

EXHIBIT A

TERMS AND CONDITIONS

1. **SERVICES.** The South Mills Water Association, Incorporated (the "Association") is engaged in the business of (i) producing and delivering potable water, (ii) installing, maintaining, and repairing water mains, service lines, and metering equipment, as may be necessary (the "Service Equipment"), and (iii) reading, calculating, producing, mailing, and collecting bills for water and sewer services (collectively, the "Association's Services") for customers of the Association.

2. **SERVICE CONNECTIONS. THE ASSOCIATION DOES NOT ALLOW MULTIPLE PRIMARY STRUCTURES TO CONNECT TO THE SAME METER. THE CUSTOMER SHALL NOT (I) CONNECT THE SERVICE EQUIPMENT TO ANY ADDITIONAL RESIDENCE, HOUSE, MOBILE HOME, LIVING FACILITY, STORE, OR OTHER STRUCTURE, (II) USE THE ASSOCIATION'S SERVICE EQUIPMENT CUTOFF VALVE, (III) MAKE ANY modifications, ALTERATIONS, RENOVATIONS, OR CHANGES TO THE SERVICE EQUIPMENT, OR (IV) DIG, TRENCH, OR REMOVE ANY DIRT OR GROUND ABOVE OR NEAR THE SERVICE EQUIPMENT UNTIL THE CUSTOMER RECEIVES APPROVAL FROM THE ASSOCIATION. ANY CUSTOMER WHO VIOLATES THIS SECTION SHALL BE SUBJECT TO TERMINATION OF SERVICES UPON FIVE (5) DAYS NOTICE UNLESS ALL EXTRA CONNECTIONS HAVE BEEN REMOVED. CUSTOMER SHALL BE RESPONSIBLE FOR ALL PAST DUE AMOUNTS OR AMOUNTS THAT WOULD HAVE BEEN DUE IF THE CUSTOMER HAD NOT VIOLATED THIS SECTION.**

3. **BILLING FOR SERVICES.** The Association shall mail a bill to the Customer on the first (1st) day of each calendar month during the term of this Agreement for the Customer's usage of the Association's Services during the previous month ("monthly bill"). If the Customer does not receive a monthly bill for a calendar month during the term of this Agreement, then the Customer shall still be liable and should contact the Association at 252-771-5620 for assistance.

4. **PAYMENT OF SERVICES AND FEES.** All monthly bills and all fees, including, without limitation, a water tap fee, a transfer fee, a NSF fee, a late fee, a billing service fee, and an inspection fee, shall be payable in full in cash, or by money order or check made payable to the South Mills Water Association. All monthly bills are due and payable on or before the fifteenth (15th) day of each calendar month during the term of this Agreement. The Customer can pay their monthly bill by (i) delivering payment to the Association's Office on Monday through Friday from 8:00 a.m. to 5:00 p.m. Eastern Standard ("Business Hours"), (ii) placing payment in the drop box located on the right side of the front door of the Association's Office after Business Hours and on the weekends, or (iii) mailing payment to P.O. Box 279, South Mills, NC 27976.

a. **NSF Fee.** If the Customer's check is returned for not sufficient funds, then the Customer shall be charged a Thirty and No/100 Dollar (\$30.00) NSF fee and the Customer's account shall be flagged "cash or money order only" for a period of one (1) year.

b. **Late Fee.** If the Customer fails to pay their monthly bill at or before 5:00 p.m. Eastern Time on or before the fifteen (15th) day of any calendar month during the term of this Agreement, then the Customer shall be charged a ten percent (10%) late fee on the balance of the Customer's account; provided, however, in the event that the fifteenth (15th) day falls on a weekend, then the Customer shall have until 5:00 p.m. Eastern Time on the next business day before a late fee shall be charged to the Customer's account.

c. **Billing Service Fee.** All late monthly bills shall be paid at or before 1:00 p.m. Eastern Time on the last business day of each calendar month during the term of this Agreement. In the event any such monthly bills are not paid at or before such time, then the Customer shall be charged a Twenty and No/100 Dollar (\$20.00) billing service fee.

5. **HIGH BILLS.** In the event the Customer experiences a substantial increase in their monthly bill, not related to an increased usage by the Customer, then the Customer may request the Association to send a service technician to inspect the Service Equipment for a water leak. If the service technician does not find a water leak in the Service Equipment, then the Customer shall be charged a Fifteen and No/100 Dollar (\$15.00) inspection fee.

6. **ADJUSTMENT TO ACCOUNTS.** In the event the Customer's high monthly bill is determined to be the result of a water leak on the Customer's side of the Service Equipment, then the Association shall allow the Customer to make an adjustment to their monthly bill; provided, however, the Customer may only make one (1) adjustment to a high monthly bill during any twelve (12) month period, and the Customer shall provide the Association with a receipt either for services of a plumber or for parts that were purchased to repair the water leak. The adjustment shall be determined by the Association, in

its sole and absolute discretion, by taking the average the Customer's high monthly bill and the Customer's monthly bills for the prior two (2) calendar months. The maximum allowable adjustment is \$25.00.

7. **ACCESS TO SERVICE LOCATION.** The Association and its authorized representatives shall have the right, from time to time, as determined in its sole and absolute discretion, to install, inspect, maintain, repair, remove, or disconnect the Service Equipment at the Service Location.

8. **LIMITATION ON ASSOCIATION'S SERVICES.** The Association shall not be liable and/or obligated to install, maintain, or repair (i) the Customer's cutoff value, (ii) any and all supply lines from the Customer's side of the Service Equipment, or (iii) any other plumbing or fixtures on the Customer's side of the Service Equipment or in the Customer's residence.

9. **DISCONNECTION OF SERVICES.** The Association may disconnect the Service Equipment at the Service Location if any of the following circumstance occur: (i) the Customer fails to pay their monthly bill and related NSF fee, including any and all applicable fees provided for herein, on or before the tenth (10th) day after receipt of written notice from the Association that the Customer's check was returned, (ii) the Customer fails to pay their monthly bills and any applicable fees for two (2) consecutive calendar months on or before the fifth (5th) day after receipt of written notice from the Association that the Customer's account is past due, which notice shall be mailed by the Association after the fifteenth (15) day of the second consecutive calendar month of which the Customer failed to pay their monthly bills, or (iii) this Agreement is terminated as provided in Section 14 below. If the Service Equipment is disconnected as provided in this Section but the Customer pays their monthly bill(s) and all applicable fees in full at or before 5:00 p.m. Eastern Time on that same day the Service Equipment is disconnected (the "Disconnect Day"), then the Association shall re-connect the Service Equipment on the Disconnect Day. If the Customer does not pay their monthly bill(s) and all applicable fees at or before 5:00 p.m. Eastern Time on the Disconnect Day, but rather, the Customer pays their monthly bill(s) and all applicable fees in full on any business day after the Disconnect Day at or before 4:00 p.m. Eastern Time, then the Association shall re-connect the Service Equipment that same business day. If the Customer's payment is not received at or before 4:00 p.m. Eastern Time, then the Association shall re-connect the Service Equipment on the following business day. However, the Customer may request the Association to re-connect the Service Equipment after Business Hours. In the event the Customer requests the Association to re-connect the Service Equipment after Business Hours, then the Customer shall be charged a Fifty and No/100 Dollar (\$50.00) fee.

10. **TERMINATION.** This Agreement may be terminated if any of the following events occur: (i) the Customer provides notice to the Association the Customer no longer requires the Association's Services, (ii) the Customer provides notice to the Association that the Customer is moving from the Service Location, or (iii) the Customer's account is past due for ninety (90) days or more and the Association closes the Customer's account. The Customer may only provide notice of termination to the Association at the Association's Office, or by fax or mail, provided a copy of the Customer's driver's license is included. Upon termination, the Association shall have the right to remove any portion of all of the Service Equipment from the Service Location.

11. **RELEASE.** The Customer, on behalf of him/herself and his/her family members, guests, and invitees, hereby irrevocably, unconditionally, and forever releases, acquits, quitclaims, and discharges the Association, and its members, employees, agents, successors and assigns, of and from any and all charges, actions, complaints, causes of action, claims (including, but not limited to, any claims for punitive damages, attorneys' fees, and costs), liabilities, obligations, promises, controversies, damages, suits, proceedings, expenses, and demands of any kind or nature whatsoever, known or unknown, suspected or unsuspected, whether arising out of contract, tort, strict liability, or otherwise, based upon, arising out of, related to, or connected in any way with (a) the installation, inspection, maintenance, repair, removal, or disconnection of the Service Equipment at the Service Location and (b) any damage to the Service Location or the Customer's property arising out of or connected with the Service Equipment and/or providing the Association's Services.

12. **FORCE MAJEURE.** Association shall not be responsible for delays or interruptions caused by circumstances beyond its control, including, without limitation, strikes, lockouts, labor troubles, inability to procure materials or fuel, riots, insurrections, war, fire or other casualty, acts of God, or other conditions or circumstances that are not the fault of the Association.

13. **MISCELLANEOUS.** This Agreement, together with the Exhibit attached hereto, contains the entire understanding of the parties with respect to the subject matter contained herein and supersedes all prior discussions and written and oral agreements between the parties hereto. All notices shall be deemed received upon actual receipt or one (1) business day after delivery to such overnight delivery service, whichever is applicable. Any forbearance, failure, or delay by any party to

exercise any right, power, or remedy under this Agreement shall not be deemed to be a waiver of such right, power, or remedy, and any single or partial exercise of any such right, power, or remedy under this Agreement shall not preclude the further exercise thereof. Any waiver of right, power, or remedy shall not effect or alter this Agreement, but rather each and every right, power, or remedy shall continue in full force and effect. The parties shall not be permitted to assign or delegate this Agreement or any respective rights or obligations hereunder without prior written consent of the other party. The parties hereto agree that, notwithstanding the principles of conflicts of laws, the internal laws of the State of North Carolina shall govern and control the validity, interpretation, performance, and enforcement of this Agreement. The parties hereto agree that any action relating to this Agreement shall exclusively be instituted and prosecuted in the courts of the County of Camden, State of North Carolina, and each party hereto hereby waives any and all defenses relating to venue and jurisdiction over the person. The invalidity or unenforceability of any provision of this Agreement shall in no way affect the validity or enforceability of any other provision. This Agreement may be executed simultaneously in duplicate originals, each of which shall be deemed an original and shall be admissible in any proceeding, legal or otherwise, without the production of the other such original. All rights, powers, and remedies provided under this Agreement or otherwise available in respect hereof at law or in equity shall be cumulative and not alternative, and the exercise or beginning of the exercise of any interest by any party shall not preclude the simultaneous or later exercise of any other such right, power or remedy by such party.

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