SCHREINER DEVELOPMENT

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FAX COVER SHEET

To: Brady Freeman

From: Garry Starnes 634-2204

Subject: Lot 111 Redraw

Date: 4/8/05

Pages including cover: 3

Here is what I have on this.

Thanks,

Garry

(704) 662-3239

STATE OF NORTH CAROLINA STANLEY SEPTIC - BAY CROSSING
COUNTY OF IREDELL

MASTER CONTRACT FOR INSPECTION AND MAINTENANCE OF GROUND ABSORPTION SEWAGE TREATMENT AND DISPOSAL SYSTEMS FOR BAY CROSSING

This Master Contract is entered into by and between Stanley Septic Tank Service, a North Carolina Corporation of Gaston County, North Carolina (hereinafter "Stanley Septic") and Bay Crossing Owners Association, a North Carolina non-profit Corporation of Iredell County, North Carolina (hereinafter "Bay Crossing"), acting for and on behalf of it's members (hereinafter "The Owner(s)").

Preamble

The developer, Hecht Properties, LLC, formed Bay Crossing Owners Association, Inc., a North Carolina non-profit Corporation, (Bay Crossing), which represents a residential subdivision. The Declaration of Covenants, Conditions and Restrictions for Bay Crossing, is recorded in the Register of Deeds of Iredell County, North Carolina.

Bay Crossing has the power to assess the membership of the Association for upkeep, maintenance, repair, and other activities for the good of the Association membership as well as to provide for septic maintenance, all of which responsibilities and duties are fully set forth in detail in the Declaration of Covenants, Conditions, and Restrictions for Bay Crossing.

Bay Crossing desires to provide for the inspection and maintenance of various sewage systems installed and to be maintained upon the individual lots owned by its membership. Bay Crossing, acting by and through it's duly authorized officers and directors, desires to enter into this Master Contract with Stanley Septic which is a qualified maintenance contractor, to inspect and to perform maintenance in order that the residential waste systems of Bay Crossing's subdivision shall comply in all respects with applicable laws, codes, and regulations in a uniform and in identifiable means and methods.

Effective the date of this Master Contract, all individual lot owners hereby enter into the Master Contract with Stanley Septic whereby the individual lot owners do;

1. Specifically adopt the terms of the Master Contract to provide for a qualified maintenance contractor to inspect and perform maintenance in order that their waste systems in Bay Crossing subdivision complies in all respects with applicable laws, codes and regulations.
2. That such individual lot owner's contract shall specifically authorize Bay Crossing to assess and to collect assessments for payment for inspections, maintenance, repair and other necessities related to the proper inspection, maintenance and operation of the residential waste systems of said individual owners within Bay Crossing subdivision.

Bay Crossing shall have no liabilities nor responsibilities with respect to the duties of Stanley Septic or of the individual lot owner but acts solely as the Association of the membership by providing this Master Contract for the benefit of it's membership and to assess and to collect fees, expenses, and costs necessary for the inspection, maintenance and repair anticipated to be performed by Stanley Septic under it's contracts with the individual lot owners who are members of the Association by reason of the Declaration of Covenants, Conditions, and Restrictions for Bay Crossing set forth above.

THE MASTER CONTRACT

Conditions of the Contract

A. Stanley Septic, in consideration of the payment by Bay Crossing, on behalf of it's membership, as set out in the schedule of services and charges in Attachment A, incorporated herein, agrees:

1. To provide the services set out in Attachment A according to the minimum schedule of inspections/services required by regulations for the lots or parcels set in Attachment B.
2. To report results of the inspections to the local health department or other regulatory agency having jurisdiction as may be required by applicable laws or regulations.
3. If inspections indicate the need for system repairs:
    i. to notify the local health department within 48 hours;
    ii. to give notice to Bay Crossing and the lot owner(s) of needed repairs, *and, if the necessary repairs are outside the scope of the routine* maintenance described in Attachment A, then at The Owner's request, Stanley Septic may provide an estimate and perform the necessary repairs at Stanley Septic's then prevailing charges for services and materials, or The Owner may have an outside contractor make the necessary repairs under the direction of Stanley Septic.
4. If Stanley Septic's services are terminated, Stanley Septic will notify the local health department within 48 hours, and notify any other regulatory agency requiring notice as required.

B. Bay Crossing, in consideration of the services performed for its' property owners agree:

1. To assess its membership, collect the fees and expenses according to the Master Contract and pay Stanley Septic for its services according to the schedule of charges set out in Attachment A.
2. Within 30 days of receipt of notice of repairs under A.3. Above, The Owner(s) must request Stanley Septic to complete the needed repairs or provide proof to Bay Crossing that repairs have been performed by a licensed or qualified entity *and the system is functioning properly and was inspected by Stanley Septic at* the time of the repair.
3. To notify Stanley Septic promptly of any emergency or malfunction which may violate environmental, health, or other laws and regulations, and to authorize immediate repair as necessary to restore the system to proper function and operation.
4. To provide and to maintain at all times, such access to the systems as is reasonable, necessary to Stanley Septic to comply with its obligations under this Agreement, and as provided for in the Declaration.

Terms of the Agreement

A. This Agreement shall be effective for one year from November _____, 2004, and may be renewed from year-to-year, unless written notice of termination and non-renewal is given to the other party not less than 60 days prior to the end of the then current annual contract year.

B. The real property to be serviced under this Contract is listed on Attachment B.

C. The parties may terminate at the end of the then current term by not less than 60 days written notice to the other party prior to the end of the then current annual contract year.

D. This Agreement may be terminated for cause for breach, which remains un-remedied after 15 days written notice to the defaulting party.

Limited Warranty

Stanley Septic's sole duties and responsibilities under this agreement is to provide inspection and routine maintenance only as specified in this agreement. Inspections will comply with applicable codes, laws, and regulations in force at the time of inspection and report. Work and materials used in repairs are warranted only to be of good workmanship, free of defects, and conform to the systems specifications and equal to the original parts and equipment. The Owner's sole remedy under this express warranty is repair or replacement and consequential damage or damages for delay are limited to total sums paid Stanley Septic under this agreement for the particular lot or parcel for the then current year. All other warranties express or implied, including merchantability or fitness for particular purpose, are expressly and specifically excluded. Repairs, replacements, additions and changes by others to the systems covered by this agreement without proper notice to Stanley Septic or acceptance of the work by Stanley Septic during the term of this agreement voids any warranty granted herein as to Stanley Septic.

Miscellaneous

A. Transfer of rights, responsibilities, and duties under this Agreement by any party shall be valid only on written notice and consent signed by all parties, which consent shall not be unreasonably or arbitrarily withheld.

B. This Agreement constitutes the entire agreement of the parties, incorporating, and superseding all prior representations and negotiations and may not be changed or amended except in writing signed by the parties. The Agreement shall be interpreted under North Carolina law. Any part of the Agreement declared void, illegal, or unenforceable will not affect other provisions of the Agreement.

C. Disputes arising under this Agreement shall be determined by any method of Alternative Dispute Resolution the parties choose, including but not limited to,

mediation or arbitration, or such means or methods as the parties agree in writing.

D. Notices are deemed delivered if delivered in person, by certified or registered mail; by courier, or delivery service: if properly receipted, charges and postage prepaid, as follows:

Bay Crossing Owners Association, Inc.
885 N Highway 16
Denver, North Carolina 28037

Stanley Septic Tank Service
Post Office Box 184
Stanley, North Carolina 28164

Iredell County Health Department
318 Turnersburg Highway
Statesville, North Carolina 28625

Each party has executed this Agreement with full power, authority, and legal right to enter into, to bind itself to the rights, duties and responsibilities under this Agreement, which is binding on the parties, their successors and assigns, heirs and personal representatives, on the date first above written:

Attest: _____ Bay Crossing Owners Association, Inc.

By: _____

Title: _____

Attest: _____ Stanley Septic Tank Service

By: _____

Title: _____

ATTACHMENT A

COST: CONTRACT YEAR $300.00

The annual fees may be amended upon 60 days advance notice to the Association. Payments due to Stanley Septic and unpaid by the Association after 30 days shall accrue interest from the due date until paid at a rate of 1.5 percent per month.

PERFORMANCE DUTIES:

- Inspections and services that exceed state requirements, i.e., inspections of all systems using an itemized check list, monitoring all "septic tanks" to insure proper operation.
- Inspections performed semi annually, based on move-in date of homeowner.
- Two inspections will occur 6 months apart.
- Inspection report copies are to be sent within 30 days to the homeowner.
- Quarterly inspection summary will be sent to the Bay Crossing Owners Association.
- All non-compliant systems will be reported to the Bay Crossing Owners Association.
- New Homeowner Package (educational material about their septic systems). Consists of Introductory letter from Stanley Septic explaining the services that will be provided, a copy of the layout of their septic system, a system description, and helpful hints of taking care of the system.
- 24 hour emergency availability through a digital pager.
- Parts and labor costs will be billed on an hourly basis, with 1 hour, being the minimum charge. Hourly rate is $75.00/hour.
- The addition of a bacterial product into the individual septic tank as needed to maintain the roper level of bacteria.
- The individual septic tank will be inspected and pumping will be recommended as needed. Pumping of the septic tank as well as regular maintenance and wear and tear are the financial responsibility of the individual owner.

ATTACHMENT B

Lots included in this contract are as follows:

5 - 21, 27, 29 - 30, 32 - 36, 67 - 77, 79 - 88, 91 - 93, 105 - 111, and 114 - 122 of Bay Crossing Phase 1.

Total of 65 Lots