COPY

STATE OF NORTH CAROLINA, COUNTY OF IREDELL

This agreement is made and entered into this 22 day of March, 2016 by and between the Sisters Cove Homeowners Association, Inc. (hereinafter referred to as the "Owner") and AQWA, Inc. (hereinafter referred to as the "Contractor"). The effective date corresponds to date of the Health Department Operations Permit.

WITNESSETH

WHEREAS, the Owner owns or controls the property upon which a ground absorption sewage treatment system (hereinafter "system") is installed, such system being designated a Type Va system (Treatment Standard I) 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 Owner 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 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. 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 Owner 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 Judas Road, Homer Lane, and Cornelius Road, Mooresville, NC that serves the Phase II properties including the Septic Tank Effluent Pumping (STEP) systems at each lot (19 EDUs at build-out) and the central treatment and dispersal system.

   a) The Contractor shall inspect the system 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: monthly inspections and maintenance with semi-annual laboratory sampling and reporting.

   b) The Contractor shall monitor the operation of the central system using the telemetry equipped control panel at least weekly and make performance data available to the Owner if requested. Telemetry control panels at Individual Septic Tank Effluent Pumping systems shall be monitored 24/7.

   c) The Contractor shall take one required laboratory sample of effluent twice per year as prescribed in Table V (b) of 15A N.C. Admin. Code 18A.1961(b) for a Type Va System.

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 N.C. Administrative Code 18A.1961, specifications of the applicable N. C. Department of Natural Resources system approval document, and the manufacturers Operations and Maintenance Manual. Routine maintenance procedures include: inspect the structural integrity and maintain all of the physical and mechanical components of the system, inspect and record sludge and scum levels in septic tanks, inspect and maintain the performance and condition of the AdvanTex® Treatment System and drip irrigation system and drainfield, clean septic tank and recirculation tank filters, perform any other requirements of the operations permit.

e) The Contractor shall have an operator on call 24 hours daily. All emergency service will 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 Owner 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 Owner and shall be entitled to payment therefore at the Contractor's customary rate 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. Additional hours will be charged at the Contractor's customary rate.

2. The Owners' Obligations.

a) The Owner shall pay to the Contractor the annual sum of $5400.00 for (12) monthly inspection and maintenance visits, scheduled maintenance procedures, telemetry monitoring, laboratory sampling and submission of periodic reports for the central treatment and dispersal system. Individual Septic Tank Effluent Pumping systems at each lot will be monitored 24/7 and inspected on an annual basis at a rate of $200 per lot and shall be billed at start-up and renewed annually each January thereafter. 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 Owner but may not be increased more than six (6) percent per year. The Owner 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. All subsequent unscheduled service or maintenance calls will be at the Contractor's customary rate, with a two hour minimum plus materials. All fees are due and payable within thirty (30) days of billing. Payments due to

the Contractor and unpaid by the Owner after thirty (30) days shall incur a late fee of 1.5% 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 Owner shall request the Contractor to complete needed repairs.

c) The Owner shall provide the Contractor with such access to the central system, individual STEP systems at each lot, and water supply (hose bib) as is reasonably necessary for the Contractor to comply with the terms of this Agreement and requirements of Iredell County.

d) The Owner shall keep the area of the septic system at each lot, central treatment area, and central drip irrigation field properly mowed and protected from traffic.

e) The Owner shall assure telephone/Ethernet service to the telemetry control panel at each lot.

f) The Owner shall apply and enforce the "Do's and Don'ts" as prescribed and provided by the manufacturer for items not to be introduced into the wastewater system.

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 Owner. 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 Owner 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 Owner 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 Owner 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 Owner 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 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. Administrative Code 18A.1961 to manage a Type Va system upon thirty (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. 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: Sisters Cove Homeowners Assn., Inc., PO Box 3965, Mooresville, NC 28117
To the Contractor: AQWA, Inc., 2604 Willis Court, Wilson, North Carolina 27896
To the Iredell County Health Department: 610 East Center Ave, Mooresville, NC 28115

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.

Owner: Sisters Cove Homeowners Association, Inc.

Authorized Representative's Signature

Eric Weec
Printed Name

Mike Barry
(Contractor)
Mike Barry, Vice President
AQWA, Inc.