INSPECTION AND MAINTENANCE AGREEMENT

STATE OF NORTH CAROLINA, COUNTY OF IREDELL

This agreement is made and entered into this 7th day of August, 2018 by and between Jim and Angela Johnston (hereinafter referred to as the "Owners") and AQWA, Inc. (hereinafter referred to as the "Contractor"). The effective date corresponds to date of the Health Department Operations Permit.

WITNESSETH

WHEREAS, the Owners own or control the property upon which a ground absorption sewage treatment system (hereinafter "system") is installed, such system being designated a Type Va system (Treatment Standard II w/nitrogen reduction) under the Rules for Sanitary Sewage Collection, Treatment and Disposal found at 15A N.C. Administrative Code 18A.1900 et seq.; and,

WHEREAS, 15A N.C. Administrative Code 18A.1961 requires a contract to be executed between the system Owners and a management entity prior to the issuance of an Operation Permit for said system; and,

WHEREAS, 15A N.C. Administrative Code 18A.1961 requires that a condition of the Operation Permit for said system be that a properly executed contract between the system Owners and a management entity shall be in effect for as long as the system is in use; and,

WHEREAS, the Contractor is a management entity, of a type authorized by 15A N.C. Administrative Code 18A.1961 to manage a Type Va, TS I system.

NOW THEREFORE, in consideration of the premises and of the mutual covenants and promises contained in this Agreement, it is hereby agreed by and between the Owners and the Contractor as stipulated below.

1. The Contractor's Obligations. The Contractor shall perform the following services on the Owner's system located at 317 Tuskarora Trail, Mooresville, NC 28117:

   a) The Contractor shall inspect the system at least at the frequency, required in Table V (b) of 15A N.C. Admin. Code 18A.1961(b) for a Type Va System and as specified in the State approval document for the equipment.

   b) The Contractor shall monitor the routine operation of the system using the telemetry equipped control panel at least monthly and make such performance data available to the Owners if requested.

   c) The Contractor shall take up to two laboratory samples of effluent per year from the system as prescribed by the Health Department to monitor system performance at no additional expense to the Owners.

   d) The Contractor shall perform the maintenance procedures in accordance with the conditions of the Operation Permit, specifications as set forth by the design engineer, 15A NC Administrative Code 18A.1961, specifications of the applicable NC Department of Natural Resources system approval document, and the manufacturers Maintenance Manual. Scheduled maintenance procedures include: inspect the structural integrity and maintain all of the physical and mechanical components of the system, inspect the performance and condition of the AdvanTex® Treatment System,Ultraviolet and Disinfection Unit, low pressure panel-block drainfield, check and set pressures in the system, check and adjust pump delivery rate of the system, clean septic tank filter if applicable and accessible, perform any other requirements of the operations permit.

e) The Contractor shall have operator on call 24 hours daily. Emergency service to be billed to the Owners.

f) The Contractor shall report the results of its inspections to the local health department at the frequency specified in Table V (b) of 15A N.C. Administrative Code 18A.1961(b) for a Type Va System.

g) If an inspection indicates the need for system repairs, the Contractor shall notify the local health department within 48 hours of the inspection.

h) The Contractor shall notify the Owners of needed repairs, which are outside of the scope of routine scheduled maintenance described in subparagraph (d) above. The Contractors shall perform necessary repairs to the system at the request of the Owners and shall be entitled to payment therefore at the Contractor's normal charge for services and materials.

i) The Contractor shall employ or shall contract with a State certified operator(s) if required by Table V (b) of 15A N.C. Administrative Code 18A.1961(b) for a Type Va System.

j) The Contractor shall respond to a request for service or maintenance call within twenty-four (24) hours upon receipt of request.

2. The Owner's Obligations.

a) The Owners shall pay to the Contractor the sum of $745.00 for the first year for periodic inspections, routine maintenance procedures, required sampling and periodic reports. The annual fee will be renewed at the end of each 12 month period. The annual fee may be amended upon sixty (60) days advance notice to the Owners but may not be increased more than six (6) percent per year. The Owners shall pay to the Contractor his normal and customary fees for any work performed on the system as a result of unscheduled service or maintenance calls. One unscheduled service or maintenance call is included in the first year's fee. All subsequent unscheduled service or maintenance calls will be at the Contractor's customary rate with a two hour minimum, plus materials. All invoices are due and payable within thirty (30) days of billing. Payments due to the Contractor and unpaid by the Owners after thirty (30) days shall incur a late fee of $25 per month for each month payment is not received by the Contractor.

b) Within thirty (30) days of receipt of notice of needed repairs pursuant to paragraph 1.h. above, the Owners shall request the Contractor to complete needed repairs.

c) The Owners shall provide the Contractor with such access to the system as is reasonably necessary for the Contractor to comply with the terms of this Agreement and requirements of Iredell County.

d) The Owners shall keep the area of the septic system equipment and drain field properly mowed and protected from traffic.

e) The Owners shall provide year-round telephone service to the telemetry control panel, which requires access to the home phone line with "toll free" 800 number access. Installation of connection to be completed prior to start-up inspection, service available within 5 working days following issuance of the Certificate of Occupancy, and termination of service places the system Out of Service with the County.

f) The Owners shall provide a hose bib with water service within 75 feet of the system.

g) The Owners shall apply and enforce the "Do's and Don'ts" as prescribed by the manufacturer in the

provided publication.

3. Term. This Agreement shall remain in effect until terminated.

a) Automatic Termination. This agreement shall automatically terminate if the Operations Permit for the system is revoked and all appeals of revocation are exhausted or time for taking an appeal has passed.

b) Termination by Mutual Consent. The Parties may mutually agree to terminate this Agreement by giving written notice of termination by mutual consent to the local health department thirty (30) days in advance of the date of termination.

c) Termination by the Owners. The Owners may terminate this Agreement by giving notice to the Contractor and to the local health department thirty (30) days in advance of the date of termination.

d) Termination by the Contractor.

1) The Contractor may terminate this Agreement for cause by giving written notice of intent to terminate this Agreement to the Owners and to the local health department thirty (30) days in advance of the date of termination. Cause shall be defined as:

a) failure of the Owners to remit payment for any bill for services performed under and in accordance with this Agreement if said bill is not paid within thirty (30) days of receipt by the Owners of the bill. If said bill is paid after notice of termination of this Agreement, the Agreement shall continue in effect; or,

b) failure of the Owners to provide to the Contractor authorization to complete needed repairs within thirty (30) days of receipt of notice of needed repairs pursuant to paragraph 1.h. above. If said authorization to complete needed repairs or evidence of completion of said repairs is provided after notice of termination is given but prior to the date of termination of this Agreement, this Agreement shall continue in effect; or,

c) failure of the Owners to allow the Contractor such access to the system as is reasonably necessary in order for the Contractor to comply with the terms of this Agreement.

2) The Contractor may not terminate this Agreement without cause, but may assign its rights and duties under this Agreement as provided in paragraph 4, below.

4. Assignment.

a) Assignment by the Owners. The Owners shall notify the Contractor of the name and address of any purchaser of the property on which the system is located. The Owners shall also notify any purchaser of the property on which the system is located of the existence of this Agreement and shall assign all rights and duties under this Agreement to said purchaser.

b) Assignment by the Contractor. The Contractor may assign its rights and duties under this Agreement to another management entity, which is qualified pursuant to 15A N.C. Administrative Code 18A.1961 to manage a Type Va system upon thirty (30) days written notice to the Owners and to the local health department.

5. Use of Subcontractors. The Contractor may subcontract with such manufacturers, suppliers and contractors as it deems desirable to perform any of the Contractor's duties under this Agreement. The Contractor shall at all times remain responsible for the performance of and payment for all work performed

by all subcontractors.

6. Representations. The Parties represent to each other that each has the power, authority and legal right to enter into and perform its obligations as set forth in this Agreement.

7. Regulatory Amendments. References in this Agreement to sections of the Administrative Code shall include such rules as they may be amended in the future.

8. No Implied Waiver. The waiver by either Party, of the default or a breach by the other Party of any provision of this Agreement shall not operate or be construed to operate as a waiver of any subsequent default or breach. The failure at any time of either Party to enforce any provision of this Agreement (a) shall not be construed to be a waiver of such provisions, or of any other provision; and (b) shall not in any way affect the validity of this Agreement, or any part of this Agreement, or the right of either Party thereafter to enforce each provision of this Agreement.

9. Notice. Every notice required under this Agreement shall be in writing and shall be deemed sufficiently given if delivered in person or sent by certified or registered mail, return receipt requested, postage prepaid to the Party to be notified and addressed as follows:

   To the Owners: Jim and Angela Johnston, P.O. Box 221, Mooresville, NC 28117
   To the Contractor: AQWA, Inc., 2604 Willis Court, Wilson, NC 27896
   To Iredell County Environmental Health Dept.: 318 Turnersburg Hwy., Statesville, NC 28677

   The date of any Notice shall be the date of personal delivery or the date shown on the return receipt as the date of delivery or attempted deliver, as the case may be. Changes in the respective addresses to which notice may be directed may be made from time to time by either Party by notice to the other party.

10. Place of Agreement. This Agreement and any questions concerning its validity, the system construction or performance shall be governed by the laws of the State of North Carolina, notwithstanding the place of execution, or the order in which the signatures of the Parties are affixed.

11. Entire Agreement and Amendment. This Agreement supersedes all prior negotiations, agreements and understandings between the Parties with respect to Inspection and Maintenance of the system and constitutes the entire Inspection and Maintenance Agreement between the Parties. To be effective, any amendment or modification to this Agreement must be in writing and must be signed by the Parties.

12. Severability. In the event that any provision of this Agreement shall, for any reason, be determined to be invalid, illegal or unenforceable in any respect, the Parties shall negotiate in good faith and agree to such amendments, modifications or supplements of or to this Agreement or such other appropriate actions as shall, to the maximum practicable in light of such determination, implement and give effect to the intentions of the Parties as reflected in this Agreement, and the other provisions of this Agreement shall, as so amended, modified, supplemented or otherwise affected by such actions, remain in full force and effect.

IN TESTIMONY WHEREOF, the Parties hereto have executed this Agreement in duplicate originals, one of which is retained by each of the Parties, the day and year first above written.

OWNERS: Jim and Angela Johnston

Signature

JAMES W. JOHNSTON
Printed Name

Signature

Angela V.E. Johnston
Printed Name

Contractor
Mike Barry, Vice President
AQWA, Inc.

Michael Clayton
AQWA Residential Solutions