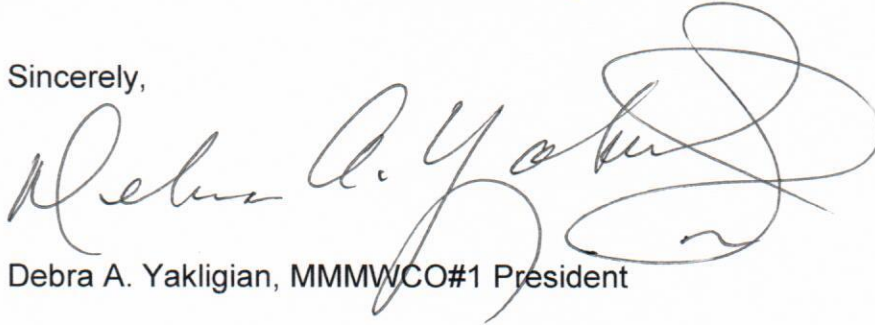


August 11, 2016

Due to recent events within Musick Meadows Mutual Water Co.1 the Board of Directors has devised, adopted, and memorialized in writing the rules and regulations regarding payment and collection of assessments, and the exportation of water. Copies of these rules are included in this mailing.

Sincerely,

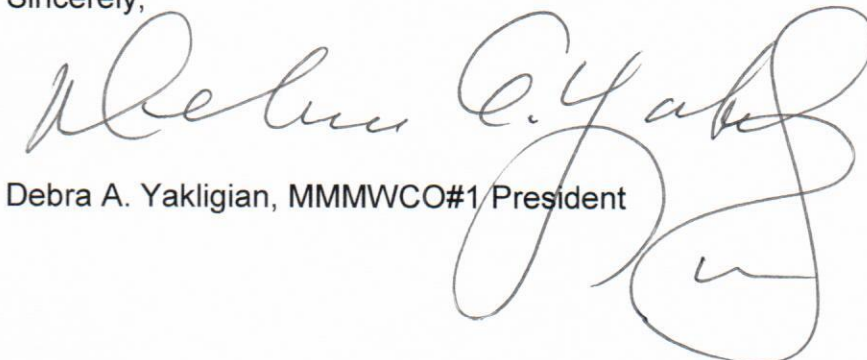
A handwritten signature in cursive script, appearing to read "Debra A. Yakligian". The signature is fluid and somewhat stylized, with a large loop at the end.

Debra A. Yakligian, MMMWCO#1 President

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Music Meadows Mutual Water Company
Rules and Regulations Regarding
Payment and Collection of Assessments
(July 10, 2016)

These Rules and Regulations are promulgated by the Board of Directors of this Corporation pursuant to ARTICLE IV, Paragraph 3 of the Bylaws of this Corporation.

Duty to Pay. Each shareholder of this corporation has a duty to pay all assessments, whether it be a regular or special assessment, properly levied by the Board of Directors. A regular or special assessment and any late charges, reasonable costs of collection, and interest, as assessed shall be a debt of the shareholder at the time the assessment or other sums are levied.

Assessment Period. The regular assessment period shall commence on June 1 and terminate on May 31 of each year.

Regular Assessments. Within the month of June of each year, the Board shall assess each share of stock for its regular assessment for that year. Each shareholder is obligated to pay assessments to the Board in equal monthly installments on or before the first day of each month unless the Board adopts an alternative method for payment.

Special Assessments. If the Board determines that the amount to be collected from regular assessments will be inadequate to defray the expenses for the year due to the cost of any construction, unexpected repairs or replacements of capital improvements, or any other reason, it shall make a special assessment for the additional amount needed. Special assessments shall be levied and collected in the same manner as regular assessments.

Limitations on Assessments. The Board shall comply with the following requirements governing the imposition and amounts of assessments:

(a) For any fiscal year, the Board may impose a regular assessment per share of stock that is as much as 20 percent greater than the regular assessment for the preceding fiscal year, provided (1) the Board has distributed the pro forma operating budget described in subparagraph (d) below for the current fiscal year or (2) the increase is approved by shareholders constituting a majority of the votes at a meeting or in an election of the Corporation conducted in accordance with the Corporation's Bylaws and California law.

(b) The Board may impose, for any fiscal year, a regular assessment per share of stock that is more than 20 percent greater than the regular assessment for the preceding fiscal year, provided the increase or levy is approved by shareholders constituting a majority of the shareholders of the Corporation and casting a majority of the votes at a meeting or election of the Corporation conducted in accordance with the Corporation's Bylaws and California law.

(c) The Board may, without complying with the foregoing requirements, make an assessment increase that is necessary for an emergency situation. An emergency situation is an extraordinary expense that is any of the following:

- (1) Required by a court order, statute or regulatory body.
- (2) Necessary to repair or maintain the water system, or any part of it,

for which the Corporation is responsible when a threat to personal safety in the system is discovered.

(3) Necessary to repair or maintain the system or any part of it for which the Corporation is responsible that could not have been reasonably foreseen by the Board in preparing and distributing the pro forma operating budget pursuant to subparagraph (d) below. Before the Board may impose or collect an assessment in the type of emergency situation described in this subparagraph (3), it shall pass a resolution containing written findings as to the necessity of the extraordinary expense and why the expense was not or could not have been reasonably foreseen in the budgeting process, and shall distribute the resolution to the shareholders with the notice of assessment.

(d) The Board shall notify the Shareholders in writing of any increase in the amount of a regular or special assessment. The Board shall provide this notice by first-class mail not less than 30 or more than 60 days prior to the due date of the increased assessment.

Late Charges. Late charges may be levied by the Corporation against a shareholder for the delinquent payment of regular and special assessments, or waiver or reduced for extenuating circumstances as determined in the sole discretion of the Board.. An assessment is delinquent on October 1 of each year. If an assessment is delinquent, the Corporation may recover all of the following from the shareholder:

- (a) Reasonable costs incurred in collecting the delinquent assessment, including reasonable attorneys' fees.
- (b) A late charge not exceeding 10 percent of the delinquent assessment or \$150, whichever is greater.
- (c) Interest on the foregoing sums, at an annual percentage rate of 12 percent, commencing 30 days after the assessment becomes due.

No late charge may be imposed more than once for the delinquency of the same payment. However, the imposition of a late charge on any delinquent payment shall not eliminate or supersede charges imposed on prior delinquent payments.

Enforcement of Assessments and Late Charges. At least 30 days before the Corporation can begin collection for a past due debt for a regular or special assessment, the Corporation must notify the shareholder by certified mail of the following:

- (1) A general description of the Corporation's collection enforcement procedures.
- (2) The method of calculation of the amount due.
- (3) A statement that the shareholder has the right to inspect the Corporation records regarding the assessment.
- (4) A statement informing the shareholder that water deliveries based on the shareholder's shares can be denied (including the installation of a lock box to terminate water service) and the shareholder's shares may be seized and sold or forfeited to the Corporation without court action.
- (5) An itemized statement of the charges owed by the shareholder, including items on the statement that indicate the amount of any delinquent

assessments, the fees and reasonable costs of collection, reasonable attorney's fees, and any late charges and interest.

(6) A statement that the shareholder will not be liable to pay the charges, interest, and costs of collection, if it is determined the assessment was paid on time.

(7) The shareholder's right to request a meeting with the Board if the shareholder disputes the debt.

A shareholder may dispute the debt by submitting to the Board a written explanation within 15 days of the mailing of the Corporation's notice. The Board must respond to a shareholder's timely explanation within 15 days of the mailing of the shareholder's explanation.

A shareholder also may submit a written request to meet with the Board to discuss a payment plan for the debt. The request must be mailed within 15 days of the mailing of the Board's notice. The Board must then meet with the shareholder in executive session at the general meeting place of the Board within 45 days of the mailing of the shareholder's request. If there is no regularly scheduled Board meeting within that time period, the Board may designate a committee of one or more members to meet with the shareholder.

Any partial payments made toward the debt will first be applied to the assessments owed, and only after the principal owed is paid in full will the payments be applied to the fees and costs of collection, attorneys' fees, late charges, or interest. When a shareholder makes a payment, the shareholder may request a receipt and the Corporation shall provide it. The receipt shall indicate the amount of payment, date of payment and the person who received it. The Corporation shall provide a mailing address for overnight payment of assessments.

Collection measures of a debt for a delinquent regular or special assessment and any late charges, reasonable fees and costs of collection, reasonable attorneys' fees, and interest may be conducted any time after 30 days from the date of the notification letter sent pursuant to this paragraph.

Any such collection activity may be enforced in any manner permitted by law, including the denial of water, installation of a lock box to terminate water service, seizure and sale of the shareholders stock or forfeiture of the shareholder's stock to the Corporation pursuant to California Corporations Code section 14303.

Section 4.10. Statement Regarding Assessments. The Corporation shall provide any shareholder, on written request, with a statement specifying (1) the amounts of the Corporation's current regular and special assessments and fees, and (2) the amounts of any delinquent assessments and related late charges, interest, and costs levied against the shareholder's shares.

Music Meadows Mutual Water Company
Rules and Regulations Regarding
Water Exportation
(July 10, 2016)

These Rules and Regulations are promulgated by the Board of Directors of this Corporation pursuant to ARTICLE IV, Paragraph 3 of the Bylaws of this Corporation.

Corporate Purpose and Responsibility. The purpose and responsibility of this Corporation is to be the exclusive provider of domestic water services to its shareholders and such services incidental thereto within the lands set forth on Exhibit A of the Articles of Incorporation of this Corporation (the "Territory"). A copy of such Exhibit A is attached hereto. In accordance with the Articles of Incorporation of this Corporation, all power to conduct, manage, and control the affairs and business of this Corporation rests with the Board of Directors of this Corporation.

New Wells. The Board of Directors of this Corporation have determined that it is in the best interest of all shareholders that no new water wells may be drilled, developed or operated within the Territory, except as necessary, in the sole discretion of the Board of Directors, to serve the needs of its shareholders.

Exportation of Water Prohibited. The Board of Directors of this Corporation have determined that it is in the best interest of all shareholders that the exportation of water from the Territory shall be prohibited. All water within the Territory managed by this Corporation is intended for the private use of the shareholders; such water is not intended to be used or sold for use outside of the Territory. The Board of Directors may, on a case by case basis upon written request from a shareholder, authorize the use or sale of water outside the Territory on terms and conditions set forth by the Board, so long as such sale or use will not negatively impact water service to other shareholders. Any approval of such request must specifically delineate the source and amount of water to be so used or sold and the timing of the occurrence of such use or sale. The approval of any such request is not precedence that future approvals will be forthcoming, and the Board of Directors reserves the right to deny any future request.

Compliance. All shareholders receiving water managed by this Corporation has a duty to comply with all applicable rules and regulations established by the Board of Directors of this Corporation, as well as all applicable federal, State and local laws, rules and regulations. Failure to comply with any such laws, rules or regulations may subject the shareholder to fines and/or termination of water deliveries (including the installation of a lock box to terminate water service).

Enforcement of Rules and Regulations. At least 30 days before the Corporation terminates water service (the "Notice Period"), the Corporation must notify the shareholder by certified mail of the following:

- (1) A description of the required corrective action the shareholder must take.

(2) A statement informing the shareholder that water deliveries based on the shareholder's shares can be denied (including the installation of a lock box to terminate water service) if the corrective actions are not concluded by the end of the Notice Period.

(3) The shareholder's right to request a meeting with the Board if the shareholder disputes the imposition of the required corrective action.

A shareholder may dispute the imposition of the required corrective action by submitting to the Board a written explanation within 15 days of the mailing of the Corporation's notice. The Board must respond to a shareholder's timely explanation within 15 days of the mailing of the shareholder's explanation. A shareholder also may submit a written request to meet with the Board to discuss imposition of the required corrective action. The request must be mailed within 15 days of the mailing of the Board's notice. The Board must then meet with the shareholder in executive session at the general meeting place of the Board within 45 days of the mailing of the shareholder's request. If there is no regularly scheduled Board meeting within that time period, the Board may designate a committee of one or more members to meet with the shareholder.

Collection measures for the fines and termination of water deliveries to the shareholder may be conducted any time after 30 days from the date of the notification letter sent pursuant to this paragraph. Any such collection activity may be enforced in any manner permitted by law, including the seizure and sale of the shareholders stock or forfeiture of the shareholder's stock to the Corporation pursuant to California Corporations Code section 14303, and the denial of water may be enforced by installation of a lock box to terminate water service or other means determined by the Board. The Board of Directors, in its sole discretion, may extend the period of time to conclude the corrective action, provided the shareholder can show good faith efforts that corrective action has commenced and is diligently being pursued to conclusion.

EXHIBIT A

DESCRIPTION

Real property in the County of Fresno, State of California, described as follows:

PARCEL 1:

That portion of the $N\frac{1}{2}$ of the $SE\frac{1}{4}$ of Section 35, Township 9 South, Range 24 East, Mount Diablo Base and Meridian, according to the United States Government Township Plats, described as follows:

Beginning at a point from which the northeast corner of the $SE\frac{1}{4}$ of said Section 35 bears north $78^{\circ} 57' 32''$ east 1123.49 feet, said northeast corner being north $00^{\circ} 21' 06''$ west 2657.73 feet from the southeast corner of said Section 35, said point of beginning being at the most northerly corner of that certain parcel of land which was conveyed by Edison Securities Company to the State of California by deed dated July 29, 1937, recorded in Book 1622 Page 8 of Official Records, records of said County of Fresno; thence from said point of beginning south $28^{\circ} 18' 00''$ east along the northeasterly boundary line of said certain parcel of land 300.00 feet to the most easterly corner thereof; thence south $61^{\circ} 42' 00''$ west along the southeasterly boundary line of said certain Parcel of land 455.6 feet, more or less, to the most southerly corner thereof, said point being in the center line of State Highway No. 168 as same is now established in a general northwesterly and southeasterly direction over and across said $N\frac{1}{2}$ of the $SE\frac{1}{4}$ of Section 35; thence southeasterly along the center line of said highway a distance of approximately 700 feet to the intersection of said center line with the south line of the $NE\frac{1}{4}$ of said $SE\frac{1}{4}$ of Section 35; thence easterly along the south line of said $NE\frac{1}{4}$ of the $SE\frac{1}{4}$ of Section 35, a distance of 1160 feet, more or less, to the southeast corner of said $NE\frac{1}{4}$ of the $SE\frac{1}{4}$ of Section 35; thence north $00^{\circ} 21' 06''$ west along the east line of the $SE\frac{1}{4}$ of said Section 35 a distance of 1328.9 feet, more or less, to the Northeast corner of said $SE\frac{1}{4}$ of Section 35; thence westerly along the north line of said $SE\frac{1}{4}$ of Section 35 a distance of 1326.2 feet, more or less, to the northwest corner of said $NE\frac{1}{4}$ of the $SE\frac{1}{4}$ of Section 35; thence southerly along the west line of said $NE\frac{1}{4}$ of the $SE\frac{1}{4}$ of Section 35 a distance of 317 feet, more or less, to the intersection of said west line with the northwesterly boundary line of said certain parcel of land conveyed to the State of California; thence northeasterly along said northwesterly boundary line 240 feet, more or less, to the point of beginning.

PARCEL 2:

An easement for road purposes, to be used in common with others, over the northerly 30 feet of that portion of the $NW\frac{1}{4}$ of the $SE\frac{1}{4}$ of said Section 35 which lies east of said State Highway No. 168, as same is now established for the purposes of ingress and egress to and from the above described Parcel 1.