

MAINTENANCE AGREEMENT

PARTIES:

ILIAD, INC., a Washington corporation, and its successors and assigns ("Iliad"), and

Iliad Utility Services, Inc., and his, her or its heirs, Owner of: Alderlake, Cascade Crest and Western Stavis Water System assigns, successors and personal representatives ("Owner").

PURPOSES:

This agreement is to set forth the terms and conditions under which Iliad will maintain a certain water system (which is more particularly described on Exhibit "A" hereto, hereby made a part hereof, and which together with its additions and replacements, betterments, and enhancements is hereinafter referred to as the "System").

AGREEMENT:

IN CONSIDERATION of the mutual covenants and agreements herein contained, the parties hereto agree as follows:

1. Iliad shall provide all necessary, appropriate and complete maintenance of the system in accordance with the rules and regulations of all governmental units having jurisdiction over the maintenance, operation and expansion of the System, in addition to all private agreements of record on this date with respect to the same.
2. Owner shall obtain and maintain liability insurance in the amount of \$ _____ and property damage insurance in the amount of \$ _____, all and only with respect to the System, naming both parties hereto, in addition to such fire and extended coverage as may be necessary and appropriate to protect the full insurable value of the System and any mortgage or contract seller to the Owner.
3. Iliad shall obtain and maintain such licenses and registrations as may be required under applicable law for it lawfully

to carry out its obligations hereunder, and shall obtain and maintain such insurance in addition to that required by Owner in paragraph 2 herof, in such amounts and covering such risks as are maintained by others in the business of maintaining water systems.

4. Iliad's fees and expenses for services shall be as follows:

(a) Its hourly published rates for actual maintenance charges, any change in which shall be provided to the Owner sixty (60) days prior to the effective date thereof, and which rates shall not exceed reasonable rates for equivalent services rendered to approximately equivalent water systems in Western Washington.

(b) All state and local governmental charges and third party laboratory charges for the services to be rendered hereunder, including any expenses incurred by Iliad for maintenance or operation hereunder due to any change in applicable state law or regulation which may increase the cost of such operation or maintenance.

(c) All testing fees, power fees and all other costs, charges or expenses advanced by Iliad to maintain the System in accordance with state or county requirements.

The current rates for maintenance charges and public and third party charges are attached hereto as Exhibit "B" and made a part hereof by this reference.

5. As part of its obligations hereunder, Iliad agrees to and shall maintain a reasonable supply of replacement parts, tools and equipment to enable prompt repair of the System. In addition, Iliad agrees to and shall maintain 24-hour telephone answering to receive calls for maintenance.

6. Iliad shall have the right to bid for the construction of any line extensions and installation thereof.

7. Iliad agrees to defend, indemnify and hold the Owner

harmless from and against all claims, suits, judgments, and orders of any kind whatsoever resulting from or arising out of maintenance obligations or requirements of third parties or governmental entities with respect to any obligation which Iliad has assumed hereunder.

8. Iliad shall not be responsible for the failure to maintain or operate the System in the event of force majeure, including but not limited to power failure or lack of sufficient quantity or quality of water. Iliad makes no express or implied warranty pursuant to statute or common law with respect to water quality so long as the system is approved by the State of Washington Department of Social and Health Services.

9. If Iliad fails to carry out its obligations hereunder within ten (10) days with respect to any act of repair or maintenance of the System, the Owner may contract with another competent water maintenance person or company for emergency repair. If the failure of Iliad to repair or maintain as provided in this agreement is not due to force majeure, power failure, or lack of sufficient quantity or quality of water, Iliad shall pay to the Owner any amount by which the cost of such emergency repair exceeds Iliad's charges for the same work, including materials.

10. It is understood that from time to time portions of the System will require capital replacement in order to meet then applicable governmental requirements or to assure continued operation of the System. Whenever the necessity for such capital replacement arises:

(a) Iliad shall notify Owner of such necessity prior to carrying out any such capital replacement, and shall request Owner's consent thereto. If the Owner cannot be located and such capital replacement is emergent, Iliad shall obtain a licensed engineer's certificate of the necessity for such capital replacement, and may proceed therewith.

(b) Iliad shall keep field notes and records with respect to all such replacements and provide copies to the Owner upon Owner's request.

(c) Owner shall pay for the actual capital replacement costs incurred by Iliad plus Iliad's hourly rate with respect to maintenance as provided herein, regardless of the means by which the Owner may be subject to reimbursement therefor from one or more customers of the System.

(d) Iliad shall advise the Owner in writing whether any capital replacement is necessary due to fault or neglect of any customer of the System, or was outside any easement or ownership area of the System but was nevertheless necessary for continued operation thereof.

11. Iliad shall advise the Owner in writing whether any repair or act of maintenance is necessary due to fault or neglect of any customer of the System or was outside any easement or ownership area of the System but was nevertheless necessary for continued operation thereof. In addition, Iliad shall retain field notes and records and provide copies thereof to the Owner upon the Owner's request.

12. All collections of water rates and charges shall be by the Owner.

13. The Owner agrees to pay Iliad's proper charges and expenses promptly and in the event of default or delay in such payment agrees to pay interest at 12% per annum on the outstanding balance from time to time of such amounts.

14. In the event of any dispute or litigation hereunder, the successful party shall be entitled to judgment against the other for the successful party's reasonable attorney fees in addition to allowable costs and expenses, at trial and appellate levels.

15. All notices by the Owner to Iliad shall be mailed to Iliad at 3711 E. Madison, Seattle, Washington 98112, or at such other place as Iliad may notify Owner; and

All notices by Iliad to the Owner shall be directed to Owner

at:

or at such other place as Owner may notify Iliad.

16. Either party may terminate this agreement by sixty (60) days prior written notice to the other.

17. Nothing herein shall or is intended to create rights in third parties, and nothing herein shall create in Iliad any right by way of subrogation, assignment or otherwise, with respect to any right which the Owner may have against or with respect to any customer of the System.

18. Neither party hereto shall assign any right whatsoever hereunder without the prior written consent of the other party hereto. Iliad hereby consents in advance to a one-time assignment of all the Owner's rights hereunder to NA, a Washington corporation, upon which assignment the original Owner shall then and thereby be released from all liability hereunder provided that NA assumes all of Owner's liability hereunder.

DATED this 4 day of ~~December~~, June, 1992

ILIAS, INC.

By [Signature]
Its President

And by _____
Its Secretary

OWNER: Iliad Utility Services Inc.
1221 1st Ave - 6/4/92

Individually and on behalf of his marital community

Spouse of _____
consents hereto and to the assignment below, with respect to her interest in her marital community, and not individually.

WATER SERVICES COMPANY
PO Box 20429
Seattle, WA 98102
Phone (800) WATER50

Billing Service Agreement

THIS AGREEMENT, by and between the undersigned **BUSINESS** and **Water Services Company (Billing Company)**.

THEREAS, the **Billing Company** is a provider of a billing service and **ILIAD UTILITY SERVICES, INC.** is desirous of the billing service, all in accordance with this Agreement.

NOW THEREFORE, it is agreed that the billing service will be in accordance with the terms hereof:

NAME OF BUSINESS Iliad Utility Services, Inc.
Address 4535 49th Ave South
City/State/Zip Seattle, WA 98118
Owner's Name Derek Dorland
Office Manager N/A
Phone Number (206) 723-6515 **Fax Number** (206) 361-6002

The above names **BUSINESS** agrees to engage **BILLING COMPANY** to process the water system payments for monthly reporting. Upon payments received, records shall be provided to **Iliad Utility Services, Inc.** on or before the tenth day of each month all in accordance with Attachment A, contract services and billing service rates.

ILIAD UTILITY SERVICES, INC. agrees to pay **BILLING COMPANY** monthly (by the 15th of each month) according to the following fee payment schedule:

- * All in accordance with (Attachment A)
- * Both parties reserve the right to cancel this agreement and return complete billing records upon 30 days written notice. Otherwise this agreement shall remain in effect for a period of one year, with automatic annual renewal subject to the company's rates and policies then in effect. The terms of this agreement may be subject to modification with at least 30 days prior to the annual renewal.
- * **ILIAD UTILITY SERVICES, INC.** agrees to hold **BILLING COMPANY** harmless and indemnify **BILLING COMPANY** from any and all claims including attorney's fees and costs.

Iliad Utility Services, Inc.

[Signature]
Signature and Title

2/9/96
Date

Water Services Company

[Signature]
Signature and Title

2/9/96
Date