Docusign Envelope ID: F4D3C9AE-A38F-8DDB-8278-C9F60F0CF6BC

RULES AND REGULATIONS
FOR WATER DISTRIBUTION SERVICES
OF THE
KINGVALE PROPERTY OWNERS AND WATER USERS, INC.,
A MUTUAL WATER COMPANY

Effective as of September 10, 2026

Docusign Envelope ID: F4D3C9AE-A38F-8DDB-8278-C9F60F0CF6BC

TABLE ON CONTENTS

SECTION 1:
TITLE

SECTION 2:
DEFINITION OF TERMS

SECTION 3.
WATER SERVICE

A. Water Services Provided by Company
B. Acquisition of System Infrastructure.
C. Company Owns Water Distribution System.

SECTION 4.
INTERFERING WITH WATER SYSTEM

A. Obstruction of Water System Prohibited.
B. Fine for Obstructing Water System.
C. Shareholder Notice to Remove Obstruction.
D. Cost to Remove Obstruction.

SECTION 5.
COMPANY RESPONSIBILITIES

A. Service Main and Lateral Lines.
B. Service Lateral Line Leak and Property Damage and Repairs.
C. Emergency Water Shut Off of Shareholder Connection.
D. Emergency Water Shut Off of Water Service.
E. Water Pressure/Quantity.
F. Back-flow Prevention and Cross-Connection Control.
G. Water Meters.

SECTION 6.
SHAREHOLDER RESPONSIBILITIES

A. Shareholder Responsibility for Service Lateral Line.
B. Shut off Valve Required.
C. Service Inspection Access.
D. Lock on Shareholder's Shut off Valve.
E. Prohibition Against Tampering With Company Property.
F. Sale of Water Outside Company Service Area.
G. Unauthorized Use of Water.
H. Violation of Rules to Waste Water.
I. Fire Standpipe/Hydrant.
J. Shut Off Main Water Valve When Property Not Occupied.
K. All Shareholders Shall Comply.
L. Waiver of Liability.
M. Notice of Violation.
N. Termination of Services for Violation of Rules and Regulations

Docusign Envelope ID: F4D3C9AE-A38F-8DDB-8278-C9F60F0CF6BC

SECTION 7.
WATER SERVICE REQUESTS EXISTING SHAREHOLDERS

A. Existing Shareholder Water Service Letter.

SECTION 8.
NEW WATER SERVICE REQUESTS

A. Applications for New Water Service Connection.
B. Consideration by Company of Applications.
C. Agreement for Water Services.
D. Water Service Letter.
E. Water Connection Fee.
F. Improvement Responsibilities of Approved Applicant.
G. Assessments.
H. Reimbursement of Improvement Costs.

SECTION 9.
FEES

A. Water Service Fees.
B. Collection of Delinquent Fee and Termination of Services for Nonpayment.

SECTION 10:
MISCELLANEOUS

A. Payment of Water Connection Fee Required for Water Service.
B. One Dwelling Unit Per Share certificate
C. Sale or Transfer of Shareholder Property.
D. Landlord's Liability for Tenants.
E. Approved Devices Required.
F. Merger of Lots.
G. Relinquishment of Share certificate.
H. Plowing Kingvale Roads.
I. Changes/Amendments to Rules and Regulations.
J. Emergency Situations.
K. Relationship with Company's Articles of Incorporation and Bylaws.
L. Savings Clause.
M. Effective Date.

Appendix 1: Water Shutoff Policy

Docusign Envelope ID: F4D3C9AE-A38F-8DDB-8278-C9F60F0CF6BC

RULES AND REGULATIONS
FOR THE WATER DISTRIBUTION SERVICES OF THE
KINGVALE PROPERTY OWNERS AND WATER USERS, INC.,
A MUTUAL WATER COMPANY

WHEREAS the Kingvale Property Owners and Water Users, Inc., a Mutual Water Company ("Company") deems it necessary for the orderly administration of the Company to adopt uniform rules and regulations consistent with its Articles of Incorporation and Bylaws regarding the construction, operation, and maintenance of the water system, including the construction, maintenance, and extension of distribution mains, storage, and treatment facilities; operation of distribution systems and facilities within the Service Area; conveyance of wells, springs, and other surface water resources and appurtenant easements into the Company; and the manner in which water service will be rendered to its Shareholders, it has adopted the following:

SECTION 1: TITLE

These regulations shall be entitled the Rules and Regulations for the Water Distribution Services of the Kingvale Property Owners and Water Users, Inc., a Mutual Water Company.

SECTION 2: DEFINITION OF TERMS

A. Applicant. A party owning real property within the Service Area of the Company applying for water services for a new connection to the water distribution system. The ownership of property within the Service Area does not itself entitle or guarantee an Applicant the right to a new water connection.

B. Board of Directors. A board of property owners who are Shareholders, elected by the Shareholders of the Company in the annual meeting as specified in the Bylaws of the Company.

C. Improvement Reserve Fund. A reserve fund for improvements which is funded in part from the collection of fees and segregated into a separate fund for the construction of future improvements to the water system as may be required or desired for the benefit of current Shareholders.

D. California Standards. Standards for a Mutual Water System and its components promulgated by the State of California and/or Nevada County.

E. Company. The Kingvale Property Owners and Water Users, Inc., a Mutual Water Company.

F. Company Water Distribution System. The primary water storage, transmission lines, springs, wells, pump stations, and appurtenant facilities owned by the Company to transport and distribute water to the Lots within the Company's approved Service Area.

G. Dwelling Unit. Any single family residential structure (includes garage) within the approved Service Area of the Company that is inhabited full time or part time by any individual.

H. Improvement Fee. A special assessment imposed upon the Shareholders to help insure that the Company has sufficient revenue to cover the construction of improvements to the Company Water Distribution System and facilities to serve the Shareholder's.

I. Kingvale Subdivisions. Kingvale Subdivision (recorded October 14, 1931, in Book 1 of Maps at Page 41, Nevada County Records) and Kingvale Subdivision Unit No. 2 (recorded December 8, 1937, in Book 1 of Maps at

Docusign Envelope ID: F4D3C9AE-A38F-8DDB-8278-C9F60F0CF6BC

Pages 63/64, Nevada County Records).

J. Landlord. The owner of record, who is also a Shareholder of the Company, of any rental property located within the Service Area of the Company and leased or available for lease to others whose property receives water service from the Company.

K. Lot. Any surveyed and platted parcel located within the boundaries of the Service Area of the Company that has been determined by the Board of Directors to be buildable.

L. Lot Owner. Owner of record for any Lot.

M. Maintenance/Repair Fee. An assessment imposed upon the Shareholders to help insure that the Company has sufficient revenue to cover the operation, repair and maintenance expenses of the Company Water Distribution System and facilities constructed to serve the Shareholder's.

N. Share certificate. The certificate issued to a Shareholder for a specific property entitling that property to water service. Share certificates in the Company are required to be appurtenant to Lots. New Share certificates will only be issued for property containing a Dwelling Unit. Share certificate, share, stock share, and water certificate are interchangeable terms.

O. Shareholder. Owner of a Share certificate in the Kingvale Property Owners and Water Users, Inc. Shareholder, stockholder and water certificate holder are interchangeable terms.

P. Resumption of Service Fee. A fee imposed as a condition to resuming service to a specific connection and to cover the costs of re-establishing service where service had been terminated at the Shareholder's request, for termination resulting from non-payment of service charges, or for any other reason resulting from Shareholder's non-compliance with specific rules.

Q. Service Area. The area in which the Company shall provide water services to its Shareholders who are the owners of buildable lots within the geographical area in which the Company is authorized to use its water rights. The Company's Service Area is defined in the State of California Permit for Diversion and Use of Water No. 16073 which is now incorporated in License No. 13781, which includes the Kingvale Subdivisions. Effective this date, and forward, the Service Area for all new service connections will be limited to buildable lots within the Kingvale Subdivisions.

R. Service Connection. The physical joining of the Company's Water Distribution System to the individual service line.

S. Service Lateral Line. The individual service lateral water line from the Service Main to the structure or standpipe/hydrant receiving service that is the property of the Shareholder.

T. Service Mains. The Company's lines located in the roads and other easements from the main transmission lines to which the individual Service Lines are connected for the purpose of receiving water distribution services.

U. Shareholder. Owner of a Share certificate in the Kingvale Property Owners and Water Users, Inc. Shareholder, stockholder, and water certificate holder are interchangeable terms.

V. Tenant. A lessee, renter, or person other than the Shareholder in possession of rental property thereof

Docusign Envelope ID: F4D3C9AE-A38F-8DDB-8278-C9F60F0CF6BC

located within the approved Service Area of the Company and receiving water service from the Company for that rental property.

W. Water Connection Fee. The Company shall assess all new water connections a water connection fee for the purpose of reimbursing the Company for the installation of Service Lateral Line and the value of the existing Company infrastructure and to assist in building water storage tanks, developing new water sources, meeting new code requirements that may be required for new water connections. This fee shall be determined by the Board of Directors and is subject to change, as conditions require (see current fee schedule). The fee is payable within thirty (30) days of the certificate of occupancy being issued for the Lot and prior to a Share certificate being issued.

X. Water Service Letter. A service provider conditional commitment letter issued by the Company on behalf of an Applicant indicating the Company's willingness and capability to provide water distribution services to Applicant's property. Water Service Letter and a will serve letter are interchangeable terms.

SECTION 3. WATER SERVICE

A. Water Services Provided by Company. The Company shall provide residential water services to Shareholders for Lots located within the Service Area of the Company. The Company is committed to provide water service on a year round basis, however from November 1st to May 1st the weather conditions may impact the Company's ability to provide full and continuous water services.

B. Acquisition of System Infrastructure. Water service will be provided through facilities, systems, and property already owned and as may be acquired for this purpose through construction, purchase, lease, contract, rental, donation, gift or any combination of the foregoing, or through any other lawful means available to the Company under its expressed or implied powers.

C. Company Owns Water Distribution System. The Company shall hold title to the Water Distribution System, the Service Mains, and the service connections from the Service Mains to the property line of each individual Shareholder, including the backflow prevention device, shut off valve, and all appurtenances. The Company shall maintain, repair, and replace the same in perpetuity as a Company reimbursable expense, unless damage is caused by the Shareholder. The cost of any damage caused by the Shareholder shall be billed to the Shareholder.

SECTION 4. INTERFERING WITH WATER SYSTEM

A. Obstruction of Water System Prohibited. It is prohibited to place any obstruction that will prevent the normal operation of the water system including drain valves, pressure reducing valves, fire standpipes/hydrants, shut off valves, meters, etc. This includes all damage and obstructions caused by digging, planting vegetation of any kind, grading of roads, snow plowing, or any other means.

B. Fine for Obstructing Water System. All obstructions that prevent the normal operation of the water system will be subject to a fine in accordance with the current fee schedule. The fine may be increased at the option of the Board of Directors to cover any damage to the water system resulting from the obstruction or to cover the actual cost of removing the obstruction.

C. Shareholder Notice to Remove Obstruction. Except in cases of emergency, the Shareholder will be given ten (10) days' notice to remove any obstruction preventing the normal operation of the water system. In the event of an emergency, or if the obstruction is not removed within ten (10) days of receiving notice, the Company may remove the obstruction and bill the Shareholder for the cost of removing the obstruction and for any damage caused by the obstruction.

Docusign Envelope ID: F4D3C9AE-A38F-8DDB-8278-C9F60F0CF6BC

D. Cost to Remove Obstruction. In the event the Shareholder does not reimburse the Company for the costs to remove any obstruction or for damage caused by the obstruction, the Shareholder shall be deemed to have given consent to the Company to add interest to the fee assessed by the Company. Failure to pay these additional costs will result in a delinquent account and shall be subject to the same collection of delinquent charges.

SECTION 5. COMPANY RESPONSIBILITIES

A. Service Main and Lateral Lines. Leaks in the Service Main shall be the responsibility of the Company. The Company's obligation for operation and maintenance of the Service Lateral Line shall be from the Service Main to the Company shut off valve on the Service Lateral Line at or near the property line.

B. Service Lateral Line Leak and Property Damage and Repairs. The Company is not responsible for any leaks or damages caused by leakage in the Service Lateral Line from the Company shut off valve in the Service Lateral Line at or near the property line to the Dwelling Unit, and shall have no responsibility for repairs.

C. Emergency Water Shut Off of Shareholder Connection. When property damage or life is threatened, or contamination of the water system is likely, the Company may, without incurring liability, shut off the water service to the Lot in order to mitigate damage, prevent waste of water, and to prevent contamination of the water supply. If the problem is with the Shareholder connection, water service will not be restored until the Shareholder resolves the problem.

D. Emergency Water Shut Off of Water Service. The Company will make every effort to provide continuous service, but it may become necessary from time to time as described below to terminate service. The Company hereby reserves the right at any time to shut off the water anywhere within its water system for the purpose of making any repairs and/or extensions, or because of interruption of water service due to the scarcity of water, damage to the Company Water Distribution System, or any other cause beyond the reasonable control of the Company.

E. Water Pressure/Quantity. The goal of the Company is for the water system to provide (1) the quantity of water to be sufficient to supply adequately, dependably, and safely the total requirements of all water consumers under maximum consumption, and to (2) maintain normal operating pressure at the service connection; provided, however, that during periods of hourly maximum demand, or at the time of peak seasonal loads, the pressure may be reduced, and (3) to provide for minimum level of water service for fire protection. Water pressure is determined by the height of the water storage system, certain Lots within the Kingvale Subdivisions may be above the height of the water storage system and could require significant engineering in order to obtain water service. The Shareholder acknowledges that the Company is not responsible for installing or maintaining pressure increasing/reducing equipment to any Lot, and is not responsible for any damage caused by insufficient/excessive water pressure in the water distribution system.

F. Back-flow Prevention and Cross-Connection Control. All water connections to the Company's Water Distribution System, regardless of when made, may be required to have installed a back-flow prevention device in order to protect the safe drinking water quality of the system in compliance with the Uniform Plumbing Code in effect in Nevada County, California. In the event the Company is required to install back-flow prevention devices on existing Shareholder properties, the Company will provide and install the devices at the Service Main at Company's expense. The Company shall maintain, repair, and replace the same in perpetuity as a Company reimbursable expense, unless damage is caused by the Shareholder. The cost of any damage caused by the Shareholder shall be billed to the Shareholder.

G. Water Meters. All water connections to the Company's Water Distribution System, regardless of when made, may be required to install a water meter device in compliance with California Standards. In the event the

Docusign Envelope ID: F4D3C9AE-A38F-8DDB-8278-C9F60F0CF6BC

Company is required to install water meters on existing Shareholder properties, the Company will install the necessary meter and meter components. The Company shall maintain, repair, and replace the same in perpetuity as a Company reimbursable expense, unless damage is caused by the Shareholder. The cost of any damage caused by the Shareholder shall be billed to the Shareholder.

SECTION 6. SHAREHOLDER RESPONSIBILITIES

A. Shareholder Responsibility for Service Lateral Line. Each Shareholder shall own and shall bear the sole responsibility for repair, upkeep, and maintenance of the Service Lateral Line from the Company shut off valve to the Shareholders Dwelling Unit.

B. Shut off Valve Required. A Company shut off valve shall be installed on the water distribution line to shut off water from the water distribution system.

C. Service Inspection Access. By connecting to the water system and agreeing to receive water service therefrom, each Shareholder shall be deemed to have granted to the Company reasonable access to the Shareholder's property to inspect for Shareholder compliance with conditions for water service.

D. Lock on Shareholder's Shut off Valve. The Shareholder may not attach a lock to the main shut off valve on the Shareholder's property side unless given written permission by the Company. In the event of an emergency because of fire or other similar circumstances, the Company has the right to use the Shareholder's service line and facilities and may remove any lock by any necessary means. The removal of any lock will be at the Shareholder's expense and without liability of any kind to the Company in order to use the water to help extinguish a fire or mitigate an emergency.

E. Prohibition Against Tampering With Company Property. No one shall damage, tamper with or modify any property owned by the Company including its fire hydrants, valves, lines, tanks, pumps, locks on valves, or any part of the Water Distribution System, except with prior written permission from the Company. If such damage, tampering or modification occurs, the company shall immediately contact the Nevada County Sheriff for prosecution and shall assist in any way possible with any prosecution. If the Shareholder is responsible for the tampering, the Company may discontinue the Shareholder's water service.

F. Sale of Water Outside Company Service Area. It is the policy of the Company to provide water services only to those properties within its Service Area. No existing Shareholder shall have their water service terminated, be adversely affected or have their right to transfer their existing Share certificate to a new property owner affected as a result of the Company modifying the Service Area in the future.

G. Unauthorized Use of Water. Any Shareholder providing water services not authorized by specific agreement with the Company to persons or entities outside of the Company's Service Area, or to a Lot within the Company's Service Area that does not have a valid Share certificate, shall be in violation of these Rules and Regulations, and such action is unlawful and shall constitute a theft of service and shall be punished in accordance with the laws of the State of California. Any Shareholder circumventing a water shutoff placed by the company is similarly committing theft. Because of the difficulty of determining the actual value of the water used, the Company finds that the penalty in accordance with the current fee schedule is a reasonable penalty to assess for the use of the water.

H. Violation of Rules to Waste Water. It is a violation of these Rules and Regulations to waste water and to allow any appliance, fixture, equipment, faucets, or other similar water using device to leak, overflow, or operate in a wasteful manner or for a Shareholder to use water for purposes other than domestic use or yard irrigation. Wasting water shall include allowing hoses, taps or faucets to run for an unreasonable length to time

Docusign Envelope ID: F4D3C9AE-A38F-8DDB-8278-C9F60F0CF6BC

or simply for circulation, using water to drive or propel machinery of any kind, and permitting the use of water on any other property for any purpose, except as permitted by the Company.

I. Fire Standpipe/Hydrant. Any unauthorized connection to and use of water from a fire standpipe/hydrant shall be a violation of these Rule and Regulations and is unlawful and shall constitute a theft of services and shall be punished in accordance with the laws of the State of California. Because of the difficulty of determining the actual value of the unmetered water used, the Company finds that the penalty in accordance with the current fee schedule is a reasonable penalty to assess for the unauthorized use of the water.

J. Shut Off Main Water Valve When Property Not Occupied. It is suggested that each Shareholder shut off the main water valve to the property when the property will not be in use for extended periods of time. This will help prevent wasting water, excess water usage fees caused by a water leak, or possible property damage caused by a leak.

K. All Shareholders Shall Comply. All Shareholders shall comply with the water meters, back-flow prevention and cross connection rules and regulations for safe drinking as may be adopted by the State of California.

L. Waiver of Liability. Each Shareholder and water user waives any cause of action against the Company or its Board of Directors or officers because water service is suspended temporarily for emergency work or other repairs, and no claim or cause of action shall be made against the Company or its Board of Directors or officers because water service is suspended.

M. Notice of Violation. Except in emergency situations, the Company will first provide the Shareholder with written notice of the violation of the Rules and Regulations and will provide the Shareholder an opportunity to cure the default within thirty (30) days prior to water services to the property being terminated. Within the thirty (30) day period, the Shareholder may request a hearing before the Board of Directors regarding any such violation of the Rules and Regulations, which hearing shall be held before service is terminated.

N. Termination of Services for Violation of Rules and Regulations. In the event of material or persistent violations of the Rules and Regulations, the Company shall be entitled to shut off water service or to file an action to require compliance with these Rules and Regulations by injunctive and other appropriate relief and recover all costs of every kind incurred by the Company, including investigative, engineering, court costs and reasonable attorney's fees.

SECTION 7. WATER SERVICE REQUESTS EXISTING SHAREHOLDERS

A. Existing Shareholder Water Service Letter. Existing Shareholders that own a Share certificate for a Lot that is unimproved and now desire to build a single-family residential structure and Nevada County is requiring a Water Service Letter, the existing Shareholder will need to follow these steps:

1. The existing Shareholder must complete a water service application which is available from the Company. The Company will only accept applications when the Company has been advised by Nevada County/State of California that the Company has sufficient source, storage, and distribution capacity to render service to a new residential structure.

2. The Water Service Letter will be issued to Nevada County and not to the Shareholder. The Water

Docusign Envelope ID: F4D3C9AE-A38F-8DDB-8278-C9F60F0CF6BC

Service Letter will automatically expire within eighteen (18) months of issuance or upon the building permit expiring, whichever is later. In the event a Water Service Letter expires, the Shareholder will be required to request a new Water Service Letter.

3. The existing Shareholder will not be charged a Water Connection Fee, but will be responsible for the costs of the Service Lateral Line installation beyond the Company shut off valve to the Dwelling Unit.

4. The Company shall provide and install any required initial back-flow assembly device at the Service Main at Company's expense as part of the installation and hookup to the Dwelling Unit. The Company shall maintain, repair, and replace the same in perpetuity as a Company reimbursable expense, unless damage is caused by the Shareholder. The cost of any damage caused by the Shareholder shall be billed to the Shareholder.

5. The Company will be responsible for the installation of any required water meter box, water meter and supporting system components as part of the installation and hookup. The Company shall maintain, repair, and replace the same in perpetuity as a Company reimbursable expense, unless damage is caused by the Shareholder. The cost of any damage caused by the Shareholder shall be billed to the Shareholder.

SECTION 8. NEW WATER SERVICE REQUESTS

A. Applications for New Water Service Connection. The Applicant must complete a new water service application which is available from the Company. The completed application must be accompanied by the application fee (see current fee schedule). The Company will only accept applications when the Company has been advised by Nevada County/State of California that the Company has sufficient source, storage, and distribution capacity to render service to a new residential structure.

B. Consideration by Company of Applications. Each application that is complete and meets all the requirements at the time of submission will be considered in the order in which the application is received according to postmark or delivery date. Applications will only be conditionally approved at such time as the Company has sufficient source, storage, and distribution capacity to render service to the Applicant as well as forecasted services to existing Shareholders and existing contingencies. Upon a new water service connection being conditionally approved by the Company, the Applicant must execute a Water Connection Agreement at which point the Company will provide a Water Service Letter to Nevada County.

C. Agreement for Water Services. All Applicants requesting new water service shall sign an Agreement for Water Services before a Water Service Letter will be issued. The Agreement for Water Services verifies that the Applicant has received a copy of the Company's Articles of Incorporation, Bylaws and Rules and Regulations, has read and understands the documents and agrees to comply fully with all the rules and regulations as they now exist or as they may be amended in the future.

D. Water Service Letter. The Water Service Letter will be issued to Nevada County and not to the individual property owner. The Water Service Letter will be valid for a period of eighteen (18) months from the date of issuance, and automatically expire unless a building permit is issued for the property in which case the Water Service Letter will continue to be valid for the same period of time that the building permit is valid. Upon completion of the Dwelling Unit and a certificate of occupancy being issued, and subject to Applicant having satisfied all conditions of the Water Service Letter, a Share certificate shall be issued. In the event a Water Service Letter expires, the Applicant will be required to reapply for a water service connection.

E. Water Connection Fee. The Company shall assess all new connections a water connection fee for the purpose of reimbursing the Company for the installation of Service Lateral Line and the value of the existing Company infrastructure and to assist in building water storage tanks, developing new water sources, meeting

Docusign Envelope ID: F4D3C9AE-A38F-8DDB-8278-C9F60F0CF6BC

new code requirements that may be required for new water connections. This fee shall be determined by the Board of Directors and is subject to change, as conditions require (see current fee schedule). The fee is payable within thirty (30) days of the certificate of occupancy being issued and prior to a Share certificate being issued.

F. Improvement Responsibilities of Approved Applicant.

All approved Applicants, subject to oversight by the Company and Nevada County, will be responsible for extending the Service Mains as required in order for water to be delivered to their property. The Service Mains shall be within the Kingvale Subdivision road system as depicted on the subdivision maps. However, where the extensions must cross private property where easements do not already exist, applicant shall obtain, at applicant's sole expense, all required and necessary easements for all distribution and main line extensions, along with the perpetual rights of ingress and egress for operation, maintenance, repair and replacement of the same and convey the same, without cost, to the Company.

1. The Company is responsible for installing up to twenty-five (25) feet of the Service Lateral Line to the property line of the Applicant from the Service Main and a Company shut off valve. The cost is included in the water connection fee. The Applicant is responsible for the costs of any Service Lateral Line beyond twenty-five (25) feet and the installation beyond the Company shut off valve to the Dwelling Unit. The Company shall provide and install any required initial back-flow assembly device at the Service Main at Company's expense as part of the new installation and hookup. The Company shall maintain, repair, and replace the same in perpetuity as a Company reimbursable expense, unless damage is caused by the Shareholder. The cost of any damage caused by the Shareholder shall be billed to the Shareholder.

2. The Applicant is responsible for the permitting and installation of any required water meter box, water meter and supporting system components. The Applicant must receive prior approval from the Company of the system components prior to installation in order to assure uniformity of components in the Service Area.

3. Applicant is responsible for extending or constructing any Kingvale road shown on the subdivision maps in order to obtain water service.

4. The Applicant shall be responsible for all costs, including all permit fees. Applicant shall provide the Company with construction drawings for all improvements under this section fifteen (15) days prior to the start of construction.

5. Applicant shall enter into an agreement with the Company, which shall govern the terms and conditions under which said road and main extensions shall be made by Applicant and under which proportionate reimbursement from third parties who might connect onto the extended main line may be obtained. The road and main extensions shall be constructed in accordance with the Company and Nevada County inspection, approval and acceptance in order to insure that the extended road and main system will be compatible with the existing system. Applicant shall carry the extended road and line to a point prescribed by the Company, in accordance with Company plans and specifications, in order to facilitate the orderly development of the next contiguous lot.

6. The Company may, in its sole discretion, deem it necessary to construct excess capacity into an extended main line to facilitate and allow anticipated growth in the immediate area. In that case, Applicant shall construct said excess capacity into the extended line, in accordance with the Company's plans and specifications, and at Applicant's sole expense; provided, however, that the Company, through the provisions of the line extension agreement required by this section, shall provide for the proportionate reimbursement to the Applicant for the costs of engineering, construction and expansion of this excess line capacity, in accordance with a separate cost participation agreement.

G. Assessments. All approved Applicants shall be responsible for all Company assessments imposed during the time their Water Service Letter is in effect that apply to properties with a Share certificate, and the assessments shall be payable in full within thirty (30) days of the certificate of occupancy being issued for the

Docusign Envelope ID: F4D3C9AE-A38F-8DDB-8278-C9F60F0CF6BC

Lot and prior to a Share certificate being issued.

H. Reimbursement of Improvement Costs. In the event the Applicant extends or constructs any Kingvale road and/or extends the Service Main, any lots from the point of construction/extension to the point of Applicants Service Lateral Line shall reimburse Applicant a percentage of costs incurred by Applicant if they obtain a building permit within five (5) years of Applicant obtaining a certificate of occupancy. The percentage for each lot shall be the total number of Lots benefited plus Applicants lot. The Company will not be responsible for collecting any reimbursements, as the matter will be between the Applicant and the Lot Owner(s).

I. Water During Construction. An approved Applicant shall have access to an existing standpipe/hydrant approved by the Company in order to provide water to the Applicants property during construction. Applicant, at their expense, shall be responsible for installing a Company approved backflow device at the standpipe/hydrant and the hose/temporary pipe to the building site. The hose/temporary pipe shall not interfere with the use of any other property or the roads.

SECTION 9. FEES

A. Water Service Fees. The Company may, from time to time, in its discretion, levy and collect assessments upon all Share certificates of the Company pursuant to Article XI of its Articles of Incorporation and Article VII of its Bylaws. The assessments and fees shall be set by the Board of Directors from time to time as deemed necessary to keep the Company fiscally sound, including, but not limited to, the following:

1. Base Water Usage Fee. All Shareholders shall pay a base water usage fee as determined by the Board of Directors (see current fee schedule).

2. Excess Water Usage Fee. Any quantity of water used by a Shareholder in excess of the established base amount shall be subject to a specific usage charge or overage assessment based upon the estimated amount of water used (see current fee schedule).

3. Maintenance/Repair Fee. The Company may impose a maintenance/repair fee against each Shareholder to help insure that the Company has sufficient revenue to cover the repair, operation, and maintenance expenses of the Company Water Distribution System and facilities constructed to serve Shareholder's (see current fee schedule). The maintenance/repair fee shall be charged annually at the discretion of the Board of Directors. The maintenance fee is subject to change from time to time by the Board of Directors.

4. Improvement Fee. A special assessment imposed upon Shareholders to help insure that the Company has sufficient revenue to cover the construction of improvements to the Company Water Distribution System and facilities to serve Shareholder's. The improvement fee shall be charged as determined by the Board of Directors.

5. Water Connection Fee. The Company shall assess all new water connections a water connection fee for the purpose of reimbursing the Company for the installation of Service Lateral Line and the value of the existing Company infrastructure and to assist in building water storage tanks, developing new water sources, meeting new code requirements that may be required for new water connections. This fee shall be determined by the Board of Directors and is subject to change, as conditions require (see current fee schedule). The fee is payable within thirty (30) days of the certificate of occupancy being issued and prior to a Share certificate being issued.

6. Resumption of Service Fee. Where service has been terminated at the Shareholder's request, for termination resulting from non-payment of service charges, or for any other reason resulting from Shareholder's non-compliance with specific rules, a fee shall be imposed as a condition to resuming service to a specific connection and to cover the costs of re-establishing service (see current fee schedule).

Docusign Envelope ID: F4D3C9AE-A38F-8DDB-8278-C9F60F0CF6BC

B. Collection of Delinquent Fees and Termination of Services for Nonpayment. These procedures are described in Appendix 1 "Water Shutoff Policy".

SECTION 10: MISCELLANEOUS

A. Payment of Water Connection Fee Required for Water Service. No Shareholder shall be allowed to connect onto the Company Water Distributions System or take water therefrom until he/she/they has/have paid the required Water Connection Fee that shall be established by the Board of Directors and is subject to change from time to time (see fee current fee schedule).

B. One Dwelling Unit Per Share certificate. Not more than one (1) Dwelling Unit shall be connected per Share certificate.

C. Sale or Transfer of Shareholder Property. Each Shareholder shall immediately report in writing to the Secretary of the Company the sale or transfer of their property. Failure to provide such written notice shall result in liability for the costs of continuing services. The Shareholder should, prior to sale or transfer of their property, provide the transferee with copies of the current Rules & Regulations, Fee Schedule, Bylaws and Articles of Incorporation. Upon sale or transfer of the Property a new Share certificate in the name of the new owner(s) shall be issued upon the old Share certificate being surrendered and any debt paid (see Section 6.2(c) of the Bylaws). The new Shareholder shall agree to pay the service fees and other charges imposed by the Company and comply with all Rules and Regulations of the Company.

D. Landlord's Liability for Tenants. The owner of record of any rented or leased property or property occupied by persons other than the owner of record served by the Company shall be responsible for payment of the water service fees and other charges incurred by the Tenant or any other party in possession of the structure receiving service.

1. Termination of Service Authorized. If there remains an unpaid balance of service fees and other charges upon the vacation of the property by the Tenant which Tenant does not pay at the time of termination, the Company may terminate water service to the property and shall not be required to restore service until all delinquent service fees and other charges have been paid in full by the Shareholder, including the costs of collection, court costs and reasonable attorney's fees. The Company shall also be entitled to charge a Resumption of Service Fee that the Shareholder shall be required to pay before service will be restored (see current fee schedule).

E. Approved Devices Required. All components of the Water Distribution System, including water meters and back-flow prevention devices shall be of a type or kind approved by the State of California and the Company.

F. Merger of Lots. Legally merged Lots shall be considered as one Lot with respect to payment of the fees starting the year following the date the Lots were merged. If a Share certificate had been issued for both Lots, the Lot being eliminated by the merger must relinquish the Share certificate.

G. Relinquishment of Share certificate. A Shareholder may voluntarily relinquish their Share certificate to the Company only on the condition that any future request for a new Share certificate for the Lot will be treated as a new application for water service and it must meet all of the requirements in effect at the time of request and the property owner must pay all fees imposed for a new water service connection if approved. Upon relinquishing a Share certificate, the property owners shall no longer be a Shareholder. The Company does not have the discretion to transfer any relinquished Share certificate to any other property owner.

H. Plowing Kingvale Roads. Individual shareholders or road users may not contract for the removal of snow from any Kingvale roads unless the snow removal company has a minimum of $1,000,000 of liability insurance and the KPOWU is named as an additional insured on the snow removal company's insurance policy.

Docusign Envelope ID: F4D3C9AE-A38F-8DDB-8278-C9F60F0CF6BC

Anyone contracting for snow removal services on Kingvale roads without this provision shall be liable for any damages that result.

I. Changes/Amendments to Rules and Regulations. These Rules and Regulations may be changed and amended from time to time by appropriate action of the Board of Directors. No exceptions to these rules will be permitted without the prior written approval of the Board of Directors.

J. Emergency Situations. In times of water shortage due to drought or any other natural or man-made conditions or occurrences, the Company shall have full authority to declare a water emergency and to ration or otherwise regulate the distribution and use of water from the Company's system. Such action by the Board of Directors may include a moratorium on new water connections until the emergency has been alleviated. Rationing restrictions may limit the amount of water that may be used, the time that water may be used, and the purpose for which water may be used or any combination of the foregoing. Any rationing measures shall be applied in a uniform and non-discriminating manner. The Board of Directors may terminate water service to any Lot if the occupants thereof violate the restrictions.

K. Relationship with Company's Articles of Incorporation and Bylaws. These Rules and Regulations are intended to supplement the Company's Articles of Incorporation and Bylaws. In the event of a conflict between the Articles of Incorporation or Bylaws and any of these Rules and Regulations, the provisions of the Articles of Incorporation and Bylaws shall control.

L. Savings Clause. If any section, subsection, sentence, clause, or phrase of this resolution is for any reason held to be invalid by a court of law, such determination shall not affect the validity of the remaining portions of this resolution, which shall remain binding and enforceable against the Shareholders of the Company.

M. Effective Date. These rules and regulations supersede the rules and regulations adopted by the Board effective July 5, 2007, and as amended July 5, 2008, July 3, 2009, and February 9, 2013 and pursuant to the power of the Board of Directors under the Bylaws of the Company these rules and regulations shall be in full force and effect from and after the first day of August, 2024, until further amended.

Appendix I: Water Service Shut-Off Policy

A. Policy Statement.

This policy sets forth the steps, notifications, caveats, and payment plan criteria regarding discontinuation of water service for nonpayment by The Company shareholders or non-shareholder residents.

The Company is a water utility system that serves the Kingvale community of fewer than 200 service connections in its entirety, and a population estimate of 210 persons (based on 2.6 persons per household).

This policy incorporates requirements of California Senate Bill No. 3 adopted into law by the State of California on October 13, 2023, effective August 1, 2024, regarding water company shut-off policies and procedures for non-payment of water bills. Previously, only public water systems supplying water to greater than 200 service connections were required to have water shut-off policies for non-payment with specific rules dictated by California Senate Bill No. 998. California Senate Bill No. 3 expands the SB 998 application to include water systems with fewer than 200 connections.

B. General Water Shut-Off Policy.

Bills are considered delinquent if they are not paid within sixty (60) days of receipt. A property within Kingvale is subject to water service disconnection once bills are delinquent.

Docusign Envelope ID: F4D3C9AE-A38F-8DDB-8278-C9F60F0CF6BC

A notification letter is sent to the account holder if payment is not received within 30 days, indicating the steps needed in the subsequent thirty (30) day grace period to avoid water shut-off.

By the end of the thirty (30) day grace period, the account holder must pay the outstanding arrearage amount or propose a time-payment plan established by mutual agreement between the account holder and The Company.

If full payment of monies owed is not received by The Company or a time-payment plan is not initiated by the arrearage account holder with the water company by the end of the thirty (30) day grace period, a disconnect notice will be generated and hung at the residence indicating the water will be turned-off and the service valve locked after seven (7) business days if all amounts owing to The Company are not paid or a payment agreement is not agreed upon.

C. Languages.

This policy is available in English, the predominate language spoken within The Company's service area. It is unknown if at least 10 percent of the community population speaks another language, but if that is the case, this policy can be available in that language, and any language listed in California Civil Code 1632 (Spanish, Chinese, Tagalog, Vietnamese, or Korean) upon request by a water service customer (see this link for language information regarding California Civil Code 1632: *https://codes.findlaw.com/ca/civil-code/civ-sect-1632/*).

D. Notification.

Account holders subject to water service disconnection shall be notified by The Company with an offer to provide the following:

1) a written copy of The Company's water shut-off policy
2) account arrearage details of monies owed and mitigation options to rectify the account balance
3) additional options to avert discontinuation of water service, e.g. bill review, payment plans, procedure for board of directors' review of the shareholder or resident proposal to remedy the debt

1. Notification Procedure.

(a) A written notice of payment delinquency and impending water service shut-off shall be mailed to the account holder residence, or property to which the water service is provided. If the shareholder's address is not the address of the property to which service is provided, the notice also shall be sent to the address of the property to which service is provided, addressed to "Occupant." The notice shall include, but is not limited to, all of the following information in a clear and legible format:

- Shareholder or resident's name and address
- Amount that is past due
- Date by which payment or payment arrangements are required to avoid termination of service
- Description of the process to dispute or appeal a bill
- The Company phone number and written shut-off policy
- A description of the procedure by which the shareholder or resident may request a deferred, reduced, or alternative payment schedule, including an amortization of the delinquent residential service charges, consistent with the written policy provided

(b) If The Company is unable to make contact with the account holder, or an adult occupying the residence by telephone, and written notice is returned through the mail as undeliverable, The Company shall make a good faith effort to visit the residence and leave, or make other arrangements for placement in a conspicuous place of, a notice of imminent discontinuation of water service for non-payment and The Company's water shut-off policy for non-payment.

(c) If an adult at the residence appeals the water bill to The Company or any other administrative or legal body to which that appeal may be lawfully taken, The Company shall not discontinue residential service while the appeal is pending.

E. Shareholder or Resident Appeals.

The Company shareholders or non-shareholder residents receiving water service may contact the water company at any time during office hours to discuss water service billing amounts, disputes, deferred payments via payment plans, or any aspect of water service. Arrearage or other billing issues or requests for payment plans (including

Docusign Envelope ID: F4D3C9AE-A38F-8DDB-8278-C9F60F0CF6BC

proposed terms), may be e-mailed, or USPS mailed to the water company office, as well. Attendance at monthly The Company board of director meetings is welcomed and encouraged.

Any billing disputes unresolved by office personnel, or proposed arrearage payment plans expressed, will be discussed and mitigated by the water company board of directors at regular monthly meetings in executive sessions, as necessary.

Properties will not be shut-off for water service during the appeal of an initial arrearage mitigation plan process.

Water company contact information, office hours, and board meeting times are noted on billing and newsletters mailed to residents.

This water shut-off policy is available in written form upon request.

F. Shareholder or Resident Payment Plans.

Time-payment plans shall be negotiated on a case-by-case basis with all arrearages to be paid within no longer than a 12-month period (possibly longer for special category cases, see Section 8B). Interest and penalty charges shall continue to accrue on any outstanding debt until paid-off. As specified in Section 8C, if the account holder defaults on any payment during the time-payment period, i.e. misses a monthly payment, (60 days for special category cases, see Section 8) and that default continues for at least sixty (60) days without being cured, the account holder will have five (5) business days to remit payment or, a disconnect notice will be generated and hung at the residence indicating the water will be turned off and the service valve locked in seven (7) business days.

G. General Process for Restoring Water Service.

Once the water service is turned-off and locked, all water charges, maintenance fees, late fees, hang-notice and re-connect fees are required to be paid in-full, or a mutually agreed upon time-payment plan is initiated to pay-off charges before water service is restored (see current Company water rates & fees schedule, and Section 9 for Special Rules fees).

The Company will endeavor to reconnect service as soon as practicable but, at a minimum, will restore service before the end of the next regular working day following payment.

Water service that is turned on by any person other than The Company personnel or without The Company authorization may be subject to fines or additional charges or fees. Any damages that occur as a result of unauthorized restoration of service are the responsibility of the account holder.

H. Conditions Prohibiting Water Service Shut-Off for Non-Payment of Service.

The Company shall NOT discontinue residential water service if ALL of the following conditions are met:

1. Health Conditions: The shareholder or tenant of the shareholder submits certification of a primary care provider, as that term is defined in subparagraph (A) of paragraph (1) of subdivision (b) of Section 14088 of the California Welfare and Institutions Code (see this link for primary care provider definitions: *https://codes.findlaw.com/ca/welfare-and-institutions-code/wic-sect-14088/*), that discontinuation of water service would be 1) life threatening, or 2) pose a serious threat to the health and safety of a person residing at the property;

2. Financial Inability: The resident demonstrates a financial inability to pay for water service within the water system's normal billing cycle. The resident is deemed "financially unable to pay" if any shareholder of the resident's household is 1) a current recipient of the following benefits: CalWORKS, CalFresh, general assistance, Medi-Cal, SSI/State Supplementary Payment Program, or California Special Supplemental Nutrition Program for Women, Infants, and Children, or 2) the resident declares the household's annual income is less than 200% of the federal poverty level (see this link for the federal poverty levels applicable in California: *https://www.coveredca.com/pdfs/FPL-chart.pdf* limits); and

3. Alternative Payment Arrangements: The resident is willing to enter into an amortization agreement or alternative payment schedule, or a plan for deferred or reduced payment, consistent with the written policies provided with respect to all delinquent charges.

Docusign Envelope ID: F4D3C9AE-A38F-8DDB-8278-C9F60F0CF6BC

1. Process for Determining Conditions Prohibiting Water Service Shut-Off for Non-Payment of Service.

The process of proving compliance with the conditions described in 1. Health Conditions, 2. Financial Inability, and 3. Alternative Payment Arrangements, is incumbent upon the shareholder or resident.

In order to allow The Company sufficient time to process any request for assistance by a shareholder or resident, the shareholder or resident is encouraged to provide The Company with the necessary documentation demonstrating the medical issue, financial inability, and willingness to enter into payment arrangements in a timely manner.

If The Company requests additional information, the customer shall provide the requested information within five (5) calendar days of receipt of The Company's request.

The Company will notify the shareholder or resident in writing that the shareholder or resident does not meet the conditions to prohibiting service shut-off or notify the shareholder or resident in writing of the alternative payment arrangement approved.

If the shareholder or resident does not meet the conditions prohibiting discontinuation of service, payment for all delinquent amounts is due within five (5) business days after the date of notification of The Company's determination or the date of the impending service discontinuation, whichever is later.

2. Rules for Accounts in the Prohibitive Shut-off Category where ALL Conditions are Met.

If all three conditions are met, 1. Health Conditions, 2. Financial Inability, and 3. Alternative Payment Arrangements, The Company shall offer the shareholder or resident one or more of the following options:

- Amortization of the unpaid balance
- Participation in an alternative payment schedule
- A partial or full reduction of the unpaid balance financed without additional charges to other ratepayers
- Temporary deferral of payment

The Company may choose which of the payment options the shareholder or resident undertakes and may set the parameters of that payment option. The repayment option offered should result in repayment of any remaining outstanding balance within 12 months, as it is for other arrearage residents. The Company may grant a longer repayment period if it finds the longer period is necessary to avoid undue hardship to the shareholder or resident based on the circumstances of the individual case.

3. Water Shut-off for Non-Compliance of Payment Plan Agreement.

Water service may be discontinued no sooner than five (5) business days after The Company posts a final notice of intent to disconnect service in a prominent and conspicuous location at the property under either of the following circumstances:

1. The shareholder or resident fails to comply with an amortization agreement, an alternative payment schedule, or a deferral or reduction in payment plan for delinquent charges for 60 days or more.

2. While undertaking an amortization agreement, an alternative payment schedule, or a deferral or reduction in payment plan for delinquent charges, the shareholder or resident does not pay their current water service charges for 60 days or more.

I. Special Rules for Residents with Income Below 200 Percent of Federal Poverty Line.

For a shareholder or resident who demonstrates to The Company household income below 200 percent of the federal poverty line, The Company is required to adhere to both of the following:

1. Set a reconnection of service fee for reconnection during normal operating hours at fifty dollars ($50), but not to exceed the actual cost of reconnection if it is less. Reconnection fees shall be subject to an annual adjustment for changes in the Consumer Price Index beginning January 1, 2021. For the reconnection of residential service during nonoperational hours, The Company shall set a reconnection of service fee at one hundred fifty dollars ($150), but not to exceed the actual cost of reconnection if it is less. Reconnection fees shall be subject to an annual adjustment for changes in the Consumer Price Index beginning January 1, 2021.

2. Waive interest charges on delinquent bills once every 12 months. The Company shall deem a shareholder or resident to have a household income below 200 percent of the federal poverty line if any shareholder of the household is a current recipient of CalWORKs, CalFresh, general assistance, Medi-Cal, Supplemental Security Income/State Supplementary Payment Program, or California Special Supplemental Nutrition Program for Women, Infants, and Children, or the shareholder or resident declares that the household's annual income is less than 200 percent of the federal poverty level.

J. Annual Shut-Off Reporting.

The Company shall provide (report) the number of annual discontinuations of water service (shut-offs) in Kingvale for inability to pay to the California State Water Resource Control Board (SWRCB), if, or when provided the reporting tool, reporting schedule, and reporting protocol by the SWRCB.

K. Unauthorized Actions of Shareholders or Residents.

California Senate Bill No. 3 and subsequently, this water service shut-off policy, applies ONLY to termination of water service for non-payment and do NOT apply to the termination of water service provided to properties that are found to have shareholders or residents that have engaged in illegal or unauthorized acts, or community water contamination safety violations, e.g. damaging (shut-off) valve locks, altering service connections, have hazardous cross-connection scenarios requiring immediate water shut-off, violate non-monetary provisions of the The Company Rules and Regulations, etc.

KINGVALE PROPERTY OWNERS AND WATER USERS, INC.,

BOARD OF DIRECTORS:

DocuSigned by:
EVGENY GUSHCHIN
9D8FCFF19E974B0...
President
8/31/2026

Signed by:
Bruce Cumming
364E6DE6FF4E450...
Director
8/29/2026

Signed by:
6EE21F08398C45E...
Director
8/31/2026

Signed by:
E4044A657F0A49F...
Director
8/29/2026

Signed by:
Mary Small
B178D938BBAC42D...
Director
8/31/2026