

**BELLFLOWER - SOMERSET MUTUAL WATER COMPANY
RULES FOR WATER SERVICE AND CUSTOMER RELATIONS**

1.01: DESCRIPTION OF SERVICE

- A. Quantities:** Bellflower - Somerset 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 (if the customer consents) 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, by e-mail (with confirmation or receipt by telephone or return e-mail from the Company) or by letter to the Company at its office, located at 10016 Flower Street, Bellflower, CA 90706; provided, however, that some notices, as specified elsewhere in these Rules and Regulations, must be 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 Bylaws 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, after

investigation by the Company, is determined to be the responsibility of the customer will also be billed to the 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 bi-monthly "ready to serve" or meter charge is imposed upon a property even at such times when that property is not currently receiving water service from the Company. Current rates and charges are available in the Company offices and on the Company's website. Although water bills will upon request be mailed to tenants or persons other than the property owner, under the Company Bylaws, 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 and a Reminder Notice is mailed, the customer shall pay a late charge in the amount of \$10.00, in addition to any other charges that may be due, any advance payments required, or any other conditions established by the Company.
 - 2. 48 Hour Termination Notice:** At least forty-eight (48) hours prior to the termination date shown in the Reminder Notice, the Company shall make a reasonable, good faith effort to contact an adult of the residence by telephone or in person. The Customer will be charged \$20.00 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 of 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 (i.e., from 8:30 a.m. to 4:30 p.m., Monday through Friday) and \$100.00 if the termination or reconnection occurs after the Company's normal business hours. The foregoing termination or reconnection charge 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 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 \$25.00 for the returned check. Unless all charges due, including the Returned Check Charge, are paid in cash or other certified funds by the date in the Notice of Termination, water service will be terminated thereafter. 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 not honored by the bank within a year of the first check being returned, service will immediately be terminated without

notice to the customer and will not be restored until **all** charges, fees and deposits have been paid by **cash, money order, cashier's check, or other certified funds** at the Company office. The customer shall for one year thereafter be required to pay all charges and fees in cash or certified funds.

5. **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 deposit. For customer convenience, request forms are available at the Company office.

Upon receipt of a meter test request and 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 accordingly.

If the meter is found to register within two percent of accurate, the customer's deposit will be forfeited and the actual costs the Company incurs in connection with such meter test will be paid by the property owner.

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 reestablish service to that property, must pay a pulled meter charge of \$200.00 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 nullify the Company's "ready to serve" or meter charge 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 Executive Director, 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.
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. 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., 8:30 a.m. to 4:30 p.m., Monday through Friday). However, a charge of \$50.00 may 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; provided, however, that the Company shall have the discretion to waive that charge where the request is the result of an emergency.

10. Color, Taste or Other Characteristic Complaints.

a. The Company uses its best efforts to provide its customers with the best quality water possible. However, due to the nature of water distribution systems, from time to time Company customers may experience problems with color, taste or other characteristics of water the Company provides. The Company encourages its customers to notify it of any such problems that are observed or experienced.

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 property owner's property. In that case each party is separately and independently responsible for payment of bills, but the property owner/shareholder remains ultimately responsible for payment of the Company's 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.3 before service is restored.
- C. Bankruptcy of Customer:** Pursuant to the Bankruptcy Act (P.L. 95-598, as amended from time to time), the Company cannot refuse or discontinue service to, or discriminate against, a customer, or a trustee of a customer, due to a debt owed for water service at the time of the order for relief. The customer must immediately provide the Company with a copy of any applicable order for relief. The Company is entitled to discontinue service if neither the customer, nor the bankruptcy trustee, within 20 days after the date of the order for relief, 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 order for relief. Service may be discontinued in accordance with the rules of the Company upon non-payment for service after the order of relief.
- 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:** Bills for service are rendered on a bi-monthly basis. Bills for service are due and payable upon receipt and become delinquent no less than 20 days from the date of the invoice. If the bill is not paid by the due date, a late charge in the

amount of \$10.00 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. Collection of closing bills may be made at the time of presentation.

F. Separate Billings for Each Meter: 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.

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 \$26.00 minimum bill remains unpaid, it may be carried over to the next billing period as the Company deems appropriate.
2. **Reminder Notice:** If payment for a billing period is not made on or before the invoice due date, a Reminder Notice will be mailed to the customer at least fifteen (15) days prior to actual disconnection. The Notice will include a \$10.00 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 Reminder Notice.
4. **Contents of Reminder Notice.** The Reminder Notice will include the following information:
 - a. Customer's name and address;
 - b. Amount past due;
 - c. Date by which payment must be made (termination date) in order to avoid termination;
 - d. Procedures for requesting amortization of the unpaid charges;
 - e. Procedures for obtaining information on financial assistance;
 - f. Telephone number of a Company representative who can provide additional information; and
 - g. Procedures for filing a complaint or requesting an investigation regarding service or charges.
5. **Termination Notice:** At least forty-eight (48) hours prior to the termination date shown in the Reminder 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 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 or certified funds**, 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 non-payment, and as a result the Company restores service, the Company may again promptly disconnect service without providing further notice. No 48-hour Termination Notice will be given in the case of a returned check tendered for payment of water service that was subject to discontinuance.
 8. **Returned Checks - Cash Payment Required:** Any customer issuing a non-negotiable check for payment to restore service turned off for non-payment, will be required to pay, for one year, cash or certified funds to have service restored if such service is turned off again within this time period for non-payment.
- H. Disputed Bills:** 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 by its due date or within ten (10) days after receipt, whichever comes later. 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 by the original due date, or if the original due date has passed, at the time the Company representative issues the decision. If the charges are not then timely paid, termination will be scheduled at close of business two working days after the customer receives 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 of Directors.
 - 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. The customer shall present 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 render a decision as to the accuracy of said charges. The Board's decision is final and binding.
- a. If the Board determines that the customer was undercharged, the appropriate additional charges may be billed and payment is then due ten (10) days after receipt. If the bill is not paid in ten (10) days, water service will be terminated on the next working day. At the Company's option, any overcharges will be reflected as a credit on the next regular bill or refunded directly to the customer. Service will be restored only after all outstanding water charges and any and all applicable reconnection charges are paid in full.
 - b. If the Board finds that 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.5. 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 2 percent [if the quantity of water recorded by the meter measures below 98 percent or above 102 percent 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 three (3) billing cycles.
 - 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 three (3) billing cycles.
 - 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 three (3) billing cycles. 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:

- 1. Requirements for Amortization:** On certification of a licensed physician that to terminate service would be life threatening to the customer and where that 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.
- 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 48-hour Termination Notice. (See Rule 1.03.2 above)

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.9, 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 personally made 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. 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 will place a Termination Notice on the premises served by the disconnected meter at least 48 hours prior to termination. Reasons for involuntary disconnection include, but are not limited to, the following:
- 1. For Non-Payment of Bills:** A service may be disconnected for non-payment of periodic bills. Before a service is disconnected, the customer will be notified by Reminder 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 has not complied with such rules or cured any breach resulting from such non-compliance within seven (7) days after receiving notice from the Company of such non-compliance and/or any resulting breach. Where the safety of water supply is endangered, service may be discontinued immediately without notice.
 - 3. For Waste of Water:** 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 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. 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.7, 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.3. 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 the meter valve and damages the meter valve. In the event the Company, at the customer's request, has restored water service two 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, as the Company shall determine in its sole discretion and a \$50.00 turn on fee will apply.

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 (see Appendix A), 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 and office telephone numbers.
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. A copy of the deed vesting title in the owner and a \$40.00 non-refundable Stock Transfer fee.
11. If tenant - owner's name, address and telephone number.
12. Agreement 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 owners share/shares in the Company. Therefore 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 Executive Director.

2.03: DEPOSITS: The customer will be required to deposit with the Company such an amount estimated to equal the highest of the last 6 billings to the property.

2.04: 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 Bylaws of the Company, and as set forth in these Rules and Regulations.
2. If the applicant fails to comply with any of the rules and regulations contained herein, 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 is unsafe or hazardous, or of such nature that satisfactory service cannot be rendered, or 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.

2.05: 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 the requirements of any governmental agency, including the Los Angeles County Fire Department, 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, 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 backflow prevention device immediately downstream of each metered connection within 90 days. The Company shall approve the location of all backflow devices.
- 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 Executive Director. Subject to an appeal to the Board, such determination by the Executive Director will be final. If the Executive Director's determination is appealed to the Board of Directors, the Board's determination will be final.

E. Limitations on Use of Service Connections:

1. **Number of Units and Land Area.** The Company reserves the right to designate the type of meter, limit the number of buildings, separate houses, living or business quarters, and the area of land under one ownership to be supplied.
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 service area.
5. **Master Meters.** No master meters will be authorized for a multi-user development. All tenants or owners receiving water service in any individual apartment, condominium, townhome or other unit of a multi-unit development shall have a separate meter for each such unit.

2.06: 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 past due assessments owing to the Company and associated with the property seeking water service shall have been paid in full, and the stock appurtenant to the property has been properly transferred on the books of the Company.

2.07: CROSS CONNECTION CONTROL PROGRAM:

A. Purpose: A backflow prevention device is a means or device which prevents pollutants and contaminants from backflowing into a public water system, such as that operated by the Company.

B. Authority: Because backflows can contaminate the drinking water in the public water system, California Code of Regulation, Title 17, requires each water supplier to protect its public water supply from contamination by implementing a state-approved cross-connection control program. To protect the public health of all of the Company's drinking water customers and to ensure the drinking water quality in the Company's system is safe, the Company has a vigorous Cross-Connection Control Program.

C. Program: The Company Cross-Connection Control Program requires all new service connections and certain existing service connections to install an approved backflow prevention device. Examples of some of the existing service connections that require backflow prevention devices are listed below.

- Premises with an auxiliary water supply, such as a private well
- Premises with more than one service connection
- All fire services
- All non-residential services which have a water meter installed.

All addresses identified as those which may require installation of a backflow prevention device will be placed on a priority list and installation notices will be issued as time warrants.

D. Enforcement: The California Code of Regulation, Title 17, requires that if any such backflow prevention device is not tested at least once annually, the local water supplier must discontinue water service to the device. Therefore, in the event a customer fails to comply with any notice of such annual testing that is provided by the Company, the Company shall terminate water service to that customer's property in accordance with the provisions of these Rules and Regulations.

E. Assessment: To cover the cost of operating and administering the state- required Cross-Connection Control Program, the Company shall impose an assessment (currently \$40.00 per year) each year on each backflow prevention device that a customer is required to have installed at the customer's property. That assessment will be billed and collected by dividing the assessment amount among the Company's six (6) annual water bills, with a prorated amount of the total assessment amount being billed on each of those bills.

Rule 3: RULES APPLICABLE TO DEVELOPER CONSTRUCTION PROJECTS

3.01: DESIGN AND CONSTRUCTION OF WATER SYSTEM IMPROVEMENTS:

- A. Water Service Agreement:** Any person who desires to undertake a new construction project within the Company's boundaries that results in new or upgraded water service, including upgraded fire service (such person is referred to herein as the "Developer"), shall enter into a Water Service Agreement with the Company in the form attached to these Rules and Regulations as Appendix B. All work necessary to provide water service to such project, including, but not limited, design, planning, construction and inspection, and any engineering, legal or other consulting fees the Company incurs that are reasonably related to that project, shall be at the Developer's expense.
- B. Review and Design:** Upon execution of the Water Supply Agreement, the Developer shall place a deposit with the Company as determined by the Company's Executive Director to cover the cost of the Company's Engineer to review necessary information regarding the project; if necessary, meet with the Developer and/or the Developer's engineer; and design the water system improvements necessary for that project. The Company's review and design fees paid under this paragraph shall be separate from any plan review or plan checking fees required by the City of Bellflower or any other governmental entity.
- C. Preferred Contractors:** Under the terms of the Water Service Agreement, the Company will solicit no less than three quotes for the water system improvements necessary for any new construction projects from contractors on the Company's approved contractor list who hold all necessary licenses (i.e., either a Class A General Engineering License and/or a Class C-34 Pipeline Contractor License) and who have previously performed satisfactory work for the Company or for other local water suppliers. That contractor shall have in place all insurance reasonably required by the Company. The Company shall award the necessary construction work to the contractor that is the lowest responsible and responsive bidder. The Company shall manage the construction work and coordinate the contractor's work on the new construction project with the Developer. Throughout the progress of the construction, the Company shall inform the Developer of any necessary change orders that are agreed upon and the Developer shall, within two (2) business days of receiving a written request from the Company for any additional monies, deposit with the Company any additional monies to cover any increased costs resulting from any such change order.
- D. Inspection of Construction of Water System Improvements:** The Company shall inspect only the water system works completed by the contractor selected pursuant to subparagraph C, above, and as specified in the Water Service Agreement, and shall charge the Developer the fees described in subparagraph E, below.
- E. Inspection and Construction Fees:** At the time the plans and specifications are completed by the Company's Engineer, the Developer shall deposit with the Company an amount determined by the Company's Executive Director, in his or her reasonable discretion, to be sufficient to cover all staff time, inspection, outside engineering and construction costs incurred in the work to be performed under this Section 3.01. If the amount deposited exceeds the actual costs incurred by the Company in connection with such inspection and construction, the excess shall be returned to the Developer within thirty (30) 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, engineering and construction exceeds the amount deposited by the Developer, the Developer shall be responsible for payment of such excess costs within thirty

(30) 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, engineering and construction of the water system work, and any fees paid, under this paragraph shall be separate from any inspection, inspection fees or permits required by the City of Bellflower or any other governmental entity.

- F. Upon completion of the water system improvements, those improvements shall be transferred to the Company via a bill of sale or other documentation to memorialize the incorporation of those improvements into the Company's water distribution system.

3.02: ACQUISITION OF WATER RIGHTS:

If the Company determines that the new construction project will result in increased demand for water to be provided by the Company in relation to the historical use of the property involved in that project, such that the Company would therefore be required to use additional Allowed Pumping Allocation under the Central Basin Judgment¹ to provide water service to that project, the Developer shall pay for the acquisition of such Allowed Pumping Allocation at the current fair market value for such Allowed Pumping Allocation, or as otherwise determined by the Company.

- 3.03 EASEMENTS:** Developer shall provide the Company with all easements required for the Company to provide water service to Developer's project.

¹ Under the Central Basin Judgment, each water producer in the area overlying the Central Basin groundwater basin is granted a certain amount of groundwater rights (called "Allowed Pumping Allocation") which the groundwater producer can extract from the basin each year. If the producer's extractions exceed its Allowed Pumping Allocation, it must obtain additional groundwater rights for such excess production.

APPENDIX A

APPLICATION FOR WATER SERVICE
BELLFLOWER-SOMERSET MUTUAL WATER COMPANY
10016 E FLOWER STREET
BELLFLOWER, CA 90706
562.866.9980 FAX 562.866.2245

Name of Applicant _____ Date _____

Address to be Served _____ Phone _____

Mailing Address _____

Name of Employer _____ Wk. Phone _____

Work Address _____

Social Security _____ Driver's License _____

Owner _____ Renter _____ Agent _____

A deposit equal to 2 billing cycles will be required from each customer. This deposit will only be used to cover the cost of the closing bill. It cannot be used toward any delinquent bills.

I hereby apply for water service at the above property location and agree to pay for all water usage according to the rates, rules and regulations of Bellflower-Somerset Mutual Water Company.

Signature of Applicant _____ Date Service Requested _____

APPENDIX B

WATER SERVICE AGREEMENT

THIS AGREEMENT is made this ____ day of _____, 20__, by and between BELLFLOWER-SOMERSET MUTUAL WATER COMPANY, a California corporation (“Company”), and _____, a _____ (“Developer”) with respect to the following.

RECITALS

A. 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 a _____ (the “Project”), within the Company’s service area, and needs a water supply for the Project. Developer 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 domestic water and fire flow to the Project.

C. The Company’s Board of Directors has indicated a preliminary willingness to provide water service to the Project, subject to the terms, conditions, limitations and restrictions set forth in this Agreement.

AGREEMENT

NOW, THEREFORE, based on the foregoing facts, and in consideration of the mutual covenants of the parties, it is agreed as follows:

1. Preliminary Willingness to Provide Water Service. This Agreement indicates the Company’s preliminary willingness 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 of the necessary improvements to provide water service to the Project (the “Facilities”) and to fund the acquisition of water rights necessary for the Project as set forth in Section 12, below; (c) Developer’s compliance with all of the Company’s requirements; and (d) the full satisfaction of all applicable laws, rules, regulations and standards. Developer expressly acknowledges that this Agreement does not create any vested right to water service for the Project, and 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 Facilities necessary to provide water service to the Project. Developer shall reimburse the Company for all

costs incurred in connection with the services required under this Agreement. Such costs shall include, but not be limited to, the Company's staff costs and overhead, charges by Company's legal counsel and any consultants related to the Project, and any out-of-pocket expenses incurred in connection with the preparation and/or review of plans, designs and other documents, as well as other costs and expenses related to the construction, installation, operation and conveyance of the Facilities. To ensure these expenses are paid, Developer shall deposit monies with the Company pursuant to Sections 2.1 and 2.2, below. The Company will charge its costs (including all construction costs in the manner provided in Section 3.1, below) incurred under this Agreement against the deposit, and shall render monthly accountings to the 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. Upon termination of this Agreement, any unused deposit shall be promptly refunded to the Developer without interest.

2.1. Water System Improvements Design. Upon execution of this Agreement, Developer shall provide the Company with a deposit in the amount of \$_____ to cover the Company's costs that will be incurred in designing the necessary water system improvements for the Project. The Developer shall provide the Company's engineer with all information necessary for the Company's engineer to prepare the plans for the water system improvements necessary to provide water service to the Project. If requested, the Developer and/or its engineer shall meet with the Company's engineer and shall reasonably cooperate in providing any information necessary for the Company's engineer to prepare the plans for the water system improvements for the Project.

2.2. Inspection Fees and Other Costs. Upon execution of this Agreement, Developer shall deposit with the Company the sum of \$_____ 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 the first paragraph of this Section 2. The inspection costs referenced under this Section 2.2 and related inspection rights set forth in Section 6, below, are separate and apart from any inspection costs or other costs that may be charged by the City of Bellflower in connection with the construction of the Facilities.

In the event any amount deposited hereunder exceeds the actual costs incurred by the Company in connection with such services rendered by the Company, its engineer, contractor or other agents, the excess shall be returned to the Developer within thirty (30) 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 the Developer, the Developer shall be responsible for payment of such excess costs within thirty (30) days of 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.

3. Construction of Facilities; Permits.

3.1. Upon the Company's review and approval of the final plans and specifications for the Facilities prepared pursuant to Section 2.1, above, the Company shall solicit proposals from at least three (3) construction contractors who are on the Company's pre-approved list of contractors for the construction of the Facilities. The Company shall award the contract for that work to the lowest responsible and responsive bidder. Upon award of that contract, the Developer shall deposit the contract amount with the Company, to be paid to the contractor in accordance with the contract for construction of the Facilities. 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 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.

3.3. The Company shall provide the Developer with a schedule for construction of the Facilities and shall keep the Developer advised of the schedule and progress of work.

3.4. The Company shall oversee the progress of the construction of the Facilities and shall engage an inspector to ensure all work is being completed in accordance with the Company's requirements. Developer shall be responsible for any such inspection costs the Company incurs. .

3.5. All work to be performed in connection with the installation of the Facilities shall have a guarantee against defects in workmanship or materials for a period of one (1) year after the Company's acceptance of the Facilities.

4. Change Orders. The Company shall provide Developer with notice of any change orders that are executed in connection with the construction of the Facilities.

5. Insurance. 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, against all claims arising out of or in connection with the Project. The policy (or policies) of insurance shall remain in full force and effect until the Project is completed. The Company shall be covered as insureds under the insurance provided by Developer with respect to the following: liability arising out of activities performed by or on behalf Developer or any contractor or

subcontractor engaged by or on behalf of Developer; products and completed operations of Developer or a contractor or subcontractor engaged by or on behalf of Developer; premises owned, occupied or used by Developer or a contractor or subcontractor engaged by or on behalf of Developer; or automobiles owned, leased, hired or borrowed by Developer or any contractor or subcontractor engaged by or on behalf of Developer. The coverage shall contain no special limitations on the scope of protection afforded 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 Company and others pursuant to this Agreement and any agreements between Developer and contractor(s) engaged by or on behalf of Developer; (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 named insured is excess insurance, and not contributing insurance with the insurance required herein; and (vi) that the coverage afforded the additional insureds shall not be affected by any failure of Developer, contractor or any subcontractor engaged by or on behalf of Developer 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 (\$1,000,000) per occurrence, and Two Million Dollars (\$2,000,000) 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 (Acord 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 Company's facilities during the course of construction.

6. Inspection. The Company, or its representatives, shall perform all inspections of the Facilities during the construction phase and upon completion of the installation of the Facilities. The Company shall at all times during construction 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 said Facilities.

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, the Company shall complete and record a "Notice of Completion" and provide a conformed copy of such recorded notice to the Developer.

8. Meter Installation. In addition to any other monies to be paid under this Agreement (unless such costs are included in the construction of the Facilities), the Developer, prior to the delivery of any water service by the Company to the Project, shall, if applicable and not otherwise provided for in the cost for construction of the Facilities, pay to the Company the Company's established costs for installation of any meters and related appurtenances necessary to provide water service to the Project.

9. Acceptance of Facilities by Company. Upon completion of the installation of the Facilities, the Developer shall transfer to the Company, free and clear of all liens, claims and encumbrances, the Facilities, up to and including the meter(s) 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. Developer, at its cost and expense, shall acquire and transfer to the Company any and all easements and other interests in real property necessary for the construction and operation of the Facilities, together with title insurance showing title vested in 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. Payment for Acquisition of Water Rights. In light of the increased water demand that will result from the Project, Developer shall pay the Company for the acquisition of necessary water rights (known under the Central Basin Judgment, as amended, applicable to the area of Los Angeles County where the Project is located as "Allowed Pumping Allocation") to provide potable water to the Project. Attached hereto as Exhibit A is a true and correct copy of the Developer's water demand assessment for the Project, as modified and agreed to by the parties (the "Demand Assessment"). The Demand Assessment calculates the need for ___ acre-feet per year of potable water to serve the Project. The Company has calculated the historical water usage at the Project to be ___ acre-feet per year. Thus, the Project will create ___ acre-feet

per year of additional demand for which additional Allowed Pumping Allocation must be obtained. The current fair market value for Central Basin Allowed Pumping Allocation is \$_____ per-acre. Thus, Developer shall on or before _____ pay the Company the sum of \$_____ which the Company shall use to obtain the necessary Allowed Pumping Allocation.

13. Indemnification. Developer shall indemnify and hold harmless the Company, its directors, officers, agents, employees, consultants, engineers and volunteers, from and against any claims, damages, losses, expenses and other costs including, but not limited to, the costs of defense and attorneys' fees, arising out of or resulting from the design or construction of the Project (except to the extent any such claim, damage, loss, expense or other cost results from the negligence or willful misconduct of the Company or its contractor), including, but not limited to, any claims, damages, losses, expenses or other costs the Company may incur with respect to the failure, neglect, or refusal of Developer or its contractor to faithfully perform the contemplated work. This obligation shall not be abridged, reduced or discharged by the maintenance of insurance.

14. Water Service. The Company shall be under no obligation to provide water service to the Project until the Developer has submitted to the Company a completed Application for Water Service and the Facilities have been completed and accepted by the Company 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 its established policies and governing documents and Developer, and its successors and assigns, shall comply with such policies and governing documents. 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.

15. Attorneys' Fees. At any action at law or in equity, including an action for declaratory relief seeking to interpret or enforce the terms of this Agreement, the prevailing party shall be entitled to recover its attorneys' fees and costs actually incurred in prosecuting or defending such action, including any dispute submitted to arbitration in addition to any other relief to which the party is entitled.

16. 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 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.

17. 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.

18. Successors and Assigns. Subject to the provisions relating to assignment, each and all of the terms, conditions and agreements herein contained shall be binding upon and inure to the benefit of the successors and assigns of the parties hereto.

19. Entire Agreement. This Agreement constitutes the entire agreement of the parties with respect to the subject matter and no amendment, modification or alteration of the terms hereof shall be binding unless the same is in writing, dated subsequent to the date hereof and duly approved and executed by each of the parties.

20. Corporate Authority. Developer represents that the person(s) executing this Agreement on its behalf have the full and complete authority to do so, and Company represents and warrants that the execution of this Agreement by its representative has been duly authorized by the Company’s Board of Directors.

21. 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 prior terminated by either party, this Agreement shall automatically expire, and shall become null and void, two (2) years from the date first written above. Upon the automatic expiration of this Agreement, the Developer shall tender to the Company an amount of money sufficient to pay all unpaid costs incurred by the Company pursuant to this Agreement.

22. Notices. All notices between the parties 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 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: Bellflower-Somerset Mutual Water Company
 Attn: Executive Director
 10016 East Flower Street
 Bellflower, CA 90706
 Fax: (562) 866-2245

If to Developer: _____

 Fax: _____

IN WITNESS WHEREOF, the parties have caused this Agreement to be effective and delivered as of the Effective Date set forth above.

Bellflower-Somerset Mutual Water Company

By _____
Its: _____

By _____
_____, Executive Director