

February 16, 2021

TO: GRAN MUTUAL WATER COMPANY SHAREHOLDERS

Re: LATE PAYMENT POLICY

Gran Mutual Water Company (the Company) provides water service to all lot owners in the Spanish Gardens, Skansen, and Rocky Bluffs subdivisions and to the lot owners on Rim Rock Drive, each of whom is a shareholder in the Company.

The Company is governed by an elected and unpaid Board of Directors who ensure that the water system is functioning properly to provide high quality water service to all lot owners. Additionally, the Board must ensure Company finances will adequately cover all expenses—incurring and anticipated—to maintain this service. Because water delivery is increasingly more expensive each year due to changes in government regulations, repair and maintenance costs, and monthly utility fees, timely payment of each shareholder's water service bills is imperative to maintain the Company's operations.

Water service bills are sent quarterly each year, covering these periods: January through March; April through June; July through September; and October through December. Water bills are due upon receipt, although shareholders may elect to pay each quarter's bill in full or in equal monthly installments. In either case, payment will be considered past due if not received within thirty (30) days of the billing date. A late fee of \$30 will be charged for each 30-day period that a bill remains unpaid, and fees will accrue until the bill is paid in full. If a shareholder elects to pay their bills monthly, they are deemed to be current unless more than two (2) months elapses between payments. All bills that remain past due for more than sixty (60) days will be reported to the national credit bureaus.

Should any water bill remain unpaid for a period of three (3) months or longer, a water shut-off notice will be issued to the shareholder of the associated lot. Subsequently, the shareholder will have thirty (30) days to pay the delinquent bill in addition to any late fees. If the entire amount due is not received within thirty (30) days, water service to the lot will be discontinued. For water service to be restored to the affected lot, there will be a reconnection fee of \$1,000 added to all delinquent charges. If the affected lot does not have a water meter, an additional charge for the installation of a meter and shut-off valve will also be incurred. The affected lot will be denied water service until all outstanding dues, assessments, fees, and charges are paid in full.

The Board encourages all shareholders to pay their share of the Company's operating costs in a timely and proactive manner, thereby eliminating the need to enact late fees and other penalties. As owners, the shareholders of Gran Mutual Water Company rely upon one another to maintain the Company's ability to provide the invaluable resource of exceptional water delivery to every lot in the system.

Authorized by the Board of Directors