R & H of Lake Norman Inc.

Wastewater System Installation and Management
Inspection and Maintenance Agreement

STATE OF NORTH CAROLINA, COUNTY of Iredell

This agreement is made and entered into this date of _____,
by and between Ryan Homes (the "Owner")
and R & H of Lake Norman Inc. (the "Contractor").

Witnesseth

WHEREAS, the owner owns or controls the property upon which a ground absorption Sewage Treatment system is installed, such system being designed a Type 4 system under the Rules for Sanitary Sewage Collection, Treatment and Disposal found at 15A N.C. Adm. Code 18A 1900 et seq,; and

WHEREAS, 15A N.C. Adm. Code 18A. 1961 requires that a condition of the Operation Permit for said system be that a properly executed contract between the system owner 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. Adm Code 18A. 1961 to manage a Type 4 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 Owner and the Contractor as stipulated below:

1.The Contractors Obligations. The Contractor shall perform the following services on the Owner's system located at Estates of Sandcove – Lot 31

a. The Contractor shall inspect the system at least the frequency required in Table V(b) of 15A N.C. Admin Code 18A1961(b) for a type 4 system.

b. The Contractor shall perform the following routine maintenance procedures in accordance with the conditions of the Operation Permit:

c. The Contractor shall report results of inspections to the local department at the frequency specified in Table V(b) of 15AN.C. Admin Code 18A.1961 for a Type 4 system.

d. If an inspection indicates the need for system repairs, the Contractor shall notify the health department within 24 hours the then inspection.

e. The Contractor shall notify the Owner of needed repairs, which are outside the scope of routine maintenance described in subparagraph (b) above. The Contractor shall perform necessary repairs to the system at the request of the Owner and shall be entitled to payment thereof at the Contractor's normal charge for services and materials.

f. The Contractor shall employ or shall contract with a certified operator(s) if required by Table V(b) of 15A N.C. Admin Code 18A. 1961 (b) for a Type 4 system.

g. The Contractor shall respond to a request for a non-scheduled service or maintenance call within 72 hours after receipt of such request.

4. Assignment.

   a. Assignment by the Owner. The Owner shall notify the Contractor of the name and address of any purchaser of the property on which the system is located. The Owner 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. Admin. Code 18A.1961 to manage a Type 4 system upon 30 days written notice to the Owner 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. Representatives. 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 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 provisions; and (b) shall not in any way affect the validity of this Agreement, or the right of either party thereafter to enforce each and every 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 a certified or registered mail, return receipt requested, postage prepaid to the party to be notified and addressed as follows:

To the Owner: Ryan Homes
9920 Kincey Ave
Huntersville NC 28078

To the Contractor: Chris Hedrick
142 Hidden Harbor Rd.
Mooresville NC 28117

To the Local Health Department: Iredell Co. Health Dept
412 E. Center St.
Mooresville NC 28115

The date of any notice shall be date of personal delivery or the date shown on the return receipt as the date of delivery or attempted delivery, 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 the other party.

10. Placement of Agreement. This Agreement and any questions concerning its validity, 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 the subject matter hereof and constitutes the entire Agreement between the parties with respect to the subject matter hereof. 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 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.

(Owner) 6/23/06 (Date)

(Contractor) 6/22/06 (Date)