

EXHIBIT "B"

TERMS AND CONDITIONS

MAGNOLIA DRIVE/STATE HIGHWAY 221 - DISTRICT ANNEXATION ANNEX-000037

APN: 046-450-054

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1. Upon and after the effective date of said annexation, the Territory, all inhabitants within such Territory, and all persons entitled to vote by reason of residing or owning land with the Territory, shall be subject to the jurisdiction of the Napa Sanitation District, hereinafter referred to as "the District"; shall have the same rights and duties as if the Territory had been a part of the District upon its original formation; shall be liable for the payment of principal, interest, and any other amounts which shall become due on account of any outstanding or then authorized by thereafter issued bonds, including revenue bonds, or other contracts or obligations of the District; shall be subject to the levying or fixing and collection of any and all taxes, assessments, service charges, rentals or rates as may be necessary to provide for such payment; and shall be subject to all of the rates, rules, regulations and codes of the District, as now or hereafter amended.
 2. The property owner hereby agrees to abide by all codes, rules and regulations of the District governing the manner in which sewers shall be used, the manner of connecting thereto, and the plumbing and drainage in connection therewith.
 3. In the event that pursuant to rules, regulations or codes of the District, as now or hereafter amended, the District shall require any payment of a fixed or determinable amount of money, either as a lump sum or in installments, for the acquisition, transfer, use or right of use of all or any part of the existing property, real or personal, of the District, such payment will be made to the District in the manner and at the time as provided by the rules, regulations or codes of the District, as now or hereafter amended.
 4. The property owner agrees that prior to connection to the facilities of the District; property owner shall pay all applicable fees and charges to the District associated with connection of the property in accordance with the computation of regular capacity charges and charges in effect at the time paid. The property owner further agrees to pay the regular permit and inspection charges in effect at the time paid for the connection to be made to the District's system.
 5. The property owner shall deposit with the District an annexation fee of \$1,328 (current rate) to reimburse the District engineering, legal, and all other costs incurred by the District in preparing and examining maps and plans, legal descriptions, agreements and other documents associated with processing subject annexation. Fees due to the District will be those in effect at the time of payment. Fees are subject to change, revised per Code.

6. The property owner further agrees to pay such annual sewer service fees to the District as may be established, from time to time, by the rules and regulations of the District which are of universal application within the District. Property owner hereby authorizes the District to collect such charges on the tax roll pursuant to California Health and Safety Code section 5473 and specifically waive any right to challenge the District's ability to do so because the Property is outside of the District Boundaries.

7. No change in the facilities to be connected to the District's system shall be made without first having given written notice to the District that such change is to be made. No additional connections shall be connected to the facilities of the Napa Sanitation District without having first given written notice to the District that such additional facilities are to be connected to the system. Prior to making any such change in facilities or to the addition of any units to the District's system, the property owner shall pay to the District such additional inspection, capacity, and annual fees which may then be established by the Board of Directors of the District.

8. The property owner shall eliminate any privately owned sewage disposal system(s) located on the subject property to the Napa County Division of Environmental Health requirements.

9. The property owner shall abide by all District requirements and enter into Agreements with the District, as deemed necessary by the District, for construction of public and private sanitary sewer facilities. The property owner shall be responsible for all design and construction costs associated with the sanitary sewer improvements required to serve the property.

10. The property owner shall submit a Plan and Profile of the sanitary sewer improvements prepared by a registered civil engineer, conforming to District standards.

11. The property owner shall pay to the District the required inspection and development fees at the rates in effect at the time of construction for each dwelling unit located on the property.

12. The property owner shall fulfill condition number 5 and agree to all other conditions prior to the District's issuance of a letter to LAFCO authorizing recordation of subject annexation, and in no case more than 1 year after LAFCO's adoption of a resolution approving subject annexation, unless extended by LAFCO. Any extensions granted shall in total not exceed 1 year.