

**Email Correspondence with Water Co. Attorney (T. Lombardo)  
And Conservancy re Road, Utilities and Water Company Issues**

From: Tony Lombardo [tony@alombardolaw.com]

Sent: Tuesday, February 03, 2015 9:52 AM

To: Judkins, Jack@SCC

Cc: Kelly Sorensen (kjsorensen@earthlink.net)

Subject: RE: Victorine Ranch

Jack:

Although Kelly does not have the benefit of historical financial records of the company, it appears that based on the information you provided on October 17, 2014, all obligations have been met for the Mutual to issue 2 shares to the owner of the Conservancy property.

Anthony L. Lombardo

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From: Judkins, Jack@SCC [mailto:Jack.Judkins@scc.ca.gov]

Sent: Friday, January 30, 2015 4:39 PM

To: Tony Lombardo

Cc: Kelly Sorensen (kjsorensen@earthlink.net); Kroll, Chris@SCC; Chapman, Trish@SCC

Subject: RE: Victorine Ranch

Hi Tony (and Kelly)

Thank you for your response. I take it from your response that we are in agreement regarding the current status of obligations for the Conservancy's successor's both with respect to the road and the water company, as outlined in my letter. By that I mean that there are no existing obligations with respect to any costs and expenses incurred to date which are related to either the road and utilities and the water company. Please let me know if I have misread your response. I also agree that there may be costs associated with future active use and development of the Conservancy property.

I also appreciate your comments regarding the positive relationship between the Conservancy and the district. We certainly want to maintain that relationship and we will continue to work with you as we go through the process of selling the property.

Jack

Jack Judkins  
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From: Tony Lombardo [mailto:tony@alombardolaw.com]

Sent: Friday, January 23, 2015 10:40 AM

To: Judkins, Jack@SCC

Cc: Kelly Sorensen (kjsorensen@earthlink.net)

Subject: Victorine Ranch

Jack:

Kelly has asked me to reply to your correspondence as the attorney for the Victorine Ranch Mutual Water Company. First, I want to thank you for digging up all the old documents that we drafted 20 years ago!

After careful review, it appears that you are correct that the formation expenses and original capital costs were contributed by the Conservancy as the owner of the 2 parcels identified as the "Craven Nation" property. As a result, the owner of the Craven Nation property has the right to obtain two water shares from the Victorine Ranch Mutual Water Company upon demand. However, if the future owner of the property wishes to develop more than two units, an additional subscription fee would be required. The formula and rules for those payments are described in section 6 (B) beginning on page 5 of the agreement.

Also, depending on the amount of development that might occur on the Craven Nation property in the future, the Mutual, the County Health Bureau, and the fire agencies may have additional requirements for changes or additions to the system that your buyer will have to meet at his or her expense.

As to the common roadway, you are correct that the State is not a party to the road agreement. However, Civil Code section 845 obligates the owner of the Craven Nation property to pay its proportionate share of the cost of road repairs to the common road over which it holds an easement withstanding the lack of a written agreement between the State and the other users of

the road. Additionally, any damage to the road resulting from construction on the Craven Nation property would also have to be repaired by the future owners of that property. The property owners of Victorine Ranch hope that the future owners of your property would join the road association.

Finally, Kelly wanted to make sure that any buyers are informed that short-term rentals are not legal in this area of the coast.

The Mutual values the positive working relationship it has had with the Conservancy in the past and looks forward to working with you through the sale of the Conservancy's Craven Nation property.

Anthony L. Lombardo

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