COPY

INSPECTION AND MAINTENANCE AGREEMENT

STATE OF NORTH CAROLINA, COUNTY OF IREDELL

This agreement is made and entered into this 22nd day of July, 2015 by and between SISTER'S COVE PHASE V OWNERS ASSOCIATION INC. (hereinafter referred to as the "Owner"), and AQWA, Inc. (hereinafter referred to as the "Contractor"). The effective date corresponds to the 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 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 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 serving the multi-unit facility located at ~~Cornelius Rd.~~ Sisters Cove Ct, (BMS), Mooresville, NC

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 twice monthly and make such performance data available to the Owner if requested.

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

d) The Contractor shall perform the scheduled maintenance procedures in accordance with the conditions of the Operation Permit, 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 quarterly 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 duplex pumping system servicing the septic and collection discharge tank, inspect the performance and condition of the drip irrigation dispersal system, service/replace UV disinfection lamps and sleeves, check and set pressures in the system,

inspect and clean the AX100 treatment modules, check and adjust pump delivery rate of the system, clean septic tank and recirculation tank filters, and perform any other requirements of the operations permit and AdvanTex O&M Manual.

e) The Contractor shall have an operator on call 24 hours daily. All emergency service will be billed to the Owner.

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 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 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 after receipt of such request.

2. The Owner's Obligations.

a) The Owner shall pay to the Contractor sum of $4800.00 for the first year for periodic central treatment system inspections, routine maintenance procedures, telemetry cell phone charges, miscellaneous minor (less than $100) component replacement, laboratory sampling, and periodic reports. Additionally, the Owner shall pay to the Contractor sum of $225.00 each for the first year for periodic individual STEP system inspections, routine maintenance procedures, 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 Owner but may not be increased more than six (6) percent per year. Upon notice by from the Contractor, 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 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 $50 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 system as is reasonably necessary for the Contractor to comply with the terms of this Agreement and requirements of the local health department.

d) The Owner shall keep the area of the septic system equipment and drain field properly mowed and

protected from traffic.

e) The Owner shall provide continuous dedicated telephone service to the treatment system control panel for telemetry monitoring. Service shall include "800 long distance" call-out capability at the control panel located at the collection system discharge pump tank.

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

a) Automatic Termination. This agreement shall automatically terminate if the Operation Permit for the system is revoked and all appeals of the revocation are exhausted or the 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 Owner 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 Owner 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 Owner: Sister's Cove Phase V Owners Association Inc. PO Box 3965, Mooresville NC. 28117
To the Contractor: AQWA, Inc., 2604 Willis Court, Wilson, NC 27896
To the Local Health Department: Iredell County Environmental Health, 349 North Center Street Statesville, NC 28677-4063

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.

Authorized Owners Association Representative:

Signature

ERIC WOOD
Printed Name

(Contractor)
Mike Barry, Chief Operating Officer, AQWA, Inc.

COPY

Type: CONSOLIDATED REAL PROPERTY
Recorded: 6/5/2015 4:52:43 PM
Fee Amt: $26.00 Page 1 of 6
Iredell County, NC
Matthew J. McCall Register of Deeds
BK 2360 PG 1728 - 1733

NORTH CAROLINA

IREDELL COUNTY

TRI-PARTY AGREEMENT

Prepared By; Return To:
The Lake Law Office, PLLC

THIS AGREEMENT made and entered into this 26th day of May, 2015 by and between the **Iredell County Health Department** (hereinafter referred to as the "Department"), **Sisters Cove Phase V Owner's Association, Inc.**, a North Carolina Non-Profit Corporation (hereinafter referred to as the "Association"), and **Sisters Cove of LKN LLC**, a Delaware Limited Liability Company authorized to transact business in North Carolina by the North Carolina Secretary of State (hereinafter referred to as the "Developer");

WITNESSETH:

1. The Developer is the owner of certain lands lying in Davidson Township, Mooresville, North Carolina, upon which it is erecting or will erect and construct a residential subdivision and associated improvements, said subdivision to be known as "Sisters Cove Phase V" and commonly referred to as "The Overlook" (hereinafter referred to as the "Property"). A plat of said development is recorded in Plat Book 63, at page 11, Iredell County Public Registry. The

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Property is subject to the Declaration of Covenants, Conditions and Restrictions for Sisters Cove Subdivision recorded in Book 2351, Page 1567 of the Iredell County Public Registry.

2. The Developer desires to construct a wastewater collection, treatment and disposal system to serve the residential units and other improvements to be constructed upon the Property.

3. The Developer has applied to the Department for the issuance of permits pursuant to N.C.G.S. §§130A-336 and 130A-337 to construct, maintain, and operate said wastewater collection treatment and disposal system.

4. The Developer has caused to be formed a homeowner's association named Sisters Cove Phase V Owner's Association, Inc., a North Carolina Non-Profit Corporation, pursuant to Chapter 47F of the North Carolina General Statutes for the purpose, among others, of handling the affairs and business of the Property including, but not limited to, the operating, maintaining and repairing of the common areas and facilities, including the wastewater collection, treatment and disposal system; and of collecting dues and assessments to provide funds for such operation, maintenance and repair, in accordance with all applicable local ordinances.

5. All parties desire to assure that the wastewater collection, treatment and disposal system constructed upon and serving Sisters Cove Phase V, The Overlook, are properly constructed, maintained, operated, and repaired in accordance with laws, rules, and permit conditions in order to protect the public health, and the quality of the waters of the State and the public interest therein.

NOW THEREFORE, for and in consideration of the premises and the benefits to be derived by each of the parties hereto, the Department, the Developer, and the Association do hereby mutually agree as follows:

1. The Developer shall construct the wastewater collection treatment and disposal system (the "System") in accordance with the permit, applicable rules, and plans and specifications hereafter issued and approved by the Department; and shall thereafter properly operate, maintain, and repair such System in accordance with applicable permit provisions, rules, and laws until the entire System has been transferred to the Association.

2. The Developer shall not transfer ownership of the System to the Association until the System has been inspected, permitted, and determined to be operating in accordance with applicable rules and permit conditions.

3. The Association, after transfer of ownership of the System to it by the Developer, shall thereafter properly maintain, operate, and repair the System in accordance with laws, rules, and the conditions of the permit. The Association shall levy and collect the assessments provided for in its bylaws and Declaration, including special or additional assessments; and, in the event that the sum realized by the levy of such assessments shall not be adequate to maintain, operate, and repair the System as required by laws and conditions of the permit, the Association shall take such action as is necessary to secure funds adequate for such purposes.

4. The Association, in its duly filed bylaws and Declaration recorded in the Iredell County Register of Deeds, shall identify the entire System as a common area which will receive the highest priority for expenditures by the Association, except for Federal, State, and local taxes and insurance.

5. The Association, upon dissolution, shall provide for the continued proper operation, maintenance, and repair of its System and shall indemnify and hold Developer harmless from any liability therefrom from the date of the transfer of the System.

6. The Association, except upon dissolution, shall not transfer, convey, assign, or otherwise relinquish or release its responsibility for the operation, maintenance, and repair of its System.

7. The Department assumes no liability for the design, installation, operation or maintenance of the System.

8. A copy of this agreement and the Articles of Incorporation of the Association shall be filed with the Register of Deeds of Iredell County.

9. A Copy of the certified Articles of Incorporation of the Association from the Secretary of State of North Carolina shall be filed with the Department.

IN WITNESS WHEREOF, this agreement was executed in triplicate originals by the duly authorized representative of the parties hereto on the day and year written as indicated by each of the parties names below:

[SIGNATURES ON FOLLOWING PAGE]

THIS the 26th day of May, 2015.

IREDELL COUNTY HEALTH DEPARTMENT

By: _____ (SEAL)
JANE MURRAY
PUBLIC HEALTH DIRECTOR

Lynn B Hendrix
Notary Public
Davie County, North Carolina
My Commission Expires May 15, 2018

SISTERS COVE OF LKN LLC
A Delaware Limited Liability Company

By: **Highland Hinckley NC, LLC**
A North Carolina Limited Liability Company
Its Manager

By: _____ (SEAL)
ERIC M. WOOD
Its Member/Manager

SISTERS COVE PHASE V OWNER'S ASSOCIATION, INC.
A North Carolina Non-Profit Corporation

By: _____ (SEAL)
ERIC M. WOOD
Its President

Davie County, NORTH CAROLINA

I certify that the following person(s) personally appeared before me this day, and I have seen satisfactory evidence of the principal's identity, by a current state or federal identification with the principal's photograph in the form of a _____ driver license; each acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: **Jane Murray, Public Health Director, Iredell County Health Department** (person signing)

Date: May 26, 2015 Lynn B. Hendrix

Notary Public

Printed Name of Notary: Lynn B. Hendrix

My Commission Expires: May 15, 2018

Lynn B Hendrix
Notary Public
Davie County, North Carolina
My Commission Expires May 15, 2018

Iredell County, NORTH CAROLINA

I certify that the following person(s) personally appeared before me this day, and I have seen satisfactory evidence of the principal's identity, by a current state or federal identification with the principal's photograph in the form of a NC driver license; each acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: **Eric M. Wood, Member/Manager of Highland Hinckley NC, LLC; Manager of Sisters Cove of LKN LLC** (person signing)

Date: May 31, 2015

Notary Public

Printed Name of Notary: Kevin M Wood

My Commission Expires: Feb 24 2020

KEVIN M WOOD
NOTARY PUBLIC
IREDELL COUNTY, NORTH CAROLINA

Iredell County, NORTH CAROLINA

I certify that the following person(s) personally appeared before me this day, and I have seen satisfactory evidence of the principal's identity, by a current state or federal identification with the principal's photograph in the form of a NC driver license; each acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: **Eric M. Wood, President of Sisters Cove Phase V Owner's Association, Inc., a North Carolina Non-Profit Corporation** (person signing)

Date: May 31, 2015

Notary Public

Printed Name of Notary: Kevin M Wood

My Commission Expires: Feb 24 2020.

KEVIN M WOOD
NOTARY PUBLIC
IREDELL COUNTY, NORTH CAROLINA