicable government agency, each meter on a customer’s premises will be read and billed separately (except as may otherwise be specified by the Company), or where the Company’s operating convenience or necessity may require the use of more than one meter (subject to any requirements under California law to the contrary). If a property owner has elected in accordance with the Company’s *Policy for Metering of Water Used By Individual Residential Rental Units* (“Submetering Policy”), attached as **Appendix B**, to have the Company read, bill, and collect the charges from each submetered consumer, then the Company shall bill each submetered consumer: (i) a separate meter charge; and (ii) for the water consumed, as measured by that consumer’s submeter, at the Company’s established water rate. In addition, if a property owner has elected in accordance with the Company’s Submetering Policy to have the Company read, bill, and collect the charges from each submetered consumer, then the total amount of water consumed by all of the submeters at a particular property shall be deducted from the amount of water usage recorded by the master meter for that property in determining the amount of water to be billed for that master meter.

G. Delinquent Bills: The following rules apply to customers whose bills remain unpaid by the due date.

- 1. Small Balance Accounts:** If less than a minimum bill remains unpaid, it may be carried over to the next billing period as the Company deems appropriate.
- 2. Overdue Notice:** If payment for a billing period is not made on or before the forty-fifth (45th) day after the Billing Date, an Overdue Notice will be mailed to the customer at least seven (7) business days prior to actual disconnection (or ten (10) business days if the premises where service is to be disconnected is a known rental unit occupied by a tenant, as outlined in the Service Termination Policy). The Overdue Notice will include a late charge.

3. **Turn-Off Deadline:** Water service charges and late charges must be paid by 4:00 p.m. on the day specified in the Overdue Notice.
4. **Contents of Overdue Notice.** The Overdue Notice will include the following information:
 - a. Customer's name and address;
 - b. Amount past due;
 - c. Date by which payment or arrangement for payment must be made (termination date) in order to avoid termination;
 - d. Description of the process to apply for an extension of time to pay the amount owing;
 - e. Description of the procedure to petition for review and appeal of the bill giving rise to the delinquency;
 - f. Description of the procedure by which the consumer can request a deferred, amortized, reduced or alternative payment schedule;
 - g. Telephone number of a Company representative who can provide additional information; and
 - h. Telephone number of the Public Utilities Commission to which inquiries by the customer may be directed.

In addition to the foregoing contents, for any property where: (i) there is a landlord-tenant relationship between residential occupants and the owner of the dwelling, (ii) the owner is the customer of record for that dwelling and (iii) the Company furnishes water through an individual meter or submeter, the notice shall include a provision that informs the occupants they have the right to become customers of the Company, to whom water service will then be billed, without being required to pay any amount which may be due on the delinquent account; provided, however, that any such occupant must agree to the Company's terms and conditions of service and must meet the Company's other requirements to establish service.

In addition to the foregoing, for any property where the Company provides water service through a master-meter and the owner of that property is the customer of record for that property, the Company shall use all good faith efforts to post the termination notice on the door of each residential unit. For such master-metered units, the notice shall also inform the occupants of their right to become customers of the Company, to whom water service will then be billed, without being required to pay any amount which may be due on the delinquent account. The notice shall also specify what the occupants must do in order to prevent the termination of service or to reestablish service, the estimated monthly cost of service, the title, address and telephone number of a Company representative who can assist the occupants in continuing service, and the address and telephone number of a Company representative they may

contact to prevent the termination of service or to reestablish service. However, the Company is not required to make service available to the occupant(s) unless each occupant agrees to the terms and conditions of service and meets and Company's requirements to establish service, or if one or more occupants is willing and able to assume responsibility for subsequent charges to the account.

5. **Termination Notice:** At least twenty-four (24) hours prior to the termination date shown in the Overdue Notice, the Company shall make a reasonable, good faith effort to contact an adult of the residence by telephone or in-person and provide them with the information set forth in a, b, c, and f of paragraph 4 above. An attempted personal contact coupled with use of a "door hanger" posted at least 48 hours prior to termination of service is deemed to be a reasonable, good faith effort at contacting an adult of the residence.
6. **Notification of Returned Check-Disposition:** Upon receipt of a returned check tendered in payment of water service or other charges, the account will be considered unpaid. The Company will make a reasonable, good-faith effort to notify the customer in person and leave a Termination Notice at the premises advising the customer that service will be turned off after the expiration of forty-eight (48) hours because of the returned check. Water service will be disconnected unless both the amount of the returned check and the returned check charge are paid ***in cash, money order, cashier's check, certified funds or, if feasible, electronic funds transfer***, before the date set forth in the notice for turning off the service.
7. **Returned Check Tendered to Restore Service:** If the customer tenders a returned check as payment to restore water service disconnected for nonpayment, and as a result the Company restores service, the Company may again promptly disconnect service without providing further notice. No 24-hour or 48-hour Termination Notice will be given in the case of a returned check tendered for payment of water service that was previously subject to disconnection.
8. **Returned Checks – Cash Payment Required:** Any customer issuing a non-negotiable check for payment to restore service turned off for nonpayment, will be required to pay, for one year, cash, certified funds or, if feasible, electronic funds transfer to have service restored if such service is turned off again within this time period for nonpayment.

9. **Customer Deposit Upon Receipt of Returned Check:** Any consumer issuing a non-negotiable or returned check as payment for water charges shall be required to deposit with the Company an amount equal to the highest of the last 6 billings to the property.

H. Disputed Bills: See “Article IV – Appeals” of the Service Termination Policy for the appeals process applicable to residential accounts. The following provisions apply to any commercial or industrial account. If the customer disputes the charges in their bill or feels that the bill is not correct, the customer can file a complaint or request an investigation. The following procedure must be used:

1. Within five (5) days after receiving their bill for water service, the customer may initiate a complaint or request an investigation regarding any bill tendered by the Company. Such protest shall be made in writing and delivered to the Company at its office.
2. After the complaint or request for an investigation is received, an office appointment will be arranged between the customer and a representative of the Company, to review the complaint or request, and get any other information or documents the customer may have that will assist the Company in deciding on the complaint or request. After considering the evidence provided by the customer and the information on file with the Company, the Company representative shall issue a brief summary of their decision as to the accuracy of the bill.
 - a. If water charges are found to be incorrect, a corrected invoice will be provided and is payable within ten (10) days after receipt. If the revised charges remain unpaid after the ten (10) days, water service will be terminated on the next working day. Water service will be restored only after all outstanding water charges and all applicable reconnection charges are paid in full.
 - b. If the water charges are found to be correct, the water charges are due and payable within three (3) days after the customer is notified in writing of the decision of the Company representative. If the charges are not then timely paid, termination will be scheduled at close of business two working days after the date of the notice to the customer regarding the decision.
 - c. When the decision of the appointed representative is given, the customer will also be advised of their right to further appeal before the Board. However, all charges determined

to be due must be paid as prescribed above, whether or not the customer intends to appeal.

- d.** If the customer disputes the decision rendered by the Company's representative, they may request a hearing before the Board.
- e.** Water service may not be terminated until the investigation is completed and the customer has been notified of the Company's decision.

3. A hearing before the Board must be requested in writing and delivered to the Company. That hearing must take place at the next regularly scheduled Board meeting that will take place at least five (5) days after the Company receives the customer's notice to appeal. The customer shall appear at that hearing and present to the Board evidence and reasons as to why the water charges in question are not accurate. The Board shall evaluate the evidence presented by the customer, as well as information on file with the Company concerning the water charges in question and shall render a decision as to the accuracy of said charges; provided that any Board member who is rendering services in managing the Company shall not participate in any vote or deliberations of the Board on the disputed matter. The Board's decision is final and binding.

- a.** If the Board finds the customer was undercharged, the appropriate additional charges may be billed and payment is then due ten (10) days after receipt of the supplemental bill. If the supplemental bill is not paid in ten (10) days, water service will be terminated on the next working day after expiration of that ten (10) day period.
- b.** If the Board finds the customer was overcharged, the amount of such overcharges shall, at the Company's option, be reflected as a credit on the next regular bill or be refunded directly to the customer.
- c.** If service had previously been disconnected for nonpayment and the Board finds the customer was undercharged, service will be restored only after all outstanding water charges and any and all applicable reconnection charges are paid in full.
- d.** If the Board finds the water charges in question are correct, the decision of the appointed representative will stand.

I. Adjustment of Bills for Meter Error: The customer may request a billing adjustment because of meter error. Such a request must be made in writing and Rule 1.03.B.4. will apply. The meter will be tested in an "as found" condition, in order to determine the average meter error. If the average meter error is found to exceed two percent (2%) [if the quantity of water recorded by the meter measures below ninety-eight percent (98%) or above one hundred and two percent (102%) of the **actual** quantity of water passing through the meter], the following billing adjustments will be made:

1. **Fast Meters:** The Company will refund the estimated amount of the overcharge for the period the meter was determined to be incorrect, not to exceed six months.
2. **Slow Meters:** The Company, at its option, may bill the customer for the amount of the undercharge for the period the meter was in service and determined to be incorrect, not to exceed six months.
3. **Non-Registering Meters:** The Company may bill the customer according to an estimate of water consumed while the meter was not registering, not to exceed six months. This estimate will be based on the customer's prior use during the same period the prior year, or on a reasonable comparison with similar customers during the same period.

J. Amortization of Unpaid Balance – See “Article III – Alternative Payment Arrangements” of the Service Termination Policy for the process for alternative payment arrangements applicable to residential accounts. The following provisions apply to any commercial or industrial account.

1. **Requirements for Amortization:** Where the customer is financially unable to pay for service within the normal payment period and is willing to enter into an amortization agreement with the Company with respect to all charges that the customer is unable to pay prior to delinquency, the Company will arrange for a payment plan described in subdivision 2, below relative to all delinquent amounts.
2. **Amortization Payment Plan:** Under the circumstances set forth in subdivision 1, above, a repayment agreement will be entered into between the Company and the customer, amortizing the unpaid delinquent amounts over a period not to exceed 12 months, with payments added to the customer's regular bill. The customer will be charged an administrative fee of \$5.00 each billing cycle to cover the cost of administering the plan, and interest at ten percent (10%) per annum on the unpaid balance.

3. **Compliance with Plan:** The customer must make payments on time as they come due under the plan, in addition to paying current water charges. The customer may not request another amortization plan until all past due charges have been paid. Failure to make timely payments under the plan will result in 24-hour Termination Notice, and the subsequent disconnection of service if the amounts then due under the payment plan are not paid in full.

1.05: TURN ON AND TURN OFF PROCEDURES AND CHARGES

A. Turn-off at the Customer's Request: Subject to the charges set forth in Rule 1.03.B.8, above, a customer may request that service be discontinued either temporarily or permanently. Such a request may be made telephonically, in which case the customer must provide his or her account number to the Company representative with whom he or she is speaking, or may be made in person at the Company's office in writing, in which case the customer making the request must present picture identification and their most recent water bill as proof that the customer is the person to whom service is delivered, or other proof of ownership of the subject property. Requests to discontinue service must be made at least one working day in advance of the day on which the discontinuance is desired; provided, however, that the Company may waive such prior notice and the other requirements of this rule in case of an emergency. The customer requesting the discontinuance must give notice of the impending discontinuance of water service to any tenants, in the case of a single-family residence and to each rental unit, in the case of a multi-unit structure. The Company reserves the right to delay termination of service at the customer's request (during which time the customer shall remain liable for all charges resulting from the continued service) if there are tenants residing at the subject property who would be adversely impacted by the requested termination of service and no such prior notice was provided to those tenants. In such a situation, the Company may contact the applicable governmental agency regarding the requested termination of service. The customer or a designated representative of the customer must be present at the subject property at the time the Company discontinues water service to that property.

If one working days' notice is not given, the customer will be billed for service until one working day after the Company has received appropriate notice that the customer has vacated the premises or otherwise has discontinued service.

B. Turn-off by the Company: The Company may disconnect a customer's service for various reasons which are listed below. Such involuntary disconnections are effected by turning off and locking the meter, thereby stopping the water service. The fact that water service to a property has been stopped will not result in the Company not imposing its "ready to serve" or meter charge on that property. The Company will make a reasonable attempt to notify the customer of disconnection in person, or it will place a Termination Notice on the premises served by the disconnected meter at least 24 hours prior to termination. Reasons for involuntary disconnection include, but are not limited to, the following:

1. **For Nonpayment of Bills:** A service may be disconnected for nonpayment of periodic bills. Before a service is disconnected, the customer will be notified by an Overdue Notice and Termination Notice as provided in Rule 1.04.G, above.
2. **For Non-Compliance with Rules:** The Company may terminate service to any customer for violation of Company rules after the customer has been notified of the problem or violation, and the customer has not complied with such rules within at least three (3) days after the date of such notice. Where the safety of water supply is endangered, including with respect to violations of the Company's cross-connection control requirements, service may be discontinued immediately without notice.
3. **For Waste of Water:** Subject to any contrary requirements set forth in an action of the Board to implement state-mandated water use restrictions, in order to protect itself and its customers against willful or negligent waste or misuse of water, the Company may disconnect service if the waste or misuse has not been corrected within five (5) days after written notice to the customer. Written notice shall be given by personal service or by registered or certified mail. Upon failure of the customer to correct those wasteful practices set forth in the five-day notice, the customer's water service shall be terminated. Service will be restored only after the wasteful practice has been remedied, and the customer has paid the Company the usual reconnection charge.
4. **For Unsafe or Hazardous Conditions:** The Company may disconnect a service without notice if unsafe or hazardous conditions are found to exist on the customer's premises including with respect to violations of the Company's cross-connection control requirements. The Company will immediately notify the customer of the reasons and the necessary corrections required before reconnection. An unsafe or hazardous condition may exist due to defective appliances or equipment that may be detrimental to either the customer, the Company, or to the Company's other customers.
5. **For Fraudulent Use of Service:** When the Company has discovered that a customer has obtained service by fraudulent means, or has diverted the water service for unauthorized use, service to that customer may be discontinued without notice. The Company will not restore service until the customer has complied with all applicable rules and reasonable requirements of the Company and the Company has been reimbursed for the full

amount of the service rendered, the actual cost to the Company incurred by reason of the fraudulent use, including any damage done to Company, property, equipment or facilities, and any fine imposed by the Company under Rule 1.03.B.6, above.

C. Restoration of Service: In order to resume or continue service that has been disconnected, the customer must pay a reconnection charge under Rule 1.03.B.2. The Company will make an effort to reconnect service as soon as practicable, to suit the customer's convenience. In all events, service will be reconnected before the end of the next regular working day following the customer's request and payment of any charges then due. The customer requesting the restoration of service must give notice of the impending restoration to any tenants in the case of a single-family residence and to each rental unit in the case of a multi-unit structure. The customer or a designated representative of the customer must be present at the subject property at the time the Company restores water service to that property.

D. Restoration of Service: Customer Shut-Off Valves. The Company has found that in some circumstances, customers do not have proper shut-off valves installed at their property. This has resulted in multiple calls to the Company to turn-off and then restore water service at the meter valve, which results in additional wear and tear on, and damage to, the meter valve. In the event the Company, at the customer's request, has restored water service three times at a property lacking installation of proper shut-off valves situated on the customer's side of the Company's meter, the Company will not subsequently restore such service until a suitable shut-off valve has been properly installed at the customer's expense, as the Company shall determine in its sole discretion.

Rule 2: RULES APPLICABLE TO INDIVIDUAL APPLICANTS FOR WATER SERVICE

2.01: USE OF AN ACTIVE SERVICE BY NEW TENANT/OWNER: A person who takes possession of premises and uses water without applying for water service is liable for all water delivered from the date of the last recorded meter reading. If the meter is found inoperative, the quantity consumed will be estimated. If proper application for service is not made within 48 hours after notification to do so, or if accumulated bills are not paid upon presentation, water service shall be discontinued without further notice.

2.02: APPLICATION FOR SERVICE: Each applicant for service is required to provide copies of the documents set forth below and sign, on a form prescribed by the Company, an application setting forth the following contents and limited to the purpose stated below.

A. Contents:

1. Applicant name.
2. Date of application.

3. Applicant's home, office and mobile telephone numbers and, if available, e-mail address.
4. Address to which bills are to be mailed or delivered.
5. Address of the premises to be served.
6. Date applicant will be ready for service.
7. Agreement to abide by Company Rules and Regulations.
8. Purpose for which service is to be used (i.e., residential, commercial, etc.).
9. Whether applicant is owner, tenant or agent for the premises.
10. If the applicant is a property owner, a copy of the deed vesting title in the owner or other proof of ownership acceptable to the Company in its sole discretion.
11. If the applicant is a tenant, the applicant should include the owner's name, address and telephone number.
12. Agreement by the property owner/shareholder to assume any outstanding water charges for property where service is requested.
13. Such other information as the Company may reasonably require.

B. Residential Rental Property: Applications for water service to residential rental property require service to be provided on account of the property owner or, alternatively, upon co-application by both the property owner and the tenant. Except as provided in the Service Termination Policy, applicants who are not property owners will not be provided service until the property owner has made application therefor. The Company will hold the property owner ultimately responsible for payment.

C. Purpose: The application is merely a written request for service and does not bind the applicant to take service for a period of time longer than that upon which the minimum charge is based; neither does it bind the Company to serve, except under reasonable conditions and upon the approval of the General Manager.

2.03: SUBMETERING APPLICATION PROCESS: Any property owner/shareholder who desires to install submeters at his or her property shall fully comply with the Company's Submetering Policy, including completion of the application attached as **Appendix B-1** to these Rules and Regulations and entering into an agreement with the Company regarding the responsibility for billing and collection of such submetered water charges and meter charges.

2.04 DEPOSITS: The customer shall be required to deposit with the Company such sums as specified in Rule 1.04.B. in the event the customer's service is disconnected for nonpayment, or in other cases where the customer is found not to be creditworthy.

2.05: REFUSAL TO SERVE: The Company may refuse to serve an applicant for service under the following conditions:

A. Conditions for Refusal:

1. Failure to properly transfer shares of stock in accordance with the Company's Bylaws.
2. If the applicant fails to comply with any of these Rules and Regulations, including applicant's failure to properly complete the application required under Rule 2.02, above, or failure to provide a copy of a deed or suitable document evidencing applicant's ownership of the property for which service is requested.
3. If the intended use of the service is of such a nature that it will be detrimental or injurious to existing customers.
4. If, in the judgment of the Company, the applicant's installation for utilizing the service (i) is unsafe or hazardous including with respect to violations of the Company's cross-connection control requirements, (ii) is of such nature that satisfactory service cannot be rendered, or (iii) exceeds the normal capacity of the meter service.
5. Where service has been discontinued for fraudulent use, the Company will not serve an applicant until it has determined that all conditions of fraudulent use or practice have been corrected.

B. Notification to Applicant: When an applicant is refused service under the provisions of this rule, the Company will notify the applicant promptly of the reason for the refusal to serve and of the right of applicant to appeal that decision to the Board.

2.06: WATER SERVICE CONNECTIONS: For those premises that do not have an existing service connection, the applicant will be charged for the actual material and labor costs incurred by the Company in installing the service connection.

A. Size: Subject to any requirements imposed by an applicable government agency, the Company reserves the right to determine the size of the service connection, the service pipe and water meter, and the type of any backflow prevention device or other appurtenance required for the installation.

B. Location: So long as practicable, and subject to any requirements imposed by an applicable government agency, service will be installed at locations designated by the applicant, but only at curb and/or property lines of the property to be served abutting upon a public street, highway, alley, lane, or road in which a water main of the Company is installed.

C. Looped Metered Connections: Service provided to a location that has its own distribution system that is looped and connected to Company facilities by two (2) or more meters shall be provided with an approved type of backflow prevention device immediately downstream of each metered connection.

D. Changes in Service Connection/Meter Size: Payment of all applicable additional charges will be required upon the happening of any of the following:

1. The alteration or increase in size of a service connection.
2. The service of any area, adjacent property, or property of different ownership not served at the time of the original commencement of service.
3. The increase of use by reason of land zoning reclassification or actual land use.

In instances where such additional charges are due, credit may be allowed for any such previous payments made by either the applicant, owner, or their predecessors. The size of any meter service and/or the area it serves, or the property's zoning classification or actual use, shall be determined by the General Manager. Subject to any decision of the Board made on an appeal, such determination by the General Manager will be final.

E. Limitations on Use of Service Connections:

1. **Number of Units and Land Area.** Notwithstanding anything in these Rules to the contrary, and subject to any requirements imposed under California law or by an applicable government agency, the Company reserves the right to (i) designate the type of meter, and (ii) limit the number of buildings, separate houses, living or business quarters, and the area of land under one ownership to be supplied by one service connection.
2. **After Subdivision.** When property provided with a service connection is subdivided, the service connection shall be considered as belonging to the lot or parcel of land which it directly enters.
3. **Supplying to Other Property.** No service connection shall be used to supply adjoining property belonging to a different owner,

or adjoining property acquired by the original applicant or owner subsequent to installation of the original service connection, or to supply property of the same owner on opposite sides of a public street or alley.

4. Supplying Outside Company. No service connection will be used to supply water to property outside the Company's service area.

5. Metering and Submetering; Connections for Multi-User Developments.

a. Except in the case of (i) a motel or hotel, or (ii) a newly constructed multiunit structure that is described in item (b) of this subsection (E)(5) of Rule 2.06., immediately below, no master meters will be authorized for the delivery of water service to a multiunit/multiuser development and all units (of any type) within that structure must be separately metered by individual water meters (or submeters, depending on the nature of the proposed construction or development project, and if authorized by the Company; in which case, a master meter may be authorized for the purpose of measuring deliveries of water to both the master meter and the submeters on the other side of the master meter).

b. In accordance with Senate Bill 7 and California Water Code section 537.1, in the case of a (i) newly constructed multiunit residential structure or (ii) newly constructed mixed-use residential and commercial structure for which an application for a water connection or connections is submitted after January 1, 2018, the Company shall require that each individual *residential* dwelling unit within the structure be separately metered by individual water meters (or submeters, depending on the nature of the proposed construction or development project, and if authorized by the Company); *provided, however*, that neither individual water meters nor submeters will be required for each individual residential dwelling unit if the applicant can demonstrate that the proposed multiunit structure meets any of the exemptions set forth in subsection (a) of Water Code section 537 (which generally exempts qualifying low-income housing projects, housing at a place of education, long-term health care facilities, time-share properties, and residential care facilities for the elderly from this requirement).

6. **New Accessory Dwelling Units.** When a property owner in the Company's service area determines to construct an accessory dwelling unit or junior accessory dwelling unit (an "ADU") on the property owner's property, the property owner shall complete an application form and make all required payments set forth in the Company's *Policy Regarding Water Service To Be Provided To ADUs and JDUs*, attached as **Appendix C**, and, based on the size and character of the proposed ADU and if authorized under that policy, the Company may require a new and separately metered connection to provide service to the ADU.

2.07: PROVISION OF SERVICE: The Company shall not be obligated to provide water service to any applicant for water service until after any and all fees, charges, and assessments, including late fees and accrued interest, owing to the Company and associated with the property seeking water service have been paid in full, and the stock appurtenant to the property has been properly transferred on the books of the Company.

Rule 3: RULES APPLICABLE TO CONSTRUCTION PROJECTS

3.01: DESIGN AND CONSTRUCTION OF WATER SYSTEM IMPROVEMENTS:

A. Submittal of Plans: Any person who desires to undertake a new construction project within the Company's service area/boundaries, including any project to install a water line 2-1/2 inches or greater in diameter that is to be added to the Company's system, shall, at the discretion of the Company's General Manager, (i) enter into a "Water Service Agreement" with the Company, in the form of agreement attached as **Appendix D**, and (ii) submit to the Company, for review and approval, plans and specifications prepared and stamped by a registered California professional engineer familiar with the preparation of underground water utilities plans and specifications in public rights of way and streets. Such plans shall include all specifications required by the Company. Incomplete plans and specifications will not be reviewed and will be returned to the submitting party. Concurrent with the submittal of such plans, the submitting party shall pay to the Company a plan check fee as determined by the Company's General Manager in accordance with the Company's current policies and fee schedules to cover the cost of the Company's review of those plans, and all other costs required under the Water Service Agreement. The Company's review of plans and any plan checking fees paid under this paragraph shall be separate from any plan review or plan checking fees required by any city or other governmental entity.

B. Construction of Water System Improvements: Any person who desires to undertake a new construction project within the Company's boundaries, including any project to install a water line 2-1/2 inches or greater in diameter that is to be added to the Company's system shall engage a properly licensed contractor specializing in underground water utilities in public rights of way and streets to perform all work in

accordance with the plans approved under subparagraph A, above. That contractor shall be licensed in California as both an “A” general engineering contractor and as a C-34 pipeline contractor and shall have in place all insurance required under subparagraph C, below. At least seven (7) calendar days prior to the commencement of any work, the person who desires to install the improvements shall submit the name of the contractor and the contractor’s work experience on projects of a similar nature to the Company for the Company’s approval. The Company shall inform the submitting party of its decision within seven (7) business days after submittal.

C. Insurance Requirements. Any contractor engaged to construct the water system improvements under subparagraph B, above, shall maintain the following insurance policies, each of which shall name the Company, and its governing board, officers, employees, and agents as additional insureds in connection with the work to completed under subparagraph B, and shall provide that such insurance shall not be cancelled without at least thirty (30) days written notice to the Company. Unless additional or increased coverage is required by the Company due to the size and nature of the project, as determined by the General Manager after consultation with legal counsel, the following original insurance certificates evidencing the applicable coverage shall be submitted to the Company at least seven (7) calendar days prior to starting any work, for the Company’s written approval:

1. A commercial general liability insurance policy insuring against general bodily injury and property damage (ISO Commercial General Liability - Occurrence Form CG 0001) with limits of not less than \$1,000,000 per occurrence and \$2,000,000 in the aggregate;
2. A policy insuring against automobile bodily injury and property damage (ISO Form Number CA 0001 (most recent edition)) with a limit of not less than \$1,000,000 per occurrence, including owned, non-owned and hired autos; and
3. A workers compensation insurance policy, as required by California law.

D. Inspection of Construction of Water System Improvements: The Company shall inspect the water system works only completed under subparagraph B, above, and as specified in the Water Service Agreement, and shall charge the person on whose behalf such work is being completed the fees described in subparagraph E, below. The Company’s inspection is separate and apart from any required inspection by the City of Cudahy or the City of Bell and the person on whose behalf such work is being completed shall be solely responsible for all costs related to that city inspection.

E. Inspection Fee: In addition to the plan check fee set forth in subparagraph A, above, at the time the plans and specifications are submitted to the Company, the submitting party shall also deposit with the Company an amount determined by the

Company's General Manager, in his or her reasonable discretion, to be sufficient to cover all staff time and, if applicable, outside engineering costs incurred in inspecting the work to be performed under subparagraph B, above. If the amount deposited exceeds the actual costs incurred by the Company in connection with such inspection, the excess shall be returned to the submitting party within seven (7) calendar days of the date the Company finally determines the amount of its actual costs. If the actual costs incurred by the Company in connection with the inspection exceed the amount deposited by the submitting party, the submitting party shall be responsible for payment of such excess costs within seven (7) days of the date of invoice from the Company setting forth such excess costs. Water service will not commence before any such excess costs are paid in full. The Company's inspection of the water system work, and any inspection fees paid, under this paragraph shall be separate from any inspection, inspection fees or permits required by any city or other governmental entity.

ADOPTION AND AMENDMENTS:

- Adopted 8/14/96; Rule 1.03(B)(1) amended 8/13/97;
- Rules 1.02(G), 1.03(B)(6) & 1.05(B)(5) amended 4/14/99;
- Rules 2.02, 2.02(A)(10) and 2.04 (A)(2) amended 11/10/99;
- Rule 1.03(B)(5) amended 1/12/2000;
- Rules 1.03(B)(1) & 1.04(E) amended 2/9/2000;
- Rule 3 added 7/11/01;
- Rule 1.03(B)(9) added 6/10/08;
- Rules 1.03(A), 1.03(B)(5) and 1.05(B) amended 2/10/10;
- Rule 1.05 amended and restated 2/9/11;
- Various amendments adopted May 11, 2016;
- Various amendments to incorporate provisions relating to service terminations under SB 998 adopted 3-12-20; amendments to Rule 1.03(B) & (B)(2), 1.04(J)(1), 2.06(E)(5), 3.01(A) and 3.01(D) adopted 3-8-23;
- Amendment to Rule 2.06(E)(5) adopted by the Board on February 14, 2025;
- (i) Amendments throughout the Policy for formatting and consistency; (ii) amendments to Rules 1.03(B)(1), 1.04(F), 1.04(G)(2), 1.04(G)(4), 2.03, 2.06(E)(1), 3.01(A) and (C); and (iii) new Rule 2.06(E)(6), adopted by the Board on March 14, 2025.

APPENDIX A

TRACT 349 MUTUAL WATER COMPANY POLICY ON DISCONTINUATION OF RESIDENTIAL WATER SERVICE FOR NONPAYMENT¹

Notwithstanding any other policy or rule, this Policy on Discontinuation of Residential Water Service for Nonpayment (“Policy”) for Tract 349 Mutual Water Company (the “Supplier”) shall apply to the discontinuation of residential water service for nonpayment under the provisions set forth herein. In the event of any conflict between this Policy and any other policy or rule, this Policy shall prevail.

I. Application of Policy; Contact Telephone Number: This Policy shall apply only to residential water service for nonpayment and all existing policies and procedures shall continue to apply to commercial and industrial water service accounts. Further assistance concerning the payment of water bills and the potential establishment of the alternatives set forth in this policy to avoid discontinuation of service can be obtained by calling 323-560-1601.

II. Discontinuation of Residential Water Service for Nonpayment:

A. Rendering and Payment of Bills: Bills for water service will be rendered to each consumer on a monthly basis unless otherwise provided for in the rate schedules. Bills for service are due and payable upon presentation and become overdue and subject to discontinuation of service if not paid within sixty (60) days from the date of the bill. Payment may be made at the office, to any representative authorized to make collections or by electronic transmission if feasible. However, it is the consumer’s responsibility to assure that payments are received at the specified location in a timely manner. Partial payments are not authorized unless prior approval has been received. Bills will be computed as follows:

1. Meters will be read at regular intervals for the preparation of periodic bills and as required for the preparation of opening bills, closing bills, and special bills.
2. Bills for metered service will show the meter reading for the current and previous meter reading period for which the bill is rendered, the number of units, date, and days of service for the current meter reading.
3. Billings shall be paid in legal tender of the United States of America. Notwithstanding the foregoing, the Supplier shall have the right to refuse any payment of such billings in coin.

1. Adopted on 3-12-20 in accordance with SB 998; Amendments to (i) Section II(D); and (ii) Sections III(A), (B), (C), and (D) adopted on 11-8-24 to incorporate changes required by SB 3.

B. Overdue Bills: The following rules apply to consumers whose bills remain unpaid for more than sixty (60) days following the invoice date:

1. Overdue Notice: If payment for a bill rendered is not made on or before the forty-fifth (45th) day following the invoice date, a notice of overdue payment (the “Overdue Notice”) will be mailed to the water service customer at least seven (7) business days prior to the possible discontinuation of service date identified in the Overdue Notice. For purposes of this policy, the term “business days” shall refer to any days on which the Supplier’s office is open for business. If the consumer’s address is not the address of the property to which the service is provided, the Overdue Notice must also be sent to the address of the property served, addressed to “Occupant.” The Overdue Notice must contain the following:

- a) Consumer’s name and address;
- b) Amount of delinquency;
- c) Date by which payment or arrangement for payment must be made in order to avoid discontinuation of service;
- d) Description of the process to apply for an extension of time to pay the amount owing (see Section III(D), below);
- e) Description of the procedure to petition for review and appeal of the bill giving rise to the delinquency (see Section IV, below); and
- f) Description of the procedure by which the consumer can request a deferred, amortized, reduced or alternative payment schedule (see Section III, below).

The Supplier may alternatively provide notice to the consumer of the impending discontinuation of service by telephone. If that notice is provided by telephone, the Supplier shall offer to provide the consumer with a copy of this policy and also offer to discuss with the consumer the options for alternative payments, as described in Section III, below, and the procedures for review and appeal of the consumer’s bill, as described in Section IV, below.

2. Unable to Contact Consumer: If the Supplier is not able to contact the consumer by written notice (e.g., a mailed notice is returned as undeliverable) or by telephone, the Supplier will make a good faith effort to visit the residence and leave, or make other arrangements to place in a conspicuous location, a notice of imminent discontinuation of service for nonpayment, and a copy of this Policy.

3. Late Charge: A Late Charge, as specified in the Supplier’s schedule of fees and charges, shall be assessed and added to the

outstanding balance on the consumer's account if the amount owing on that account is not paid before the Overdue Notice is generated.

4. Turn-Off Deadline: Payment for water service charges must be received in the Supplier's offices no later than 4:00 p.m. on the date specified in the Overdue Notice. Postmarks are not acceptable.

5. Notification of Returned Check: Upon receipt of a returned check rendered as remittance for water service or other charges, the Supplier will consider the account not paid. The Supplier will attempt to notify the consumer in person and leave a notice of termination of water service at the premises. Water service will be disconnected if the amount of the returned check and returned check charge are not paid by the due date specified on the notice, which due date shall not be sooner than the date specified in the Overdue Notice; or if an Overdue Notice had not been previously provided, no sooner than the sixtieth (60th) day after the invoice for which payment by the returned check had been made. To redeem a returned check and to pay a returned check charge, all amounts owing must be paid by cash or certified funds.

6. Returned Check Tendered as Payment for Water Service Disconnected for Nonpayment:

a) If the check tendered and accepted as payment which resulted in restoring service to an account that had been disconnected for nonpayment is returned as non-negotiable, the Supplier may disconnect said water service upon at least three (3) calendar days' written notice. The consumer's account may only be reinstated by receipt of outstanding charges in the form of cash or certified funds. Once the consumer's account has been reinstated, the account will be flagged for a one-year period indicating the fact that a non-negotiable check was issued by the consumer.

b) If at any time during the one year period described above, the consumer's account is again disconnected for nonpayment, the Supplier may require the consumer to pay cash or certified funds to have that water service restored.

C. Conditions Prohibiting Discontinuation: The Supplier shall not discontinue residential water service if all of the following conditions² are met:

2. Pursuant to Health and Safety code section 116910(a), the "conditions" discussed in code section 116910 and this corresponding subsection of the policy have been altered by SB 3's amendments to Health and Safety code section 116906. Following SB 3's amendments to section 116906, that section 116906 provides that a plan for deferred or reduced payments, or an alternative payment schedule, are available to *any* customer *regardless* of whether they meet the *conditions* of subdivision (a) of section 116910. However, the Company may still need and require that a

1. Health Conditions – The consumer or tenant of the consumer submits certification of a primary care provider that discontinuation of water service would (i) be life threatening, or (ii) pose a serious threat to the health and safety of a person residing at the property;
2. Financial Inability – The consumer demonstrates he or she is financially unable to pay for water service within the water system’s normal billing cycle. The consumer is deemed “financially unable to pay” if any member of the consumer’s household is: (i) a current recipient of the following benefits: CalWORKS, CalFresh, general assistance, Medi-Cal, SSI/State Supplementary Payment Program or California Special Supplemental Nutrition Program for Women, Infants and Children; or (ii) the consumer declares the household’s annual income is less than 200% of the federal poverty level (see this link for the federal poverty levels applicable in California: <https://www.healthforcalifornia.com/covered-california/income-limits>); and
3. Alternative Payment Arrangements – The consumer is willing to enter into an amortization agreement, alternative payment schedule or a plan for deferred or reduced payment, consistent with the provisions of Section III, below.

D. Process for Requesting Information Needed to Determine the Type of (i) Deferred or Reduced Payments or (ii) Plan for an Alternative Payment Schedule to Avoid Discontinuation of Residential Service: In order to allow the Supplier sufficient time to process any request for assistance by a consumer, the consumer is encouraged to provide the Supplier with the necessary documentation demonstrating the medical issues under Subdivision (C)(1), financial inability under Subdivision (C)(2) and willingness to enter into any alternative payment arrangement under Subdivision (C)(3) as far in advance of any proposed date for discontinuation of service as possible. Upon receipt of such documentation, the Supplier’s General Manager, or his or her designee, shall review that documentation and respond to the consumer within seven (7) calendar days to either request additional information, including information relating to the feasibility of the available alternative arrangements, or to notify the consumer of the alternative payment arrangement selected by the Supplier, and the terms thereof, under Section III, below. If the Supplier has requested additional information, the consumer shall provide that requested information within five (5) calendar days of receipt of the Supplier’s request. Within five (5) calendar days of its receipt of that additional information, the Supplier shall notify the consumer in writing of the alternative payment arrangement selected by the Supplier, and the terms thereof, under Section III, below.

E. Special Rules for Low Income Consumers: Consumers are deemed to have a household income below 200% of the federal poverty line if: (i) any member of

consumer provide the information outlined in this subsection (C) of the policy for other purposes, such as determining (i) the most appropriate type of alternative payment arrangement and (ii) whether the consumer qualifies for the interest waiver exemption under this subsection (C).

the customer's household is a current recipient of the following benefits: CalWORKS, CalFresh, general assistance, Medi-Cal, SSI/State Supplementary Payment Program or California Special Supplemental Nutrition Program for Women, Infants and Children; or (ii) the consumer declares the household's annual income is less than 200% of the federal poverty level (see this link for the federal poverty levels applicable in California: <https://www.healthforcalifornia.com/covered-california/income-limits>). If a consumer demonstrates either of those circumstances, then the following apply:

1. Reconnection Fees: If service has been discontinued and is to be reconnected, then any reconnection fees during the Supplier's normal operating hours cannot exceed \$50, and reconnection fees during non-operational hours cannot exceed \$150. Those fees cannot exceed the actual cost of reconnection if that cost is less than the statutory caps. Those caps may be adjusted annually for changes in the Consumer Price Index for the Los Angeles-Long Beach-Anaheim metropolitan area beginning January 1, 2021.
2. Interest Waiver: The Supplier shall not impose any interest charges on delinquent bills.

F. Landlord-Tenant Scenario: The below procedures apply to individually metered detached single-family dwellings, multi-unit residential structures and mobile home parks where the property owner or manager is the customer of record and is responsible for payment of the water bill.

1. Required Notice:
 - a. At least 10 calendar days prior if the property is a multi-unit residential structure or mobile home park, or 7 calendar days prior if the property is a detached single-family dwelling, to the possible discontinuation of water service, the Supplier must make a good faith effort to inform the tenants/occupants at the property by written notice that the water service will be discontinued.
 - b. The written notice must also inform the tenants/occupants that they have the right to become customers to whom the service will be billed (see Subdivision 2, below), without having to pay any of the then delinquent amounts.
2. Tenants/Occupants Becoming Customers:
 - a. The Supplier is not required to make service available to the tenants/occupants unless each tenant/occupant agrees to the terms and conditions for service and meets the Supplier's requirements and rules.
 - b. However, if (i) one or more of the tenants/occupants

assumes responsibility for subsequent charges to the account to the Supplier's satisfaction, or (ii) there is a physical means to selectively discontinue service to those tenants/occupants who have not met the Supplier's requirements, then the Supplier may make service available only to those tenants/occupants who have met the requirements.

c. If prior service for a particular length of time is a condition to establish credit with the Supplier, then residence at the property and proof of prompt payment of rent for that length of time, to the Supplier's satisfaction, is a satisfactory equivalent.

d. If a tenant/occupant becomes a customer of the Supplier and the tenant's/occupant's rent payments include charges for residential water service where those charges are not separately stated, the tenant/occupant may deduct from future rent payments all reasonable charges paid to the Supplier during the prior payment period.

III. Alternative Payment Arrangements: Regardless of whether any consumer meets the three conditions under Section II(C), above, the Supplier shall offer the consumer one or more of the following alternative payment arrangements, to be selected by the Supplier in its discretion: (i) amortization of the unpaid balance under Subdivision (A), below; (ii) alternative payment schedule under Subdivision (B), below; (iii) partial or full reduction of unpaid balance under Subdivision (C), below; or (iv) temporary deferral of payment under Subdivision (D), below. The General Manager, or his or her designee, shall, in the exercise of reasonable discretion, select the most appropriate alternative payment arrangement after reviewing the information and documentation provided by the consumer and taking into consideration the consumer's financial situation and Supplier's payment needs.

A. Amortization: Any consumer who is unable to pay for water service within the normal payment period, may, if the Supplier has selected this alternative, enter into an amortization plan on the following terms:

1. Term: The consumer shall pay the unpaid balance, with the administrative fee and interest as specified in Subdivision (2), below, over a period not to exceed twelve (12) months, as determined by the General Manager or his or her designee; provided, however, that the General Manager or his or her designee, in their reasonable discretion, may apply an amortization term of longer than twelve (12) months to avoid undue hardship on the consumer. The unpaid balance, together with the applicable administrative fee and any interest to be applied, shall be divided by the number of months in the amortization period and that amount shall be added each month to the consumer's ongoing monthly bills for water service.

2. Administrative Fee; Interest: For any approved amortization plan, the consumer will be charged an administrative fee, in the amount

established by the Supplier from time to time, representing the cost of initiating and administering the plan. At the discretion of the General Manager or his or her designee, interest at an annual rate not to exceed eight percent (8%) shall be applied to any amounts to be amortized under this Subsection A.

3. Compliance with Plan: The consumer must comply with the amortization plan and remain current as charges accrue in each subsequent billing period. The consumer may not request further amortization of any subsequent unpaid charges while paying delinquent charges pursuant to an amortization plan. Where the consumer fails to comply with the terms of the amortization plan for sixty (60) calendar days or more, or fails to pay the consumer's current service charges for sixty (60) calendar days or more, the Supplier may discontinue water service to the consumer's property at least five (5) business days after posting at the consumer's residence a final notice of its intent to discontinue service.

B. Alternative Payment Schedule: Any consumer who is unable to pay for water service within the normal payment period, may, if the Supplier has selected this alternative, enter into an alternative payment schedule for the unpaid balance in accordance with the following:

1. Repayment Period: The consumer shall pay the unpaid balance, with the administrative fee and interest as specified in Subdivision (2), below, over a period not to exceed twelve (12) months, as determined by the General Manager or his or her designee; provided, however, that the General Manager or his or her designee, in their reasonable discretion, may extend the repayment period for longer than twelve (12) months to avoid undue hardship on the consumer.

2. Administrative Fee; Interest: For any approved alternative payment schedule, the consumer will be charged an administrative fee, in the amount established by the Supplier from time to time, representing the cost of initiating and administering the schedule. At the discretion of the General Manager or his or her designee, interest at an annual rate not to exceed eight percent (8%) shall be applied to any amounts to be paid under this Subsection B.

3. Schedule: After consulting with the consumer and considering the consumer's financial limitations, the General Manager or his or her designee shall develop an alternative payment schedule to be agreed upon with the consumer. That alternative schedule may provide for periodic lump sum payments that do not coincide with the established payment date, may provide for payments to be made more frequently than monthly, or may provide that payments be made less frequently than monthly, provided that in all cases, subject to Subdivision (1), above, the unpaid

balance and administrative fee shall be paid in full within twelve (12) months of establishment of the payment schedule. The agreed upon schedule shall be set forth in writing and be provided to the consumer.

4. Compliance with Plan: The consumer must comply with the agreed upon payment schedule and remain current as charges accrue in each subsequent billing period. The consumer may not request a longer payment schedule for any subsequent unpaid charges while paying delinquent charges pursuant to a previously agreed upon schedule. Where the consumer fails to comply with the terms of the agreed upon schedule for sixty (60) calendar days or more, or fails to pay the consumer's current service charges for sixty (60) calendar days or more, the Supplier may discontinue water service to the consumer's property at least five (5) business days after posting at the consumer's residence a final notice of its intent to discontinue service.

C. Reduction of Unpaid Balance: Any consumer who is unable to pay for water service within the normal payment period may, if the Supplier has selected this alternative, receive a reduction of the unpaid balance owed by the consumer, not to exceed thirty percent (30%) of that balance without approval of and action by the Board of Directors; provided that any such reduction shall be funded from a source that does not result in additional charges being imposed on other customers. The proportion of any reduction shall be determined by the consumer's financial need, the Supplier's financial condition and needs and the availability of funds to offset the reduction of the consumer's unpaid balance.

1. Repayment Period: The consumer shall pay the reduced balance by the due date determined by the General Manager or his or her designee, which date (the "Reduced Payment Date") shall be at least fifteen (15) calendar days after the effective date of the reduction of the unpaid balance.

2. Compliance with Reduced Payment Date: The consumer must pay the reduced balance on or before the Reduced Payment Date, and must remain current in paying in full any charges that accrue in each subsequent billing period. If the consumer fails to pay the reduced payment amount within sixty (60) calendar days after the Reduced Payment Date, or fails to pay the consumer's current service charges for sixty (60) calendar days or more, the Supplier may discontinue water service to the consumer's property at least five (5) business days after posting at the consumer's residence a final notice of its intent to discontinue service.

D. Temporary Deferral of Payment: Any consumer who is unable to pay for water service within the normal payment period may, if the Supplier has selected this alternative, have payment of the unpaid balance temporarily deferred for a period of up to

six (6) months after the payment is due. The Supplier shall determine, in its discretion, how long of a deferral shall be provided to the consumer.

1. Repayment Period: The consumer shall pay the unpaid balance by the deferral date (the “Deferred Payment Date”) determined by the General Manager or his or her designee. The Deferral Payment Date shall be within twelve (12) months from the date the unpaid balance became delinquent; provided, however, that the General Manager or his or her designee, in their reasonable discretion, may establish a Deferred Payment Date beyond that twelve (12) month period to avoid undue hardship on the consumer.

2. Compliance with Reduced Payment Date: The consumer must pay the reduced balance on or before the Deferred Payment Date, and must remain current in paying in full any charges that accrue in each subsequent billing period. If the consumer fails to pay the unpaid payment amount within sixty (60) calendar days after the Deferred Payment Date, or fails to pay the consumer’s current service charges for sixty (60) calendar days or more, the Supplier may discontinue water service to the consumer’s property at least five (5) business days after posting at the consumer’s residence a final notice of its intent to discontinue service.

IV. Appeals: The procedure to be used to appeal the amount set forth in any bill for residential water service is set forth below. A consumer shall be limited to three (3) unsuccessful appeals in any twelve (12) month period and if that limit has been reached, the Supplier is not required to consider any subsequent appeals commenced by or on behalf of that consumer.

- A. Initial Appeal: Within ten (10) days of receipt of the bill for water service, the consumer has a right to initiate an appeal or review of any bill or charge. Such request must be made in writing and be delivered to the Supplier’s office. For so long as the consumer’s appeal and any resulting investigation is pending, the Supplier cannot discontinue water service to the consumer.

- B. Overdue Notice Appeal: In addition to the appeal rights provided under Subsection A, above, any consumer who receives an Overdue Notice may request an appeal or review of the bill to which the Overdue Notice relates at least five business (5) days after the date of the Overdue Notice if the consumer alleges the bill is in error with respect to the quantity of water consumption set forth on that bill; provided, however, that no such appeal or review rights shall apply to any bill for which an appeal or request for review under Subsection A, above, has been made. Any appeal or request for review under this Subsection B must be in writing and must include documentation supporting the appeal or the reason for the review. The request for an appeal or review must be delivered to the Supplier’s office within that five (5) business day period. For so long as the consumer’s appeal and any resulting investigation is pending, the Supplier cannot discontinue water service to the consumer.

C. Appeal Hearing: Following receipt of a request for an appeal or review under Subsections A or B, above, a hearing date shall be promptly set before the General Manager, or his or her designee (the "Hearing Officer"). After evaluation of the evidence provided by the consumer and the information on file with the Supplier concerning the water charges in question, the Hearing Officer shall render a decision as to the accuracy of the water charges set forth on the bill and shall provide the appealing consumer with a brief written summary of the decision.

1. If water charges are determined to be incorrect, the Supplier will provide a corrected invoice and payment of the revised charges will be due within ten (10) calendar days of the invoice date for revised charges. If the revised charges remain unpaid for more than sixty (60) calendar days after the corrected invoice is provided, water service will be disconnected, on the next regular working day after expiration of that sixty (60) calendar day period; provided that the Supplier shall provide the consumer with the Overdue Notice in accordance with Section II(B)(1), above. Water service will only be restored upon full payment of all outstanding water charges, fees, and any and all applicable reconnection charges.

2. (a) If the water charges in question are determined to be correct, the water charges are due and payable within two (2) business days after the Hearing Officer's decision is rendered. At the time the Hearing Officer's decision is rendered, the consumer will be advised of the right to further appeal before the Board of Directors. Any such appeal must be filed in writing within seven (7) calendar days after the Hearing Officer's decision is rendered if the appeal or review is an initial appeal under Subdivision A above, or within three (3) calendar days if the appeal or review is an Overdue Notice appeal under Subdivision B, above. The appeal hearing will occur at the next regular meeting of the Board of Directors, unless the consumer and Supplier agree to a later date.

(b) For an initial appeal under Subdivision A, above, if the consumer does not timely appeal to the Board of Directors, the water charges in question shall be immediately due and payable. In the event the charges are not paid in full within sixty (60) calendar days after the original billing date, then the Supplier shall provide with the Overdue Notice in accordance with Section II(B)(1), above, and may proceed in potentially discontinuing service to the consumer's property.

(c) For an Overdue Notice appeal under Subdivision B, above, if the consumer does not timely appeal to the Board of Directors, then water service to the subject property may be discontinued on written or telephonic notice to the consumer to be given at least twenty-four (24) hours after the latter to occur of: (i) expiration of the original sixty (60) calendar day notice period set forth in the Overdue Notice; or (ii) the expiration of the appeal period.

3. When a hearing before the Board of Directors is requested, such request shall be made in writing and delivered to the Supplier at its office. The consumer will be required to personally appear before the Board and present evidence and reasons as to why the water charges on the bill in question are not accurate. The Board shall evaluate the evidence presented by the consumer, as well as the information on file with the Supplier concerning the water charges in question and render a decision as to the accuracy of said charges.

a) If the Board finds the water charges in question are incorrect, the consumer will be invoiced for the revised charges. If the revised charges remain unpaid for more than sixty (60) calendar days after the corrected invoice is provided, water service will be disconnected, on the next regular working day after expiration of that sixty (60) calendar day period; provided that the Supplier shall provide the consumer with the Overdue Notice in accordance with Section II(B)(1), above. Water service will be restored only after outstanding water charges and any and all applicable reconnection charges are paid in full.

b) If the water charges in question are determined to be correct, the water charges are due and payable within two (2) business days after the decision of the Board is rendered. In the event the charges are not paid in full within sixty (60) calendar days after the original billing date, then the Supplier shall provide with the Overdue Notice in accordance with Section II(B)(1), above, and may proceed in potentially discontinuing service to the consumer's property.

c) Any overcharges will be reflected as a credit on the next regular bill to the consumer, or refunded directly to the consumer, at the sole discretion of the Board.

d) Water service to any consumer shall not be discontinued at any time during which the consumer's appeal to the Supplier or its Board of Directors is pending.

e) The Board's decision is final and binding.

V. Restoration of Service: In order to resume or continue service that has been discontinued due to nonpayment, the consumer must pay a security deposit and a Reconnection Fee established by the Supplier, subject to the limitation set forth in Section II(E)(1), above. The Supplier will endeavor to make such reconnection as soon as practicable as a convenience to the consumer. The Supplier shall make the reconnection no later than the end of the next regular working day following the consumer's request and payment of any applicable Reconnection Fee.

APPENDIX B

TRACT 349 MUTUAL WATER COMPANY POLICY FOR METERING OF WATER USED BY INDIVIDUAL RESIDENTIAL RENTAL UNITS¹

1. **Effective Date.** This resolution shall take effect and be in force immediately upon adoption by the Company's Board of Directors.

2. **Definitions.** For purposes of this policy, the following terms shall have the definitions set forth below.

a. ***Fixed Charges*** means the Company's "Ready to Serve" charge in the *Submeter* bill that is a flat rate and does not vary with the volume of water consumed.

b. ***Master Meter*** means a device for recording the total volume of water consumed on the property owner's property.

c. ***Submeter*** means a device for recording the total volume of water consumed by each residential rental unit on the property owner's side of the *Master Meter*.

d. ***Submetered Consumer*** means any person who receives water through a *Submeter* and is responsible to pay the Company for *Water Service*.

e. ***Submeter System*** means any system for measurement of the total volume of water consumed by the occupants of each individual residential rental unit through the use of *Submeters*.

f. ***Variable Charges*** means the charges based on the Company's commodity rate, which vary depending on the volume of water consumed.

g. ***Water Service*** means any water service provided by the Company to a consumer.

3. **Purpose and Intent.** This policy is being implemented to encourage water conservation in residential rental units by providing for the use of *Submeters* to measure water consumption in individual residential rental units in accordance with Section 4, below.

4. **Application of Policy; Optional Compliance.** This policy shall apply to any residential property served by the Company which has more than one residential unit on such property, for which the property owner has elected to have *Submeters* installed in accordance with this policy. Compliance with this policy is completely at the property owner's discretion

¹ Established by way of resolution no. 8-15-2, which was duly passed, approved, and adopted by the Board Of Directors of Tract 349 Mutual Water Company at its regular meeting on August 12, 2015.

and the property owner also has the discretion to elect to have the Company read the *Submeter(s)* and bill and collect from the *Submetered Consumer(s)* for their respective use of water during any billing period in accordance with Section 6, below. In the event a property owner desires to have a *Submeter System* installed in accordance with this policy, the property owner shall enter into an agreement with the Company that sets forth additional details related to implementation of this policy, including the property owner's election with respect to responsibility for the reading of *Submeter(s)* and billing and collection of water charges from any *Submetered Consumer*.

5. Installation of Submeters; Maintenance, Repair and Replacement. The property owner shall be solely responsible for selecting the location for the installation of the *Submeter System*, for designing all related facilities and for all costs related to such installation, design and for the subsequent maintenance, repair and replacement of the *Submeter System* and any related facilities, and the costs thereof; provided, however, that the *Submeters* shall meet the Company's specifications. The Company's responsibility for any maintenance, repair and replacement shall end at the property owner's side of the *Master Meter*.

6. Election to Have Company Read Submeters and Handle Billing and Collection; Access to Submeters.

(a) The property owner may elect in writing through its agreement with the Company to have the Company handle the reading of each *Submeter* and the billing of, and collection from, the *Submetered Consumer* for water consumed in accordance with such *Submeter* reading. The Company shall bill, in accordance with Section 7, below, each *Submetered Consumer* bi-monthly for *Water Service* based on the water consumption recorded by that *Submetered Consumer's Submeter* at the same rate charged in the *Master Meter* bill, along with the Company's standard *Fixed Charges*; provided that a late charge of \$5.00 per billing cycle shall apply if the *Submetered Consumer* fails to pay its bill by its due date. The Company's costs in performing the services described in this section shall be covered by the *Fixed Charges* applicable to each *Submeter*.

(b) If the Company is handling the billing and collection for the *Submeter System*, then the total amounts of water usage by the related *Submeters* at any particular property shall be deducted from the amount of water usage recorded at the *Master Meter* at that property in connection with the Company's billing for that *Master Meter*.

(c) Nothing in this section shall impact the property owner's ultimate responsibility under the Company's Bylaws and applicable Rules and Regulations for any charges for *Water Service* incurred at that property owner's property.

(d) Each *Submeter System* and *Submeter* shall be installed so that it may be easily accessed and read by the Company, by any entity which the property owner may engage to read the *Submeter* pursuant to Section 8, below, and by any *Submetered Consumer* without entering the residential rental unit, and the Company is hereby provided a license to enter upon the property owner's property to read the *Submeters*. In the event subdivision (a) applies and a *Submeter* reading is unavailable, the Company shall bill the *Submetered Consumer* based on a reasonable estimate of water consumption.

7. Contents of Submeter Bills Rendered by Company. All bills the Company prepares and sends to *Submetered Consumers* shall include all of the following itemized information:

(a) The total amount due, separated into *Fixed Charges* and *Variable Charges*.

(b) The beginning and ending *Submeter* readings with the dates of the *Submeter* readings.

(c) The total amount of the total *Fixed Charges* and the total *Variable Charges*.

(d) Any late fees being charged.

(e) A telephone number for inquiries and questions.

(f) In situations where *Submeter* readings cannot be obtained, a statement that the bill was estimated. In no event shall a *Submeter* reading be estimated for more than two billing cycles (4 months).

(g) The date the bill is due.

(h) Any past due amounts.

8. Billing and Collection by Property Owner. The property owner may elect to itself or through a third party handle the reading of any *Submeters* and subsequent billing of and collection from the *Submetered Consumers*. If the property owner makes that election, the property owner shall only be responsible for payment of the *Master Meter* bill to the Company and the Company shall have no duty or obligation whatsoever to be involved with the reading of

any *Submeter* and any subsequent billing and collection activities pertaining to the *Submetered Consumers*.

9. Rental Agreements. The property owner's rental agreements that require tenants to pay for *Water Service* in a residential rental unit with a *Submeter System* shall include provisions that specify that the tenant shall be individually responsible for the payment for such *Water Service*, as the tenant's water usage is measured by the *Submeter* for that tenant's residential unit. Those rental agreements shall further identify to whom the tenant shall pay for its *Water Service* (i.e., the Company, the property owner or a third party) as determined under Sections 6 and 8, above.

10. Records. The Company shall retain copies of the *Master Meter* bills and copies of all *Submeter* bills, for which it is responsible for billing and collection, for at least one year after the date of the bill, and it shall make such records available at the request of a *Submetered Consumer* that will allow the individual consumer to verify his or her charges. Nothing herein is intended allow a *Submetered Consumer* to obtain a copy of a *Submeter* bill of another *Submetered Consumer*.

APPENDIX B-1

TRACT 349 MUTUAL WATER COMPANY

APPLICATION FOR THE SUBMETERING OF WATER SERVICE TO RENTAL PROPERTIES

Tract 349 Mutual Water Company (the "Company") has adopted a policy that allows for the submetering of multi-unit residential properties, at the property owner's option. Where the owner elects to have submeters installed and have the Company directly bill his or her tenants for their respective water service, the property owner must complete this application for each separate unit and tenant. Under the Company's Bylaws, as amended, and *Rules for Water Service and Customer Relations*, the owner of the property to which the Company provides water service is ultimately responsible for payment of any water charges incurred by the owner's tenants, including where the tenants' service is submetered. However, the Company is willing, at the direction of the property owner, to place a submetered account in the name of the owner's tenant, so that the tenant will be primarily responsible for payment of the water charges incurred by the tenant at that rental property. In any such case, though, the property owner remains ultimately responsible for payment of those charges and in the event of nonpayment by both the tenant and or property owner, a lien may be placed on the subject property in order to secure the amount due.

Based upon the above, the property owner must sign this form where indicated below in order to place an existing service in a tenant's name.

APPLICATION TO PLACE EXISTING SERVICE IN TENANT'S NAME

The undersigned, (1) _____, hereby certifies and warrants that he or she is an owner of record of the property located at: (2) _____, for which the undersigned has elected to have submeters installed, and for which a prior application for water service has been made and approved. The undersigned acknowledges that he or she shall remain ultimately responsible for the payment of all charges resulting from water service to that submetered property, ***provided that the Company shall act in accordance with its Rules for Water Service and Customer Relations and Policy on Discontinuation of Residential Water Service for Nonpayment in promptly terminating service to the owner's tenant as soon as permissible under those Rules and under California law in the event the tenant fails to pay for water service.***

(4) Owner's Signature

(9) Tenant's Name (print)

(5) Owner's Name (print)

(10) Tenant's Address

(6) Owner Account Number

(11) Tenant's Account Number

(7) Owner's Address

(8) Owner's Telephone

APPENDIX C

Tract 349 Mutual Water Company Policy Regarding Water Service To Be Provided To ADUs and JDUs

A. California is experiencing a shortage of affordable housing.

B. To address the shortage of affordable housing, the California Legislature has enacted statutes to facilitate the construction of accessory dwelling units, including SB 13 (Wieckowski) and AB 881 (Bloom) enacted in 2019. Since 2019, several new and additional state policies have created guidelines for ADU zoning, streamlining, and development at the local level.

C. Accordingly, the Board of Directors of Tract 349 Mutual Water Company (the “Company”) has adopted the policies set forth below with respect to water service to be provided to ADUs and JDUs within the Company’s jurisdiction and service area to ensure compliance with applicable law.

1. Definitions.

- A. “Accessory Dwelling Unit” or “ADU” means an attached or detached residential dwelling unit that provides complete independent living facilities for one or more persons. It shall include permanent provisions for living, sleeping, eating, cooking and sanitation on the same parcel as the single-family or multifamily dwelling is or will be situated. An accessory dwelling unit also includes (i) an efficiency unit; and (ii) a manufactured home, as defined in Section 18007 of the Health and Safety Code.¹
- B. “ADU Description Criteria” has the meaning ascribed to it in Section 3(A)(ii) of this policy, below.
- C. “accessory structure” means a structure that is accessory and incidental to a dwelling located on the same lot.²
- D. “Fee Criteria” has the meaning ascribed to it in Section 3(C)(ii) of this policy, below.
- E. “Junior accessory dwelling unit” or “JDU” means a unit that is (i) no more than 500 square feet in size *and* (ii) contained entirely *within a single-family residence*. A junior accessory dwelling unit may include separate sanitation facilities or may share sanitation facilities with the existing structure.³

1 Government Code section 66313(a). All remaining references to “Section” in this policy means that section of the Government Code, unless stated otherwise.

2 Section 66313(b).

3 Section 66313(d).

2. **Application Process.**

- A. When a property owner in the Company's service area determines to construct an ADU or JDU on the property owner's property, the property owner shall complete an application form concerning the water service to be provided by the Company to the proposed ADU or JDU. The application form shall include information regarding the additional plumbing fixtures to be included in the ADU or JDU and, where feasible, the estimated additional water demand resulting from the ADU or JDU.
- B. Company staff shall review the application form submitted and consult with the applicable planning agency concerning the proposed ADU or JDU plans and the adequacy of water service to be provided by the Company.⁴
- C. No fire sprinklers may be required in an ADU if they are not required in the primary residence.⁵
- D. The Company's issuance of a "will-serve" letter in connection with an application for a proposed ADU or JDU is expressly conditioned upon the property owner paying any application fees associated with the Company's review of the property owner's ADU or JDU application materials and plans.
- E. The Company's supplying of water service to ADUs and JDUs is subject to the statutory limitations specified in Section 3 of this policy, below.

3. **Incorporation of Statutory Provisions.**

- A. **Legal Parameters for Water Service-Related Issues and Topics Pertaining to ADUs.**
 - (i) The relevant statutes that set forth the legal parameters for water service-related issues and considerations pertaining to ADUs and JDUs are set forth in Sections 66323 and 66324.
 - (ii) Section 66324 sets forth the primary parameters with respect to water service and fees, with an important cross-reference to paragraph (1) of subdivision (a) of Section 66323 (the "ADU Description Criteria").
 - (iii) There are three (3) separate issues addressed in Section 66324:

⁴ Section 66314(a).

⁵ Section 66323(c).

- a) Whether a water supplier can require a new service connection between the ADU or JDU and the utility/water main.
- b) Whether a water supplier can require the payment of a (i) connection fee and/or (ii) capacity charge.
- c) Whether an impact fee can be assessed.

B. When a New Connection and Water Meter for Water Service Can be Required.

- (i) Company staff shall review the ADU or JDU application materials submitted by the applicant to determine whether it can require a new and separate water connection for the proposed ADU or JDU. This can be done by reviewing the plans for each ADU and JDU that requests service to ascertain whether the proposed ADU or JDU falls under the ADU Description Criteria. That is, whether:

“The accessory dwelling unit or junior accessory dwelling unit is **within the proposed space** of a **single-family dwelling** or **existing space** of a **single-family dwelling** or **accessory structure** and may include an **expansion of not more than 150 square feet**⁶ beyond the **same physical dimensions** as the **existing accessory structure**. An expansion beyond the physical dimensions of the existing accessory structure shall be limited to accommodating ingress and egress.”⁷

- (ii) If the proposed ADU or JDU satisfies the ADU Description Criteria, above, the Company may ***not*** require a new or separate service connection directly between the ADU and the JDU Company’s water system,⁸ ***so long as the other conditions in items (b)-(d) of the Fee Criteria in Section 3(C)(ii) of this policy, below, are met.***⁹
- (iii) For an ADU or JDU that meets the Fee Criteria, below, as applicable, the Company may require a new or separate water connection directly between the ADU or JDU and the Company’s water system.

⁶ **Note:** Unlike ADUs, JDUs must be created from existing accessory structures and *cannot* include an expansion up to 150 square feet beyond the physical dimensions of the existing accessory structure (see California Department of Housing and Community Development *Accessory Dwelling Unit Handbook*, updated as of January 2025). Because a JDU, by definition, must be created entirely from and within an existing accessory structure (that cannot include an expansion up to 150 square feet), determining whether a new connection can be required for a proposed *JDU* requires an examination of Section 66323(a)(1)(D), which pertains to JDUs.

⁷ Section 66323(a)(1)(A). (Bolding added).

⁸ For example, if a garage conversion includes the addition of a new bedroom that is 20 feet by 20 feet (240 square feet in total), a new connection could be required because the conversion adds more than 150 square feet to the existing space.

⁹ Pursuant to Sections 66323(a)(1)(B)-(D).

- (iv) In summary, the Company may require a new or separate service connection to be installed for a proposed ADU or JDU if:
- a) an existing space/single-family dwelling is being **expanded by more than 150 square feet** because of the ADU;
 - b) assuming an existing space/single-family dwelling is **not** being expanded by more than 150 feet, then, if any of the other conditions in items (b)-(d) of the Fee Criteria, below, are **not** met; or
 - c) the ADU is being constructed concurrently with a **new** single-family home or upon separate conveyance of the ADU.¹⁰

C. When a Connection Fee Can be Charged.

- (i) Under California law, (a) an ADU shall not be considered “a new residential use” for purposes of “*calculating*” connection fees unless the ADU is constructed with a **new** single-family dwelling¹¹; and (b) a JDU shall not be considered a “separate or new dwelling unit.”¹²
- (ii) For an ADU or JDU:
 - (a) that meets the ADU Description Criteria in 3(A)(ii), above;
 - (b) has exterior access from the proposed or existing single-family dwelling;
 - (c) has side and rear setbacks that are sufficient for fire and safety, *and*
 - (d) if the unit is a JDU, the JDU complies with the additional requirements pertaining to JDUs in Sections 66333 to 66339 (items (a) through (d) of this subdivision (i) of Section 3(C), collectively, the “Fee Criteria”), a connection fee can and may be charged by the Company, as applicable, and in accordance with this policy and the Company’s adopted schedule of water connection fees, as amended from time to time.
- (iii) For those ADUs or JDUs that do **not** meet all of the criteria in the ADU Description Criteria above, the Company may impose a connection fee; *provided, however*, that such fee must be proportionate

¹⁰ Section 66324(d).

¹¹ Section 66324(d). (Emphasis added.)

¹² Section 66338(a).

to the burden of the ADU or JDU upon the Company's water system, based upon either (a) its square feet or (b) the number of its drainage fixture unit values, as defined in the Uniform Plumbing Code. Any such connection fee shall **not** exceed the reasonable cost the Company incurs in providing the service to the ADU or JDU.¹³

- (iv) The Company shall review each application form concerning water service to be provided by the Company to a proposed ADU or JDU on a case-by-case basis, and the Company reserves the right to waive its right to (a) require a new metered connection to the new ADU or JDU and (b) charge a connection fee, despite being legally authorized to do so under California law and this policy, if the Company's General Manager, after consulting with the Company's engineer, determines that an existing connection or meter at the property where the proposed ADU or JDU will be located is sufficient to meet the demand imposed by the new ADU or JDU without a new metered connection.

D. Capacity Charge

- (i) A capacity charge, if applicable, may be charged by the Company in all instances where a connection fee may be required under California law and Section 3(C) of this policy, above.¹⁴

E. Impact Fees

- (i) The Company will not charge any impact fee for providing water service to an ADU or JDU under this policy.

4. Company staff will take all steps necessary to implement the foregoing policy and will recommend any changes to other Company policies or its *Rules for Water Service and Customer Relations* necessary to implement these principles.

¹³ Section 66324(e).

¹⁴ Sections 66324(d) and (e).

APPENDIX D

[FORM OF] AGREEMENT TO PROVIDE WATER SERVICE

This Agreement to Provide Water Service (“Agreement”) is dated as of [] (“Effective Date”) by and between Tract 349 Mutual Water Company, a California corporation (the “Company”), and [] (“Developer”) (each, a “Party”; collectively, the “Parties”), on behalf of and for the benefit of [] (“Owner”).

Recitals

A. The Company provides water service to the properties owned by its shareholders within its identified boundaries and has transmission and distribution facilities throughout its service area.

B. Developer proposes to construct [describe development] at property situated within the Company’s boundaries that is owned by Owner, commonly known as [] (the “Property”).

C. Developer has requested water supply for the Project and is in the process of receiving approvals from all applicable governmental entities for the construction of the Project, including the installation of water system improvements necessary to provide required water service and fire flow (collectively, “Water Service”) to the Project.

C. The Company’s Board of Directors has indicated a preliminary willingness and ability to provide Water Service to the Project, subject to the terms, conditions, limitations, and restrictions set forth in this Agreement, and the Company’s *Rules for Water Service and Customer Relations*, Bylaws, resolutions, policies, and schedules of fees and charges, as amended from time to time (collectively, “Company Rules”).

Agreement

NOW, THEREFORE, with reference to the facts and defined terms above, and in consideration of the promises, conditions, and mutual covenants below, the Parties agree as follows:

1. Preliminary Willingness and Ability to Provide Water Service. This Agreement indicates the Company’s preliminary willingness and ability to make Water Service available to the Project, subject to (a) the terms and conditions of this Agreement; (b) Developer’s agreement to make appropriate financial arrangements to fund the construction and installation of the necessary improvements, including, but not limited to, constructing and installing any of the following improvements that are necessary to provide Water Service to the Project: [describe improvements] collectively, the “Facilities”); (c) Developer’s compliance with all of the Company Rules; and (d) Developer’s full satisfaction of all applicable laws, rules, regulations, and standards relating to the Project and the performance of its obligations under this Agreement.

Developer expressly acknowledges that the development of the Project in reliance upon this Agreement is at the Developer's own risk for which the Company shall have no liability.

2. Payment of Costs. The Parties shall cooperate in determining the size, location and other characteristics of the Facilities necessary to provide Water Service to the Project. Developer shall reimburse the Company for all reasonable costs incurred in connection with the work authorized under this Agreement; including, but not limited to, (i) the Company's staff costs and overhead; (ii) charges by Company's legal counsel and any consultants relating to the Project, including any out-of-pocket expenses incurred in connection with the preparation (if applicable) and review of plans, designs, or other documents relating to the Project; and (iii) any other costs and expenses related to the construction, installation, operation, and conveyance of the Facilities to the Company in accordance with this Agreement. To ensure these expenses are paid, Developer shall deposit monies with the Company pursuant to Sections 2.1, 2.2 and 2.3, below. The Company will charge the costs it incurs under this Agreement against the deposit and shall render monthly accountings to Developer of the charges and remaining balance of the deposit. If the deposit becomes exhausted, Developer shall provide an additional deposit in an amount to be agreed upon by the Parties. Upon termination of this Agreement, any unused deposit shall be promptly refunded to Developer without interest.

2.1. Preliminary Design/Plan Check. Upon execution of this Agreement, Developer shall deposit with the Company the sum of [amount], as a non-refundable plan review fee, and submit any pertinent site plans, building plans, and specifications for the Facilities (stamped by a registered professional engineer familiar with the preparation of underground water utilities plan and specifications in public rights of way and streets) and any other documents that may be required by the Company. Upon receipt, the Company's General Manager or, at his sole discretion and at Developer's cost and expense, an outside engineer, shall review those plans.

2.2. Will Serve Letter. Developer shall deposit with the Company the sum of [amount] to cover expenses associated with the issuance of a "will-serve commitment letter" for the Project.

2.3. Inspection Fees and Other Costs. Upon execution of this Agreement, Developer shall deposit with the Company the initial sum of [amount], which is an initial estimate and may be increased by the Company at its discretion, for reimbursement of Company costs incident to field inspection of the construction of the Facilities, as set forth in Section 6, below, and other costs the Company incurs in connection with the Project, as described in Section 2, above. The inspection costs referenced in this Section 2.3 and related inspection rights set forth in Section 6, below, are separate and apart from any inspection costs that may be charged by the City of Cudahy in connection with the construction of the Facilities or other aspects of the Project and any subsequent compaction and repaving of the public right of way and street in front of the Project that may be required as a result of the installation of the Facilities. In accordance with Section 3.7, below, Developer shall be solely responsible for all costs and expenses related to compliance with the City of Cudahy's requirements pertaining to the Project.

If any amount deposited under this Section 2.3 exceeds the actual costs incurred by the Company in connection with such services rendered by the Company, the excess shall be returned to Developer no later than seven (7) calendar days of the date the Company finally determines the amount of its actual costs. If the actual costs incurred by the Company in connection with such services exceed the amount deposited by Developer, Developer shall be responsible for payment of such excess costs no later than seven (7) days after the date of invoice from the Company setting forth such excess costs. Water Service to the Project will not commence before any such excess costs are paid in full. The Company will use its best efforts to minimize all costs incurred in connection with the Project.

3. Construction of Facilities; Permits.

3.1. Upon the Company's review of the plans and specifications for the Facilities, including such terms and conditions relating to the construction, ownership, and control of such Facilities as may be required by the Company or its engineer, Developer shall contract for the construction and installation of the Facilities with a contractor of Developer's choosing that is properly licensed by the State of California Contractor's State License Board to complete the construction of the Facilities (typically licensed as an "A" general engineering contractor and a C-34 pipeline contractor specializing in underground water utilities in public rights of way and streets). No later than fourteen (14) business days prior to the commencement of any work to install the Facilities, Developer shall submit to the Company the name of the contractor it proposes to use to construct or install the Facilities for the Company's approval, which will not be unreasonably withheld. The Company shall inform Developer of its decision no later than seven (7) business days after submittal. All contractors and subcontractors performing work related to the Facilities shall be properly licensed under the laws and regulations of the State of California. The construction of the Facilities shall comply with all applicable local, state, and federal laws, rules, regulations, and requirements.

3.2. All work related to construction or installation of the Facilities is for the convenience of and at the request of Developer, who shall be solely responsible for all costs and expenses in connection therewith. The Company shall not be responsible to any contractor, subcontractor, supplier, or materialmen for any costs or expenses related to or arising from such work. Developer shall not permit any claim to be enforced against the Facilities, including, but limited to, any mechanics' lien, regardless of how such a claim may arise. Developer shall, no later than five (5) business days of the assertion thereof, cause any such claim to be discharged or provide a bond releasing such claim, in a form satisfactory to the Company.

3.3. Developer shall provide the Company with a schedule for construction of the Facilities and shall keep the Company advised of the schedule and progress of work. No work shall be performed unless (a) there has been a pre-construction meeting with representatives of the Company, Developer, and Developer's contractor in attendance; (b) the Company has been given written notice of the name and telephone number of the contractor's job superintendent who shall be the contractor's representative at the job site and shall have authority to act on behalf of the contractor, and the name and telephone number of contractor's alternate representative in the event the job superintendent is unavailable; and (c) the Company has been given at least five (5) business days written notice of the commencement of work.

3.4. Developer shall have a written agreement with its contractor, which shall incorporate by reference the terms and conditions of this Agreement. Developer shall furnish its contractor with a copy of this Agreement and shall cause the contractor to acknowledge in writing contractor's agreement to be bound by the terms and conditions of this Agreement. A fully executed copy of the agreement between Developer and its contractor shall be delivered to the Company prior to commencement of work on the Facilities.

3.5. All work to be performed in connection with the construction or installation of the Facilities shall have a guarantee from Developer against defects in workmanship or materials for a period of one (1) year after the Company's acceptance of the Facilities. Developer shall repair, or shall cause to be repaired, any and all such work, together with any other work which may be displaced in so doing that is found to be defective within such guarantee period, without any expense whatsoever to the Company. In the event of a failure to comply with the above-mentioned conditions within seven (7) business days of being notified of such in writing, the Company shall be entitled to have the defects remedied and the work repaired or replaced, at the expense of Developer, and Developer shall pay to the Company the cost of all reasonable expenses the Company incurs in connection with any such repair or replacement work immediately upon demand by the Company. Additionally, Developer shall provide the Company with any manufacturer warranties that may be applicable to materials or equipment included in the Facilities.

3.6. To the extent Developer or its contractor requires the use of construction water, such water shall be provided through a separate meter and in accordance with the Company Rules in effect at the time the construction work is commenced.

3.7. Developer and/or its contractor shall be responsible, at their cost and expense, for obtaining all permits necessary for construction and installation of the Facilities, including any excavation permit required by the applicable governmental entity or entities.

4. Change Orders. Developer shall not cause or allow any material change to be made to the Facilities' plans and specifications without the prior written approval of the Company.

5. Insurance. Prior to the commencement of any construction or installation work, Developer shall provide to the Company a policy or an original certificate of liability insurance in which the Company is named as an additional insured, along with its directors, officers, employees, agents, consultants, engineers, attorneys, and volunteers (collectively, the "Indemnified Parties"), against all third party Claims (as defined in Section 12, below) arising out of or in connection with the work to be performed under this Agreement. The policy (or policies) of insurance shall remain in full force and effect until the work is accepted by the Company. The Company and the Indemnified Parties shall be covered as insureds under the insurance provided by Developer with respect to the following: (i) liability arising out of activities performed by or on behalf Developer or any contractor or subcontractor; (ii) products and completed operations of Developer or a contractor or subcontractor; (iii) premises owned, occupied, or used by Developer or a contractor or subcontractor; or (iv) automobiles owned, leased, hired, or borrowed by Developer or any contractor or subcontractor.

The coverage shall contain no special limitations on the scope of protection afforded to the additional insureds. The above-referenced insurance policy (or policies) shall be furnished at Developer's expense, in a form and with insurance companies authorized to do business and having an agent for service of process in California, and an "A-" policyholder's rating and a financial rating of at least Class VIII in accordance with the most recent Best's Insurance Guide, or if Best's is no longer published, comparable ratings from a service acceptable to Company. Such insurance, in addition to the multiple additional named insured endorsements set forth above, shall be broad form commercial general liability insurance in the amounts set forth below, and shall contain additional endorsements providing as follows: (i) blanket contractual liability coverage for Developer or contractor indemnification obligations owing to the Company, the Indemnified Parties, or others pursuant to this Agreement and any agreements between Developer and contractor(s) for work on the Project; (ii) coverage for explosion, collapse, underground excavation, and removal of lateral support; (iii) that the insurance may not be canceled or reduced until thirty (30) days after the Company has actually received written notice of such cancellation or reduction; (iv) "cross liability" or "severability of interest" coverage for all insureds under the policy or policies; (v) that any other insurance maintained by the Company or any other Indemnified Party or named insured is excess insurance, and not contributing insurance with the insurance required herein; and (vi) that the coverage afforded to the additional insureds shall not be affected by any failure of Developer, contractor, or any subcontractor to comply with reporting requirements or other provisions of the policy or policies, including breaches of warranties. The amount of coverage shall be no less than the following:

- General bodily injury and property damage – [One Million Dollars/Two Million Dollars (\$1,000,000/\$2,000,000) per occurrence, and Two Million Dollars/Five Million Dollars (\$2,000,000/\$5,000,000) in the aggregate.]
- Automobile bodily injury and property damage – One Million Dollars (\$1,000,000) per accident, including owned, non-owned, and hired autos, and providing coverage for loading and unloading.
- Workers compensation insurance as required by California law.

The evidence of insurance required to be provided to the Company shall include original copies of the ISO CG 2010 (or insurer's equivalent) signed by the insurer's representative and certificate(s) of insurance (Accord Form 25-S or equivalent) reflecting the existence of the required insurance. If required by the Company, Developer shall furnish a complete copy of the policy or policies, and all endorsements thereto. Commercial general liability insurance must include Company's, Developer's, and contractor's Protective Coverage, Products-Completed Operations Coverage, Premises-Operations Coverage, and coverage of the Company's facilities during the construction and installation of the Facilities.

6. Inspection. The Company, or its representatives, shall perform all inspections of the Facilities during the construction phase (except any inspections by the City of Cudahy or other governmental entity) and upon completion of the installation of the Facilities. The Company shall, at all times during construction or installation of the Facilities, have access to the sites where Facilities are under construction or being installed and shall be provided with every opportunity for ascertaining full knowledge respecting the progress, workmanship, and character

of the materials and equipment used and employed in construction of the Facilities. Developer or its contractor shall give at least forty-eight (48) hours' advance written notice to the Company of any work being performed on a Saturday, Sunday, or holiday designated by the Company, or for more than eight (8) hours in a workday. Developer or its contractor shall give at least twenty-four (24) hours' advance written notice to the Company of back filling or otherwise covering any part of the Facilities constructed so that the Company may, if desired, inspect such work before it is concealed. The observation, if any, by the Company of the construction of the Facilities shall not relieve Developer or its contractor of any of their obligations under this Agreement. Defective work shall be made good, and materials and equipment furnished, and work performed which is not in accordance with the approved plans, may be rejected notwithstanding the fact that such materials, equipment, and work have been previously inspected by the Company.

7. Notice of Completion. Upon completion of the installation of the Facilities and approval of such installation by the Company pursuant to Section 6, above, to confirm that the Facilities were installed in accordance with the approved plans and specifications, Developer shall complete and record a "Notice of Completion" and provide a conformed copy of such recorded notice to the Company.

8. Meter Installation. As a condition of providing Water Service to the Project, Developer shall install individual water meters for each residential dwelling unit at the Project (Developer may utilize submeters if approved by the Company). In addition to any other monies to be paid under this Agreement, Developer, prior to the delivery of any Water Service by the Company to the Project, shall, if applicable, pay to the Company its established costs for installation of any meters and related appurtenances necessary to provide Water Service to the Project (unless Developer or its contractor will be installing such meters and these costs are included in the cost of construction of the Facilities, which will be paid for by Developer).

9. Acceptance of Facilities by Company. Upon completion of the installation of the Facilities, Developer shall transfer to the Company, free and clear of all liens, claims, and encumbrances, the Facilities, up to and including the meters providing Water Service to the Project, and those Facilities shall become the property of the Company upon the Company's acceptance thereof. The Company may require Developer to provide a deed, bill of sale, or other instrument of conveyance, conveying the Facilities from Developer to the Company.

10. Easements. To the extent the Facilities on the Company's side of the meter or meters to be installed at the Project site are situated on Owner's Property, Developer, at its cost and expense, shall transfer to the Company an easement necessary for the construction and operation of such Facilities, or direct Owner to transfer such to the Company.

11. Failure to Complete Project. In the event Developer fails to complete the Project, the Company shall reimburse to Developer any unexpended deposits for payment made hereunder.

12. Indemnification. With the exception of Claims (defined below) that result from the sole negligence or willful misconduct of the Company or its agents, Developer shall indemnify, defend (with counsel approved by the Company), and hold harmless the Company and the Indemnified Parties (defined in Section 5 above) from and against any third party claims,

damages, losses, expenses, and other costs, including the costs of defense and reasonable attorneys' fees (collectively, "Claims") arising out of or resulting from the negligent design or negligent construction or installation of the Facilities, including, but not limited to, any Claims against the Company with respect to the failure, neglect, or refusal of Developer or its contractor to faithfully perform the work contemplated under this Agreement. This obligation shall not be abridged, reduced, or discharged by the maintenance of insurance. This Section 13 shall survive the expiration or earlier termination of this Agreement.

13. Water Service. The Company shall be under no obligation to provide Water Service to the Project until Developer has submitted to the Company a completed an "Application for Water Service" for both (a) water service and (b) fire service in the form requested by the Company and the Facilities have been completed, installed, and accepted by the Company in accordance with this Agreement above, and all costs, fees and charges owing to the Company have been paid. The Company shall thereafter provide Water Service to the Project in accordance with the Company Rules, and Developer, and its successors and assigns, shall comply with such Company Rules. The Company neither guarantees nor agrees to supply water in any specific quantities, qualities, or pressures for fire flow, domestic use, or for any other purpose whatsoever, and no such obligations shall be implied.

14. Attorneys' Fees. In any dispute, litigation, arbitration, or other proceeding by which one party either seeks to enforce its rights under this Agreement (whether in contract, tort, or both) or seeks a declaration of any rights or obligations under this Agreement, the prevailing party will be awarded reasonable attorney's fees, together with any costs and expenses, to resolve the dispute and to enforce any judgment, including post-judgment attorney's fees costs and expenses and any attorneys' fees or costs incurred on appeal of any judgment.

15. Assignment; Transferability. This Agreement is specific to the Project and is not transferable to any other property or project. The rights and obligations of Developer under this Agreement are not assignable without the written consent of the Company, which will not be unreasonably withheld, and any prior written consent of the Company shall not operate to release, excuse, or discharge Developer from any of its obligations under this Agreement. Any attempted assignment without the Company's written consent shall be null and void.

16. Governing Law; Venue. This Agreement and the application or interpretation thereof shall be governed exclusively by its terms and by the laws of the State of California. Venue for all purposes shall be deemed to lie within Los Angeles County, California, and any action to enforce this Agreement or for any remedies, damages, or other relief shall be brought only in the State Courts of the State of California for the County of Los Angeles.

17. Successors and Assigns. Subject to the provisions relating to assignment in Section 15, all terms and conditions in this Agreement shall be binding upon and inure to the benefit of the successors and permitted assigns of the Parties. Nothing contained in this Agreement, expressed or implied, is intended to confer upon any person, other than the Parties and their permitted assigns and successors, any rights or remedies under or by reason of this Agreement.

18. Entire Agreement. This Agreement constitutes the entire agreement of the Parties with respect to its subject matter and no amendment, modification, or alteration of its terms shall be binding unless agreed to by the Parties in a written instrument that is dated after the Effective Date and duly approved and executed by each of the Parties.

19. Corporate Authority. Each person executing this Agreement on behalf of a Party represents and warrants that they have the authority to execute this Agreement on behalf of that Party and have the authority to bind that Party to the performance of its obligations hereunder.

20. Termination; Automatic Expiration. Either Party may terminate this Agreement by giving the other Party ten (10) days' prior written notice, and in the case of termination by Developer, by also tendering to the Company an amount of money sufficient to pay all unpaid costs incurred by the Company prior to the effective date of the termination. If not terminated earlier by either Party under this Section, this Agreement shall automatically expire, and shall become null and void, two (2) years from the Effective Date, except for Section 12 above. Upon the automatic expiration of this Agreement, Developer shall tender to the Company an amount of money sufficient to pay all unpaid costs incurred by the Company pursuant to this Agreement.

21. Notices. All notices required by or to be provided under this Agreement shall be in writing and shall be deemed effective when personally delivered or sent by facsimile, with confirmation of receipt by the sending Party's facsimile machine. If any such notice is provided by overnight delivery (including Federal Express, UPS Overnight, Overnight Express, Express Mail or other nationally recognized overnight delivery service), the notice shall be deemed effective upon notice of confirmation of receipt by the carrier. If any such notice is mailed by first class mail, the notice shall be deemed effective three (3) calendar days after a formal confirmation of mailing provided by the United States Postal Service. Notices shall be delivered to the following addresses, or to such other addresses as the Parties may notify each other in writing from time to time:

If to Company: Tract 349 Mutual Water Company
 Attn: General Manager
 4630 Santa Ana Street
 Cudahy, CA 90201
 Fax: (323) 560-1663

If to Developer: _____

 Fax: _____

23. Counterparts; Further Assurances. This Agreement may be executed in in any number of counterparts, facsimiles, PDFs, photocopies, original or electronic counterparts, including DocuSign, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. Each Party agrees, after this Agreement is executed, to sign and provide any additional documents required to implement its terms.

(Signature Page Follows)

The Parties have caused this Agreement to be effective and delivered as of the Effective Date.

“Developer”:

[name]

“Company”:

Tract 349 Mutual Water Company,
a California corporation

By:
Its:
Date:

By:
Date: