

**Gastonia-Scurry Special Utility District
P.O. Box 68 – 8560 Page Lane
Scurry, Texas 75158
972-452-3388**

SERVICE APPLICATION AND AGREEMENT

This Service Application and Agreement ("Agreement") is executed this the ____ day of _____, 20__ by and between Gastonia-Scurry Special Utility District, a district organized under the laws of the State of Texas (hereinafter referred to as the "Gastonia- Scurry SUD "), and _____ referred to as the "Developer"), in consideration of the mutual promises set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by both parties. The development in this agreement that will be serviced by Gastonia-Scurry SUD is _____

RECITALS

Gastonia-Scurry SUD is a non-profit water supply District operating pursuant to Article 1434a of the Texas Revised Civil Statutes. Gastonia-Scurry SUD is the owner and operator of a water supply system, which currently provides retail water utility service to customers and customer locations within its Certificate of Convenience and Necessity Number 10837 issued by the Texas Commission on Environmental Quality. Developer plans to subdivide an area of land consisting of ____ acres located on _____ for the purpose of constructing and selling single family residences. A copy of the legal description of the property in question is attached as Exhibit 1. Developer requires that retail water utility service for a total of _____ () service connections be provided by Gastonia-Scurry SUD. Developer wishes that retail water utility service be provided by Gastonia-Scurry SUD.

AGREEMENT

Gastonia-Scurry SUD shall sell and deliver water and/or wastewater service to Developer and Developer shall purchase, receive, and/or reserve from Gastonia-Scurry SUD in accordance with the Bylaws and Rates & Service Order of Gastonia-Scurry SUD as amended from time to time by the Board of Directors of Gastonia-Scurry SUD . Upon compliance with said policies, including payment of a Deposit, Developer qualifies as a new Applicant . Developer agrees to install and pay for any and all necessary water lines in the development area as reasonably required by Gastonia-Scurry SUD . Developer shall be responsible for payment of all reasonable fees, charges, and expenses relating to the extension and installation of water line into the _____ acre tract of land. This includes but is not limited to, any and all fees, charges and expenses relating to engineering fees, the upgrading of equipment, inspector's fees, independent contractor's, fees and any other expenses directly or indirectly relating to the extension of the water line.

The Developer shall execute the service application and agreement and pay the fee of \$2,500.00 per lot upon execution of this agreement. The fee shall be paid on the number of lots approved by the Kaufman County Commissioners Court. The Developer will receive a letter to take to the Kaufman County Commissioners Court after the service application and agreement has been executed and the fees paid. At the time of requesting a meter at a location the Developer shall pay the additional \$800.00 per meter to have the meter set.

Gastonia-Scurry SUD agrees to pay the expenses relating to the extension of the water line with funds provided to it by Developer. Gastonia-Scurry SUD agrees to create and maintain an escrow bank account with funds provided by Developer. Developer agrees to place funds into the escrow account maintained by Gastonia-Scurry SUD , as funds are needed to pay the expenses relating to the extension of the water line. Gastonia-Scurry SUD has the exclusive authority to retain the engineers and inspectors needed to work on the water line extension, but will consult with Developer concerning such retention.

Developer agrees to use its best reasonable efforts to obtain an easement from the property owner whose property adjoins the development and which is situated between the water supply source and the development area. Developer agrees to place an all-weather surface road on the easement so that Gastonia-Scurry SUD will have access to the water line, which connects the water supply source and the development area. If Developer is unable to obtain the aforementioned easement, Developer agrees to pay the costs reasonable associated with extending the water line along _____ to the Development.

Developer agrees to provide liability insurance in the amount of \$1,000,000.00 per occurrence to protect Developer and Gastonia-Scurry SUD against claims involving property damage and bodily injury or death during construction. This policy will be canceled after construction is complete. Proof of insurance must be provided to Gastonia-Scurry SUD before any work on the water line commences.

Developer and Gastonia-Scurry SUD agree that each independent contractor who contracts to work on the water line must provide liability insurance in the amount of \$1,000,000.00 per occurrence to protect Gastonia-Scurry SUD and Developer against claims involving property damage and bodily injury or death. Proof of insurance must be provided to Gastonia-Scurry SUD and Developer before any work on the water line commences. The inspector has the authority to halt all work relating to the water line extension if a problem occurs and the inspector believes that the work should temporarily cease. Developer agrees to abide by the order of the inspector until Developer and Gastonia-Scurry SUD can meet and resolve the dispute. Gastonia-Scurry SUD agrees to be promptly available for all such meetings.

Developer shall pay Gastonia-Scurry SUD for service hereunder as determined by Gastonia-Scurry SUD'S Rate Order & Service Policy and upon the terms and conditions set forth therein, a copy of which has been provided as an information packet, for which Developer acknowledges receipt hereof by execution of this Agreement. The Board of Directors shall have the authority to cancel the service not complying with any policy or not paying any utility fees or charges as required by Gastonia-Scurry SUD'S published rates, fees, and conditions of service.

If this Agreement is completed for the purpose of assigning utility service as part of a rural domestic water and/or wastewater system loan project contemplated with the Farmers Home Administration, Developer shall pay an Indication of Interest Fee in lieu of a Deposit for the Purposes of determining:

- a. the number of taps to be considered in the design and
- b. the number of potential ratepayers considered in determining the financial feasibility of constructing either;
 - (1) a new water system or
 - (2) expanding the facilities of an existing water system,

Developer thereby agrees to obtain, utilize, and/or reserve service as soon as it is available. Developer, upon qualification for service under the terms of Gastonia-Scurry SUD'S policies, shall further qualify as a Customer and the Indication of Interest Fee shall then be converted by Gastonia-Scurry SUD to a Refundable deposit. Developer further agrees to pay, upon becoming a Customer, the monthly charges for such service as prescribed in Gastonia-Scurry SUD'S published rates, fees, and conditions of service. In addition to the deposit, each Applicant will be required to pay a \$100.00 deposit for each lot or property. This fee may be assessed immediately prior to providing or reserving service on a per service unit basis for each tap/lot and may be assigned and restricted to the tap/lot for which the service was originally requested. The fee for the reserve service charge is \$11.31 per lot per month. Any breach of this agreement shall give cause for Gastonia-Scurry SUD to liquidate, as damages, the fees previously paid as an indication of interest. In addition to any Indication of Interest Fees forfeited damages to defray any losses incurred by Gastonia-Scurry SUD. If delivery of service to said location is deemed infeasible by Gastonia-Scurry SUD as part of this project, Developer shall be denied service in the District and the Indication of Interest Fee, less expenses, shall be refunded. Developer may re-apply for service at a later date under the terms and conditions of Gastonia-Scurry SUD'S policies. For the purposes of the Agreement, an Indication of Interest Fee shall be of an amount equal to Gastonia-Scurry SUD'. All water shall be metered by meters to be furnished and installed by Gastonia-Scurry SUD. The meter and/or wastewater connection is for the sole use of the customer and is to provide service to only one (1) dwelling and/or only one (1) business. Extension of pipe or pipes to transfer utility service from one property to another, to share, resell, or sub-meter water to any other persons, dwellings, business, and/or property, etc., is prohibited.

Gastonia-Scurry SUD shall have the right to locate a water service meter and the pipe necessary to connect the meter of the property at a point to be chosen by the Gastonia-Scurry SUD with prior consultation with Developer, and shall have access to its property and equipment located upon customer's premises at all reasonable times for any purpose connected with or in the furtherance of its business operations, and upon discontinuance of service Gastonia-Scurry SUD shall have the right to remove any of its equipment from the Customer's property. Gastonia-Scurry SUD's authorized employees shall have access to the Customer's property or premises and service lines and plumbing facilities at all reasonable times for the purpose of inspection to insure compliance with state required Minimum Acceptable Operating Practices for Public Drinking Water Systems, as promulgated by the Texas Commission on Environmental Quality or successor agency, applicable plumbing codes, and utility construction of service pipelines from its water service meter to any private well or other unknown water supply. In the event the total water supply is insufficient to meet all of the needs of the Customers, or in the event there is a shortage of water, Gastonia-Scurry SUD may initiate the Emergency Rationing Program as specified in Gastonia-Scurry SUD'S Rate Order & Service Policy By execution by the Developer of this agreement, Developer hereby shall comply with the terms of said Program.

The Customer shall install at his own expenses any necessary service lines from the Gastonia-Scurry SUD'S facilities and equipment to the point of use, including any customer service isolation valves, clean-outs, and other equipment as may be specified by Gastonia-Scurry SUD. The use of pipes and pipe fittings that contain more than 8.0% lead or

solders and flux that contain more than 0.2% lead is prohibited for any plumbing installation or repair of any residential or non-residential facility providing water for human consumption and connected to Gastonia-Scurry SUD .

By execution hereof, Developer shall release Gastonia-Scurry SUD from any and all claims for damages caused by service interruptions due to waterline breaks by utility or like contractors, tampering by other Customers /Users of the system, normal failures of the system, or other events beyond Gastonia-Scurry SUD’s control.

The Customer shall grant to Gastonia-Scurry SUD, now or in the future, any easements of right-of-way reasonably necessary for the purpose of installing, maintaining, and operating such pipelines, meters, valves, and any other such equipment which may be reasonably necessary by Gastonia-Scurry SUD to extend or improve service for the existing or future Customers , on such forms as required by Gastonia-Scurry SUD.

By execution of this Service Application and Agreement, Developer agrees that non-compliance with the terms of this Agreement by said Developer shall constitute denial or discontinuance of service until such time as the violation is corrected to the reasonable satisfaction of Gastonia-Scurry SUD. Any material and substantial misrepresentation of the facts by Developer shall result in discontinuance of service pursuant to the terms and conditions of the Gastonia-Scurry SUD’s Rate Order & Service Policy.

This Agreement supersedes any and all prior written or oral agreements or understandings in regard to the subject matter hereof and may be only by a written amendment signed by both parties. This agreement is null and void if construction has not commenced within 6 months of the effective date of this agreement.

This Agreement shall be binding on and shall inure to the benefit of the successors and assigns of the parties.

This Agreement shall be construed and enforced in accordance with Texas law. Venue for any dispute arising hereunder shall be in Kaufman County, Texas.

EFFECTIVE DATE: _____, 20__

GASTONIA-SCURRY SPECIAL UTILITY DISTRICT

Name: _____

Signature: _____

Title: _____

Date: _____

DEVELOPER REPRESENTATIVE

Name: _____

Signature: _____

Title: _____

Date: _____