

EL DORADO MUTUAL WATER CO.

P.O. BOX 900519 PALMDALE, CA. 93590 (661) 947-3255

Fax: 661-947-9701

1.01: DESCRIPTION OF SERVICE

A. Quantities: El Dorado 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.

B. Responsibility for Loss or Damage: Customers shall accept such conditions of pressure and service as are provided by the Company system, and 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, by e-mail, by telephone, or by leaving a written notice on the door.

2. Notice from Customers: A customer may give the Company notice by fax, by e-mail (with confirmation of receipt by telephone or return e-mail from the Company) or by letter mailed to the Company: P.O. Box 900519, Palmdale, CA, 93590. It is the Customer's responsibility to maintain current contact information with the Water Company for emergency contact, including the contact information for tenants or residents other than the shareholder living on the property. All such notification must be submitted in writing.

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 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, but subject to any contrary provisions of the Company's Bylaws, the Company will apportion its available water supply among its customers as directed by the appropriate authorities. If no direction is given by such authorities, the Company will apportion the supply in accordance with the Company's Emergency Response Plan 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, regardless of whether 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 for the reading of any meter situated on that property. The customer's system may be inspected at all reasonable times by authorized Company representatives.

E. Service Calls (Civil Code '1722): Where access to the 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. Where unforeseen or unavoidable circumstances prevent the Company from making the service call, the Company

will make a diligent effort to notify the customer of the delay and then make the service call within a newly agreed 2-hour period.

If the customer fails to honor the service call appointment, the Company may assess a \$50.00 fee to the customer's next water bill for the costs incurred by the Company.

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 of any appliances or other equipment by the customer; 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 or flow.

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 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 is determined to be the responsibility of the customer will also be billed to the property owner. Such damages shall be reimbursed to the Company at cost plus administrative overhead. If responsibility for damage is not known, charges will be levied against the current property owner.

1.03: RATES AND CHARGES

A. General Provisions: Rates and charges for water use and other miscellaneous charges are set by the Board from time to time. The Company's monthly "Standby Fee" is imposed upon a property even when that property has no meter and is not currently receiving water service from the Company. Current rates and charges are available from the Company office. Monthly invoices are mailed to the Shareholder - owner of the property - because although the property may be occupied by a tenant, per the Company By-laws, the property owner is ultimately responsible for payment of all 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 by the due date the customer shall pay a late charge of 1% of the outstanding balance, in addition to any other charges that may be due, advance payments required, or any other conditions established by the Company. The customer will be notified of delinquency and potential shut off, 30 days prior to a termination notice hung on site.

2. 48 Hour Termination Notice: Forty-eight (48) hours prior to the termination date, the Company will hang a shut off notice on the property. Immediately prior to termination the Company will make a reasonable, good faith effort to contact an adult at the residence by telephone or in person. The Customer will be charged \$25.00 to cover the expense of providing the forty-eight (48) hour termination notice. 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 at the residence.

3. Reconnection Charge: Where water service has been terminated, whether for non-payment or for other violation of Company rules or policies, the customer will be charged \$50.00 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, Monday through Friday. Additional charges may be incurred if the termination or reconnection occurs after the Company's normal business hours. The foregoing termination or reconnection charge and all past due charges on the account must be paid before service will be restored.

4. Returned Check Charge: When a customer's check is returned as non-negotiable for any reason, the customer will be charged a fee for the returned check. Unless all charges due, including the Returned Check Charge, are paid by money order, via Zelle or other certified funds in a timely manner, water service may be terminated. If the returned check was tendered as payment after the customer's service was terminated for non-payment, no Notice of Termination will be given, and service will immediately be terminated. When a second check is dishonored by the bank within a year of the first check being returned, water service may be terminated without further notice and will not be restored until all charges, fees and deposits have been paid by, money order, via Zelle, cashier's check, or other certified funds and received by the Company office. The customer shall be required to pay all charges electronically or by certified funds for the following year.

6. 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 re-establish service to that property, must

pay a meter re-set fee as well as all outstanding charges, before the service and meter will be reconnected. The fact that a meter has been "pulled" from a location will not nullify the Company's "Standby Charge", Road or Special Assessments or other charges applicable to that property.

7. Unauthorized Water Use: Any customer or shareholder found taking water from or through any of the Company's facilities without having signed up for service or 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. The unauthorized use of a fire hydrant will be fined in the amount of \$1,000.00 per occasion. In addition, the Company reserves the right to seek criminal prosecution under California Penal Code Sections 624 and 625 for such unauthorized water use.

8. 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.

9. As per Corporations Code 14304, the Company may record a lien against the property for non-payment of delinquent assessments, water charges, maintenance fees, penalties and interest. The property owner will be provided with a twenty (20) day notice of intent prior to recordation with the Los Angeles County Recorder. The lien amount will also include recording, postage, notary, collection and legal fees. Normal monthly charges and fees and interest will continue to be assessed against the property after the lien has been filed. The lien will continue until the full amount owing to the Company is paid or the property is sold to satisfy the lien.

10. The Company has been empowered to assess for the maintenance of the Private Roads. The annual road assessment of \$26.40 per share is included in the September billing and must be paid with the invoice received. Any resident causing excessive wear or damage to the private roads will be billed directly for the cost of the specific road repair. Water line easements and road easements must be kept free from obstruction. A \$500.00 fine will be assessed for abandoned furniture, appliances, vehicles, trash or debris left in the easements. Property owners will also be billed for the cost to remove the easement obstruction.