

BASIC LEASE SUMMARY
(hereinafter called "BLS")

- a. Lease Summary Date: August 1, 2020
- b. Project Name: 279 S. Bickett Blvd., Louisbourg, NC 27549
- c. Landlord: JMD Housing, L.L.C. a North Carolina Limited Liability Company
Notices Address of Landlord: 50 Blair Trail, Louisbourg, N.C. 27549
- d. Tenant: FRANKLIN COUNTY
Invoice Address of Tenant: 113 Market Street
City, State, Zip Code: Louisbourg, NC 27549
Attention: Attn: County Manager

Notice Address of Tenant:
City, State, Zip Code:
Attention:

Phone: 919-496-5994
Cell Phone:
Facsimile:
E-mail Address: alharris@franklincountync.us
kdenton@franklincountync.us
Tenant's Trade Name: Franklin County
- e. Premises:
Square Footage: 35,000 sq. ft. See attached
Address of Premises (Section 1.01) Franklin Plaza
Louisbourg, N.C 27549, State, Zip Code

Project SF:
Tenant's Pro Rata Share: (Section 2.13)
- f. Permitted Use: (Section 1.12) The Premises shall be used for Franklin County Government purposes
- g. Radius Restriction: (Section 15.10) All Franklin County

- h. Security Deposit:
(Section 1.06) \$ 0 Paid by check # On
- I. Advance Rent:
Section 1.03 & 1.04) \$0
\$0
N/A
- j. Tenant Improvement
Allowance:
(Exhibit F) NONE
- k. Lease Commencement
Date:
(Section 1.02) August 1, 2020
- l. Lease Expiration Date:
(Section 2.02) July 31, 2025
- m. Delivery Date:
(Section 1.01) August 1, 2020
- n. Rent Commencement Date:
(Section 1.03) November 1, 2020
- o. Lease Term:
(Section 1.02) 5 years
- p. Option Terms :
(Section 1.02(b)) Three- Five year extensions
- q. Option Notice Deadline:
(Section 1.02(b)) Ninety Days (90) days prior to expiration of current Term
- r. Opening Date; Tenant to commence retrofit leased premises when building becomes vacant- appx. Aug. 1, 2020
- s. Rent

Year:	Per SF:	Per Month:	Per Annum:
1-5	\$3.75 x 35,000	\$10,937.50	

Due Date: First day of each calendar month
Late Charges: None

t.	Additional Rent: (Section 4.04)	This lease calls for the option to extend the lease period for three (3) separate (5) year periods each at the option of the Tenant. If the Tenant exercises its option to extend this lease then for each extension of five years the rent for the extension period will be an increase of the existing rental rate by (3%) three per cent as follows:
	First extension for years	6 th 10
	Second extension for years	11 th 15
	Third extension for years	16 th 20
		Rent is increased by 3% over the then existing gross rental rate.
		Rent is increased by 3% over the then existing gross rental rate.
		Rent is increased by 3% over the then existing gross rental rate.
u.	Minimum Hours of Operation:	N/A N/A
v.	Sales Reporting Frequency: (Section 1.09©)	N/A
	Sales Report Due Date:	N/A N/A
	Late Sales Report Penalty:	N/A
w.	Percentage Rent: (Section 1.09)	
x.	Insurance Liability:	(Article X)
	Property	\$1,000,000.00
	Personal:	\$2,000,000.00
	Personal Property:	N/A
	Umbrella Liability:	\$1,000,000.00
	Workman's Compensation:	As required by law
	Business Interruption	N/A
	Flood Insurance	N/A
	Host Liquor Insurance	None allowed
	Additional Insureds:	JMD Housing, LLC
y.	Guarantor(s): (Exhibit G)	N/A
z.	Signs: (Exhibit D)	Drawings and specifications to be submitted for Landlord's written approval prior to installation of exterior signs.

aa. Broker(s): N/A
Landlord:

Tenant:

bb. Default Rate N/A
(Sections 5.02 and 13.2)

Rules and Regulations N/A

Exhibits

Riders N/A

THIS IS A LEGALLY BINDING DOCUMENT. PLEASE READ IT THOROUGHLY BEFORE YOU SIGN IT. THE ITEMS CONTAINED IN THE FOREGOING BASIC LEASE SUMMARY RELATE TO THE CONTENTS OF THIS LEASE AND ARE A PART OF THE LEASE.

LEASE AGREEMENT

THIS LEASE AGREEMENT (“LEASE”) dated this 1st day of August, 2020 between JMD HOUSING, L.L.C. a North Carolina Limited Liability Company (“Landlord”) and/or its assigns, whose address is 50 Blair Trail, Louisburg, N.C. 27549 and FRANKLIN COUNTY, a North Carolina Body Politic, 113 Market Street, Louisbourg, NC 27549 “Tenant”).

Landlord hereby leases to Tenant and Tenant hereby rents from Landlord the Demised Premises (as defined in Article I) under the terms and conditions set forth herein. Intending to be legally bound hereunder and in consideration of \$1.00 and other good and valuable considerations, Landlord and Tenant hereby agree with each other as follows:

ARTICLE I. Lease Schedule

The following terms shall be applicable to the various provisions of this Lease which refer to them:

a. Section 1.01. Demised Premises:

The premises at 279 S. Bickett Blvd. ,Franklin Plaza, Louisburg, N.C. 27549 (“Project”), and designated as the “Demised Premises”, containing 35,000 square feet, more or less, including any alterations, additions or repairs made thereto and having a street address of 279 South Bickett Blvd. ,Franklin Plaza., Louisburg, N.C. 27549 In addition, Tenant shall have access rights and parking rights in common with the other tenants in the Project.

a. Section 1.02 Lease Term:

(a) Term. The Term of this Lease shall commence on August 1st, 2020 (“Lease Commencement Date”) and shall end at 11:59 p.m. on July 31, 2025 (the “Expiration Date”) unless extended pursuant to the terms and conditions set forth in this Section 1.02 (b).

(b) Renewals: Three - Five Year terms each

Section 1.03. Minimum Rent:

Minimum Rent for the original Term and any Option Term, if any, shall be payable in the amounts as set forth on the schedule as set forth in BLS Section s. Minimum Rent shall be due and payable without previous notice or demand therefore in equal monthly installments on the first day of each month beginning on the Rent Commencement Date and continuing on the first day of each month thereafter for the remainder of the Term and any Option Term, if any. The “Rent Commencement Date” is set forth in BLS Section n. Minimum Rent for any partial month shall be a pro rated amount of a normal monthly rent installment for each day of such partial month and shall be paid on the first day of such period. Minimum Rent increases shall start on the first day of a calendar month unless otherwise negotiated.

Section 1.04. Franklin Plaza Taxes

The Landlord shall be responsible for listing and paying the Franklin County ad valorem taxes each year on Tax Parcel # 027418 which contains 60,170 sq. ft and includes the Tractor Supply portion of the property and the Tenants's portion of the premises;

The Tenant's portion of said property consist of 35,000 sq. feet or 58.1685% of the total; For the 2020 -2021 fiscal year Tenant's tax is computed as follows:

$$\$13,805.14 \times 58.1685\% = \del{\$13,805.14} \quad \mathbf{\$8,030.25}$$

Section 1.05 Rent, Taxes, Insurance, Operating Costs, and all other charges that Tenant is required to pay to Landlord shall be payable at Landlord's Address or to any other place designated by notice given by Landlord to Tenant; Rent shall be paid without any notice or demand

Section 1.06. Holding Over by Tenant: In the event Tenant remains in possession of the Premises after the expiration or termination of the Term without the execution of a new lease, in the absence of written consent by Landlord to such holding over, Tenant shall be deemed a tenant at sufferance. If Landlord shall approve such holding over in writing, Tenant shall be deemed to be occupying the Premises as a tenant from month-to-month. During any holdover period, Minimum Rent shall be twice the Minimum Rent payable during the last month of the Term. Otherwise, Tenant shall comply with all conditions, provisions and obligations of this Lease insofar as the same are applicable. If Landlord has consented in writing to Tenant holding over, either party may terminate such month-to-month tenancy upon thirty (30) days written notice thereof to the other party. Tenant shall not acquire any right or interest in the Premises by remaining in possession after the expiration or termination of this Lease.

Section 1.07. Use Clause:

The Demised Premises are hereby leased solely for use for Government Services and general administrative(the "Permitted Use"). The Demised Premises are leased exclusively for the Permitted Use and may not be occupied or used for any other purpose without the prior written consent of Landlord, which consent can be withheld in Landlord's sole discretion.

Section 1.08. Project

_____ (a) Name: 279 S. Bickett, Blvd, Franklin Plaza, Louisburg, N.C. 27549

Section 1.09. Brokers and Attorneys:

_____ Both Landlord and Tenant agree that no broker(s) have been utilized for the consummation of this Lease. There are no brokers nor real estate agent involved in this

agreement. It is understood and acknowledged that the law firm of Davis, Sturges, & Tomlin son, PLLC represents both parties in the drafting this matter.

Section 1.10. Notice Addresses:

(A) The Landlord's Notice Address is:

JMD HOUSING, LLC;
50 Blair Trail, Louisburg, N.C. 27549.

(B) The Tenant's Notice Address is

Franklin County
attn: County Manager
113 Market Street, Louisburg, NC 27549

ARTICLE II. DEFINITIONS

As used herein, the following words and phrases have the following meanings:

Section 2.01. Common Area:

The term Common Area means all areas and facilities outside the Demised Premises and within the exterior boundaries of the Project that are provided and designated by Landlord from time-to-time for the general use and convenience of Tenant and of other tenants of the Project and their respective authorized representatives, invitees, agents, guests and customers. The Common Areas include, without limitation, pedestrian walkways, landscaped areas, sidewalks, service corridors, restrooms, decorative walls, plazas, throughways, loading areas, parking areas, roads and accesses. It is expressly understood and agreed that the Landlord reserves the right to lease out specific parking spots to either tenants or to third parties and these will be designated.

Section 2.02. Expiration Date:

Means the last day of the Term. If the Term has been extended or this Lease has been renewed, the Expiration Date shall be the last day of the Term as so extended or renewed; and if this Lease is canceled or terminated prior to the originally fixed Expiration Date, then the Expiration Date shall be the date on which this Lease is so canceled or terminated. (But if this Lease is canceled or terminated prior to the originally fixed Expiration Date by reason of Tenant's Default, Tenant's liability under the provisions of this Lease shall continue until the date the Term would have expired had such cancellation or termination not occurred). The Expiration Date shall be the last day of a calendar month.

Section 2.03. Force Majeure:

Means any period of delay which arises from or through Acts of God, strikes, lockouts,

or labor difficulty, explosion, sabotage, accident, riot, or civil commotion; act of war; fire or other casualty; legal requirements; delays caused by the other party; and causes beyond the reasonable control of a party.

Section 2.04. Insurance Requirements:

Means the applicable provisions of the insurance policy carried by Landlord and Tenant where applicable covering the Demised Premises, the Project, or any part of either; all requirements of the issuer of any such policy; and all order, rules, regulations and other requirements of the National Board of Fire Underwriters if applicable, any applicable local board of fire underwriters, and any other body exercising a similar function.

Section 2.05. Lease Year:

The first Lease Year shall commence on August 1st, 2020 Commencement Date and shall terminate on the last day of the twelfth month after the Lease Commencement Date. Each Lease Year other than the first Lease Year shall commence on the date next following the expiration of the previous Lease Year and shall continue for a period of one full year therefrom except the last Lease Year which shall terminate on the Expiration Date.

Section 2.06. Mortgage:

Means any mortgage, deed of trust, or other security agreement which may now or hereafter affect, encumber or be a lien upon the Demised Premises, the Project, the real property of which the Demised Premises forms a part, or Landlord's interest therein; and any renewals, modifications, consolidations, replacements and extensions thereof

Section 2.01. Section 2.07. Mortgagee:

Means the holder of any Mortgage, at any time.

Section 2.08. Person:

Means an individual, fiduciary, estate, trust, partnership, firm, association, corporation, limited liability company, or other organization, or a government or governmental authority.

Section 2.09. Repair:

Includes the words "replacement and restoration", "replacement or restoration", "replace and restore", as the case may be.

Section 2.10. Tenant's Agents:

Includes Tenant's employees, servants, licensees, tenants, subtenants, assignees, contractors, heirs, successors, legatees, and devisees and Guarantor.

Section 2.11. Tenant's Work:

Means the renovations, remodeling, and paint Tenant will add to the Demised Premises.

Section 2.12. Term:

Includes any extensions and renewals of the term hereof and any period during which Tenant is in possession of the Demised Premises.

Section 2.13. Tenant's Pro Rata Share: The Tenant's Pro Rata Share ("Pro Rata Share") shall be determined by a fraction, the numerator of which shall be the Floor Area (as defined below) of the Premises, and the denominator of which shall be the aggregate of the Floor Area of all rentable space of buildings comprising the Project. As used herein, the term "Floor Area" shall be deemed to mean and include all areas for the exclusive use and occupancy by a tenant of Landlord, measured from the exterior surface of exterior walls and from the center of interior walls serving as partitions between tenants, including any and all mezzanine, storage, office and employee areas; except with respect to the Project, Floor Area shall exclude Common Areas, kiosks and temporary vendors, and areas used for management and promotion offices and storage.

ARTICLE III. ARTICLE III. CONSTRUCTION OF THE DEMISED PREMISES

Section 3.01. Delivery of Possession:

Shall be deemed to have occurred on the date as set forth in BLS Section m.

Section 3.02. Tenant's Rights of Entry:

. All entry on the Demised Premises by Tenant, and all work done by Tenant, shall be in accord Upon Delivery of Possession, Tenant agrees to perform Tenant's Work and any other work necessary to prepare the Demised Premises for the opening of Tenant's business. Tenant's Work shall include the installation of fixtures and equipment with good construction practices, applicable legal requirements and Insurance Requirements.

Section 3.03. Acceptance of Possession:

Tenant accepts possession of the Demised Premises as of the Delivery of Possession "AS IS," "WHERE AS" and "WITH ALL FAULTS." Landlord represents that there are no hidden defects and that all workmanship meets government standards.

ARTICLE IV. (This section intentionally left blank)

ARTICLE V . (This section intentionally left blank)

Section 5.01

Landlord has made no representations, covenants or warranties with respect to the Demised Premises except as expressly set forth herein

Section 5.02 Mechanics' Liens:

No work performed by Tenant pursuant to this Lease, whether in the nature of erection, construction, renovation, installation, alteration or repair, shall be deemed to be for the immediate use and benefit of Landlord so that no mechanics' or other lien shall be allowed against the estate of Landlord by reason of any consent given by Landlord to Tenant to improve the Premises.

Section 5.03 Signs:

(a) Tenant may install fascia signage and other signs subject to Landlord's written approval. Tenant is to submit size, color, construction specifications, font type, and elevation drawings for Landlord's review and approval prior to installing any signage

(b) N/A

ARTICLE VI. Repairs, Compliance, Surrender

Section 6.01. Repairs by Landlord:

Upon reasonable written notice from Tenant, Landlord shall make necessary repairs to the roof, foundations, heating and air condition systems (HVAC), exterior walls and any load-bearing interior walls of the Demised Premises and shall keep in good order, condition and repair the down spouts and gutters of the Project (but excluding all windows, plate glass, doors and any fixtures and appurtenances composed of glass), excepting any damage caused by an act, omission or negligence of Tenant, Tenant's Agents or Tenant's invitees.

6.02 Repairs and Maintenance by Tenant:

Outside of the repairs/maintenance Landlord is obligated to make which are summarized in the relevant Section above, Tenant shall be obligated to and make all repairs/maintenance to the inside of the Demised Premises. Tenant shall at all times keep the Premises and the adjoining areas (subject to its reasonable control) in a safe, clean and neat condition. Landlord shall be responsible for all heating and air conditioning needs, all maintenance of the heating, ventilation and air conditioning system for the Premises including, but not limited to, regular replacement of

filters, (b) prohibit anything which shall endanger or cause injury to any person or property; © prohibit disturbing or offensive odors, fumes, gases, smoke, dust, steam vapors, noise or vibrations; (d) keep the entryways, sidewalks and delivery and service areas clean and free from rubbish and dirt; (e) keep the interior of the Premises free of insects and vermin and shall contract for pest extermination services for the Premises which shall be rendered no less frequently than semi-annually and to deliver to Landlord a certificate evidencing such services with each renewal; (f) prohibit the use of sinks, toilets or urinals for any purpose except that for which they were designed and installed; (g) maintain all display windows and storefront glass in a clean and neat condition and good repair; (h) store all trash and garbage inside the Premises and provide for its prompt and regular removal for disposal outside the Project; (I) not burn any trash of any kind in or about the Project; (j) comply with all reasonable rules and regulations of the Project as the same shall be promulgated by Landlord; (k) conduct its business in a manner which will be in keeping with the reputation and character of the Project; (l) not use the sidewalks of the Project for business purposes; (m) not unreasonably interfere or permit or cause interference with the rights of other tenants of the Project (n) keep and maintain in good working order Premises plumbing, electrical, fixtures, exterior doors and hardware, and exterior signage.

Section 6.03 Approval by Landlord of Repairs and Alterations:

If the reasonable cost of any alteration required or permitted to be performed by Tenant under any provision of this Lease shall be in excess of Five Thousand (\$5,000.00) Dollars, Tenant shall give prompt notice to Landlord thereof except in the event of an emergency, if Landlord shall give notice to Tenant (within five (5) business days after Tenant's notice is given) that it desires to approve plans and specifications with respect thereto, then such alteration shall not be commenced until plans and specifications therefore shall have been submitted to and approved by Landlord, which reasonable approval shall be given within two (2) business days of notice (and in the case of any of the foregoing repairs or alterations, required to be made hereunder by Tenant, Tenant shall submit to Landlord appropriate plans and specifications indicating all work to be done promptly after such requirement arises) which approval shall not be unreasonably withheld. Such work shall then be commenced promptly, performed in accordance with such approved Plans and Specifications, and prosecuted diligently to completion. Any work performed by Tenant, irrespective of costs, shall be subject to Landlord's inspection and approval after completion to determine whether the same complies with the requirements of this Lease

Section 6.04 Compliance:

Tenant shall observe and comply promptly with all governmental laws, ordinances, and regulations and Insurance Requirements relating to or affecting the Demised Premises, the use and occupancy thereof, any appurtenance thereto, and any sign of Tenant

Section 6.05 Emergency Repairs

Repairs:

If, in an emergency, it shall become necessary to make promptly any repairs or

replacements required to be made by Tenant, and Tenant shall fail to do the same within a reasonable time, Landlord may re-enter the Demised Premises and proceed forthwith to have such repairs or replacements made and pay the cost thereof. Within ten (10) days after Landlord renders a bill therefore, Tenant shall reimburse Landlord for the cost of making such repairs, plus an administration fee of ten percent (10%) of the costs of such repair, provided such repairs and the costs thereof are reasonable.

Section 6.06 Surrender of Premises:

On the Lease Expiration Date, Tenant shall quit and surrender the Demised Premises broom clean, and in good condition and repair, together with all alterations, fixtures, installations, additions and improvements which may have been made in or attached on or to the Demised Premises, normal wear and tear excepted. Upon surrender, Tenant may remove any of its trade fixtures and exterior signs provided that it repairs any damage to the Demised Premises caused thereby. Landlord may require Tenant to remove said trade fixtures and installations, and restore the Demised Premises to the condition delivered, normal wear and tear excepted. Tenant shall deliver to Landlord all Premises and mailbox keys. All items remaining in the Premises after the Lease Expiration Date are deemed to be the Landlord's property going forward and Landlord has the right to dispose of such items at Landlord's discretion.

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Section VIII : Leased Areas:

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(a) Keeping Demised Premises Clean. Tenant shall keep the Demised Premises (including exterior and interior portions of all windows, doors and all other glass) in a neat and clean condition.

(b) Garbage. Tenant shall properly dispose of all garbage and refuse, shall use only containers approved by Landlord, and shall comply with all reasonable rules and regulations as may be prescribed from time to time by Landlord with regard thereto.

© Hazardous Materials. The Tenant will not use the Premises for or permit upon the Premises the storage or dumping of hazardous materials or toxic waste or materials, including asbestos, petroleum, lead, or any other material classified or considered to be hazardous or toxic. Tenant will comply with all environmental laws and regulations of the federal, state and local governments and the agencies thereof.

(d) Rules and Regulations. Tenant shall observe all reasonable rules and regulations established by Landlord from time to time and applicable to all other tenants for the Project; all such rules and regulations shall be in writing and shall be delivered to Tenant at least ten (10) days prior to taking effect. In addition, Tenant shall comply with all restrictive covenants of record which affect the Project and/or Demised Premises.

Section 8.02 Compliance with Laws:

Tenant shall not permit any illegal activity to be conducted or to exist upon the Demised Premises business, and Tenant will comply with all laws and ordinances applicable to Tenant's business upon the Demised Premises.

ARTICLE IX Transfer of Interest, Priority of Lien

Section 9.01. Assignment or Sublet.

Tenant shall not transfer or assign this Lease or sublet the Demised Premises without the prior written consent of the Landlord, which said consent shall not be unreasonably withheld. Such transfer, assignment, or sublet shall not be effective unless and until (a) Tenant gives written notice thereof to Landlord and (b) such transferee, assignee or sublessee shall deliver to Landlord (I) a written agreement in form and substance satisfactory to Landlord pursuant to which such transferee, assignee, or sublessee assumes all of the obligations and liabilities of Tenant hereunder from the point of said execution of the sublease or assignment until the conclusion of the Lease and (ii) a copy of the assignment, agreement or sublease. Notwithstanding any other provision of this paragraph or Lease to the contrary, the Tenant shall continue to remain liable for the performance of all obligations under the provision of this Lease regardless of whether the Lease has been assigned. Landlord approval shall not be required for assignments or sublets to a company controlling, controlled by, or under common control with the Tenant. Landlord approval shall not be required for Assignments to a successor entity related to Tenant by merger, consolidation, non-bankruptcy reorganization, or governmental action, or a purchaser of substantially all of Tenant's assets. Landlord approval shall not be required for transfers of shares of stock of Tenant if Tenant is a publicly-traded corporation or if such transfers are effected through the "over the counter" market or a recognized stock exchange.

Section 9.02 Subordination:

This Lease shall be subordinate to the lien of any present or future Mortgage. Upon Landlord's request, from time to time, Tenant shall (a) confirm in writing and in recordable form that this lease is subordinate to the lien of any Mortgage and (b) execute an instrument making this Lease so subordinate to the lien of any Mortgage, in such form as may be required by any applicable Mortgagee; provided, that said instrument shall not impair, diminish or alter any rights, privileges and benefits conferred by this Lease to Tenant or the Demised Premises, and further provided that said instrument shall provide that lender shall not disturb the possession of Tenant so long as Tenant is complying with the terms of this Lease.

Section 9.03 Attornment:

If the Demised Premises are encumbered by a Mortgage and such Mortgage is foreclosed, or if the Demised Premises are sold pursuant to such foreclosure or by reason of a default under said Mortgage, then notwithstanding such foreclosure, such sale, or such default (i) Tenant shall not disaffirm this Lease or any of its obligations hereunder, and (ii) at the request of the applicable Mortgagee or purchaser at such foreclosure or sale, Tenant shall attorn to such Mortgagee or purchaser.

Section 9.04 Estoppel Certificates:

At any time, within ten (10) days after Landlord shall request the same, Tenant will execute, acknowledge and deliver to Landlord and to such mortgagee or other party as may be designated by Landlord, a certificate in an acceptable form with respect to the matters required

by such party including, without limitation, that this Lease is unmodified and in full force and effect (or if there have been modifications, that the same is in full force and effect as so modified), the date through which rent and other charges have been paid, and stating that Landlord is not in default hereunder (or if Tenant alleges a default then stating the nature of such alleged default) and such other matters relating to this Lease or the status of performance of obligations of the parties hereunder as may be reasonably requested by Landlord. In the event that Tenant fails to provide such certificate within ten (10) days after request therefore by Landlord, Tenant shall be deemed to have approved the contents of any such certificate submitted to Tenant by Landlord and Landlord is hereby authorized to so certify.

Section 9.05. Transfer of Landlord's Interest:

The term "Landlord" as used in this Lease means only the owner for the time being or the Mortgagee in possession for the time being of the Demised Premises. In the event of any sale or sales of the Demised Premises, said Landlord shall be and hereby is entirely freed and relieved of all of its covenants, obligations and liability hereunder relating to any activities occurring subsequent to the sale or sales of the Demised Premises. This subsection shall be applicable to each owner of the Demised Premises and shall not be limited to the first owner of the Demised Premises.

Section 9.06 Mortgagee's Rights:

If Landlord shall notify Tenant in writing that the Demised Premises or the Project are encumbered by a Mortgage and in such written notice set forth the name and address of the Mortgagee thereof then, notwithstanding anything to the contrary, any notice intended for Landlord shall not be deemed properly given unless a copy thereof is simultaneously sent to such Mortgagee by certified or registered mail, return receipt requested. If Mortgagee shall perform any obligation that Landlord is required to perform hereunder, such performance by Mortgagee, insofar as Tenant is concerned, shall be deemed performance on behalf of Landlord and shall be accepted by Tenant as if performed by Landlord. Provided, that said performance by Mortgagee is in compliance with the terms and obligations of the Landlord under the Lease.

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ARTICLE X. Common Area and Project

Section 10.01. Use of Common Areas:

During the Term, and any Option Term, if any, the Tenant and its agents, employees, invitees, and customers, have and are granted complete, non-exclusive and undisturbed access to, and use of all areas in common with Landlord and any designee of Landlord, subject to Landlord's written reasonable rules and regulations, are hereby granted to Tenant: (a) The non-exclusive license to permit its customers to use the sidewalks and customer Parking Areas designated by Landlord from time to time; (b) the non-exclusive license to permit its employees to use the sidewalks and Employee Parking Areas, if any, designated by Landlord from time to time; and (c) the non-exclusive privilege to permit its employees and customers to use the entrance and exit ways designated by Landlord from time to time for access to the Demised Premises from a public street or highway adjacent to the Project through the appropriate entrances and exits so designated. **The Landlord reserves the right to designate certain parking spaces to individual tenants and/or to third parties such as adjoining property owner and the other tenants and customers are excluded from the use of said designated parking spaces.**

Section 10.02. Landlord's Rights:

Notwithstanding anything to the contrary, Landlord shall have the following rights: (a) to temporarily close all or any portion of the Common Area, including the Parking Area to such extent as may in the opinion of Landlord's counsel be necessary to prevent dedication thereof or the accrual of any rights of any person or the public therein; (b) to close all or any portion of the Common Area temporarily to discourage non-customer use; (c) to prohibit parking or passage of motor vehicles in areas previously designated for such; (d) to change the location of the Common Area; (e) make repairs to the Common Areas and/or assist, if Landlord agrees in writing with Tenant, to upfit the Demised Premises; and (f) to erect additional buildings on the Common Area, or other structures set forth on Exhibit A to any location in the Project including the Common Area (and upon such erection or change of location the portion upon which such Project or structures have been erected shall no longer be deemed to be a part of the Common Area), provided that Landlord's Rights do not have a materially adverse effect upon the conduct of Tenant's business within the Demised Premises.

Section 10.03 Designated Employee Parking:

Landlord retains the right to create one or more Designated Employee Parking areas ("Designated Employee Parking") within the Project. As a material covenant to this Lease, Tenant agrees at all times during the term hereof to require its employees to park their vehicles in the designated areas. Landlord shall provide written notification of said Designated Employee Parking areas. Any violation of the preceding covenant shall constitute a default by Tenant hereunder.

In order to restrict the use by Tenant's employees to park in the Designated Employee Parking areas and refrain from parking in Landlord designated Customer Parking Areas, Tenant

agrees that it will, if and when so requested by Landlord, at any time, furnish Landlord with the license numbers of any vehicle of Tenant and Tenant's employees.

The Landlord reserves the right to designate certain parking spaces to individual tenants and/or to third parties such as adjoining property owners and the other tenants and customers are excluded from the use of said designated parking spaces.

ARTICLE XI. Insurance

Section 11.01. Tenant's Insurance. Tenant shall, during the Lease Term, procure at its expense and keep in force the following insurance:

(a) Commercial general liability insurance naming the Landlord as an additional insured against any and all claims for bodily injury and property damage occurring in, or about the Premises arising out of Tenant's use and occupancy of the Premises. (See BLS Section x) Such insurance shall have a combined single limit of not less than One Million Dollars (\$1,000,000) per occurrence with a Two Million Dollar (\$2,000,000) aggregate limit and excess umbrella liability insurance in the amount of One Million Dollars (\$1,000,000.00). Such liability insurance shall be primary and not contributing to any insurance available to Landlord and Landlord's insurance shall be in excess thereto. In no event shall the limits of such insurance be considered as limiting the liability of Tenant under this lease.

(b) Workers' compensation insurance in accordance with statutory law and employers' liability insurance with a limit of not less than \$1,000,000 per accident, \$1,000,000 disease, policy limit and \$1,000,000 disease limit each employee.

© N/A

(d) Auto liability insurance covering all owned, non-owned and hired vehicles

(e) Such other insurance as Landlord deems necessary and prudent or required by Landlord's beneficiaries or mortgagees of any deed of trust or mortgage encumbering the Premises.

The Tenant participates in the NCACC Risk Pool and shall carry its insurance with the pool to satisfy its obligations set forth in this Agreement.

In the event Tenant does not purchase the insurance required by this lease or keep the same in full force and effect, Landlord may, but shall not be obligated to purchase the necessary insurance and pay the premium. The Tenant shall repay to Landlord, as Additional Rent, the amount so paid promptly upon demand. In addition, Landlord may recover from Tenant and Tenant agrees to pay, as Additional Rent, any and all reasonable expenses (including attorneys' fees) and damages which Landlord may sustain by reason of the failure to Tenant to obtain and maintain such insurance.

Section 11.02. Subrogation. Landlord and Tenant hereby mutually waive their respective rights of recovery against each other for any loss of, or damage to, either parties' property, to the extent that such loss or damage is insured by an insurance policy (or in the event either party elects to self insure any property coverage required) required to be in effect at the time of such loss or damage. Each party shall obtain any special endorsements, if required by its insurer whereby the insurer waives its rights of subrogation against the other party. The provisions of this clause shall not apply in those instances in which waiver of subrogation would cause either party's insurance coverage to be voided or otherwise made uncollectible.

Tenant shall require any contractor performing work on the Premises to carry and maintain, at no expense to Landlord:

(a) Comprehensive general liability insurance, including, but not limited to, contractor's liability coverage, contractual liability coverage, completed operations coverage, broad form property damage endorsement and contractor's protective liability coverage, to afford protection with limits, for each occurrence, of not less than Two Million Dollars (\$2,000,000) with respect to personal injury or death, and One Million Dollars (\$1,000,000) with respect to property damage;

(b) Workmen's compensation or similar insurance in form and amounts if required by law; and

© Auto liability insurance covering all owned, non-owned and hired vehicles in an amount not less than One Million Dollars (\$1,000,000.00).

Section 11.03. Additional Insurance Policy Requirements. Tenant shall not do or suffer to be done, or keep or suffer to be kept, anything in, upon or about the Premises which will contravene Landlord's policies insuring against loss or damage by fire or other casualty (including but not limited to public liability) or which will prevent Landlord from procuring such policies in companies acceptable to Landlord. If anything done, omitted to be done or suffered to be done by Tenant, or kept or suffered by Tenant to be kept, in, upon or about the Premises shall cause the rate of fire or other insurance on the Premises or other property of Landlord in companies acceptable to Landlord to be increased beyond the minimum rate from time to time applicable to the Premises for use for the purposes permitted under this Lease or such other property for the uses made thereof, Tenant shall pay the amount of such increase promptly upon Landlord's demand.

Section 11.04 (Intentionally left blank)

Section 11.05. Limitation on Landlord Liability. With the exception of its own negligence or willful misconduct, Landlord shall not be responsible or liable for any damage or injury to any property, fixtures, Project, or other improvements or to any person or persons, at any time on the Premises, including any damage or injury to Tenant or to any of Tenant's officers, agents, servants, employees, contractors, customers, sublessees or visitors, except for Sec. 11.03 above; The Landlord shall not be obligated to provide security services for the

Demised Premises,

Section 11.06. Latent Defects. Landlord will not knowingly deliver the Premises to the Tenant with Latent Defects however, Landlord shall not have any responsibility or possess liability in any way whatsoever for any latent defect in the Premises or in the Project of which they form a part.

Section 11.07. Tenant Notice. Tenant shall give immediate written notice to Landlord in case of fire or accidents in the Premises or the Project of which the Premises are a part or of defects therein or in any fixtures or equipment.

Section 11.08. Fire or Casualty. If the Premises shall be made untenable by fire or other casualty, Landlord, if it so elects, may (a) terminate this Lease, effective as of the date of such fire or casualty, by written notice given to Tenant within sixty (60) days after such date, and all rental obligations under this Lease shall cease to accrue as of the date of notice to Tenant; or (b) repair, restore, or rehabilitate the Premises at Landlord's expense to the extent of any insurance proceeds within six (6) months after the date of such fire or casualty, in which event the Term shall not terminate but Minimum Rent shall be abated on a per diem basis prorated based on loss of use while the Premises or a portion thereof remain untenable. If Landlord elects to so repair, restore or rehabilitate the Premises and shall fail to substantially complete the same within said six (6) month period, due allowance being made for delay due to practical impossibility, either Landlord or Tenant, by written notice to the other, given within fifteen (15) days next following the last day of said six (6) month period, may terminate this Lease as of the date of such fire or casualty. In the event of termination of the Term pursuant to this Section, Minimum Rent, if any, reserved hereunder shall be apportioned on a per diem basis and paid to the date of such fire or casualty. The right of termination herein provided is separate and independent of any other provisions of this Lease relative to termination.

(a) The foregoing notwithstanding, if during the last two (2) years of the existing Term or any renewal term, if applicable, the Demised Premises shall be damaged to the extent of more than twenty-five percent (25%), Landlord shall not be obligated to repair or replace the Premises unless Tenant, within thirty (30) days after demand by Landlord, extends the Lease for the period of any renewal term then authorized, and if no such renewal term is authorized, Landlord shall not be obligated to make such repairs, but may, at its election to be exercised within sixty (60) days after the date of such damage, cancel and terminate this Lease effective as of the date of such damage. If ten percent (10%) or more of the Project in which the Demised Premises are located is destroyed by casualty, Landlord shall have the right to terminate this Lease exercisable within sixty (60) days after such damage. If this Lease is terminated by Tenant pursuant to the provisions of this Section, Landlord shall have no further obligations to Tenant.

ARTICLE XII. Condemnation

Section 12.01. Definitions:

As used in Article XII, the following words have the following meanings:

a. Award: means the award for or proceeds of any Taking, less all expenses in connection therewith, including reasonable attorney's fees.

(b) Taking: means the taking of or damage to the Demised Premises or the Project or any portion thereof, as the case may be, as the result of the exercise of any power of eminent domain, condemnation, or purchase under threat thereof or in lieu thereof.

© Taking Date: means, with respect to any Taking, the date on which the condemning authority shall have the right to possession of the Demised Premises or the Project or any portion thereof, as the case may be.

Section 12.02 Total or Substantial Partial Taking of Demised Premises:

In the event of a Taking of the whole of the Demised Premises or the Project, other than a Taking for temporary use, the Lease shall automatically terminate as of the Taking Date. In the event of a Taking of a fifty percent (50%) or more of the Demised Premises, Landlord may, at its option, terminate this Lease by giving written notice to Tenant within three (3) months of the Taking Date.

Section 12.03 Restoration:

In the event of a Taking of a portion of the Demised Premises other than a Taking for a temporary use and this Lease is not terminated under the provisions of Section 11.2 hereof, Minimum Rent shall be reduced in the proportion that the area so Taken bears to the entire area contained within the Demised Premises. In such event Landlord shall restore the remaining portion of the Demised Premises to the extent practical to render same reasonably suitable for the Permitted Uses. Landlord shall not be obligated to expend in such restoration any sums greater than the Award.

Section 12.04. Taking for Temporary Use:

If there is a Taking of the Demised Premises for temporary use, this Lease shall continue in full force and effect, and, so long as such Taking does not materially impair Tenant's normal business operations, Tenant shall continue to comply with all of the provisions thereof, except as such compliance shall be rendered impossible or impracticable by reason of such Taking.

Section 12.05. Disposition of Awards:

All Awards arising from a total or partial Taking of the Premises shall belong to and be the property of Landlord without any participation by Tenant. Specifically excluded from the forgoing are all awards granted to Tenant for the following: (a) the value of Tenant's property, and (b) moving or relocation expenses.

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ARTICLE XIII. Covenant of Quiet Enjoyment

Landlord covenants that if Tenant pays the rent and all other charges provided for herein, performs all of its obligations provided for hereunder, and observes all of the other provisions hereof, Tenant shall at all times during the Term peaceably and quietly have, hold and enjoy the Demised Premises, without any interruption or disturbance from Landlord, subject to the terms hereof.

ARTICLE XIV. Failure to Perform, Defaults, and Remedies

Section 14.1. Default. As used in this Lease, the term "Event of Default" shall mean any of the following: (a) Tenant's failure to make any payment of Minimum Rent, Additional Rent or any other amounts payable by Tenant within five (5) days of the date when due; (b) Tenant's failure, within fifteen (15) days after written demand by Landlord, to observe any other provision or fulfill any other obligation imposed on Tenant by this Lease; (c) Tenant or its guarantor shall file in any court a petition in bankruptcy or insolvency or for reorganization, or for the appointment of a receiver or trustee of all or a portion of Tenant's property; (d) an involuntary petition of the kind referred to in Subparagraph (c) of this Section shall be filed against Tenant or its guarantor, if any, and such petition shall not be vacated within thirty (30) days after the date of filing thereof; (e) Tenant or its guarantor, if any, shall make an arrangement for the benefit of creditors; (f) any property used in connection with Tenant's leasehold interest shall be taken on execution; (g) Tenant shall for reasons other than those specifically permitted in this Lease, cease to conduct its normal business operations in and vacate or abandon the Premises for a period of ten (10) consecutive days; (h) Tenant's failure to provide Landlord with a copy of the Certificate of Occupancy granted to Tenant by the governing municipality showing that Tenant has complied with all building codes applicable to the Premises within fifteen (15) days after Tenant opens for business in the Premises; and (i) the occurrence of any other event identified as an event of default in this Lease. Notwithstanding anything herein to the contrary, if Tenant fails to deliver any of the following documents within fifteen (15) days following Landlord's written request, it shall be considered an Event of Default and Landlord reserves the right to fine the Tenant \$50.00 per month per document for each delinquent month: (a) current Certificate of Insurance; (b) current HVAC maintenance and inspection contract;

Section 14.2. Landlord's Remedies. Upon the happening of an Event of Default, Landlord at its option and without notice or demand to Tenant, may exercise any or all of the following remedies:

(a) Repossession. With such judicial process as may be required by law, enter the Premises and take possession of any and all goods, inventory, equipment, fixtures and all other personal property of Tenant situated in the Premises without liability for trespass or conversion, and may sell all or any part thereof at public or private sale. Tenant agrees that five (5) days notice of any public sale and five (5) days prior notice of the date after which any private sale shall be held shall constitute reasonable notice. The proceeds of any such sale shall be applied, first, to the payment of all costs and expenses of conducting the sale or caring for or

storing said property, including all attorneys' fees; second, toward the payment of any indebtedness, including (without limitation) indebtedness for rent, which may be or may become due from Tenant to Landlord; and third, to pay Tenant, on demand in writing, any surplus remaining after all indebtedness of Tenant to Landlord has been fully paid.

(b) Performance of Tenant Obligations. Perform, on behalf of and at the expense of Tenant, any obligation of Tenant under this Lease which Tenant has failed to perform and of which Landlord shall have given Tenant notice, the cost of which performance by Landlord, together with interest thereon at the Default Rate from the date of such expenditure and/or late charges, shall be deemed Additional Rent and shall be payable by Tenant to Landlord upon demand.

(c) Termination. Elect to terminate this Lease and the tenancy created hereby or elect to terminate Tenant's right of possession only (without terminating this Lease or the tenancy created hereby), in either event by giving notice of such election to Tenant, and may reenter the Premises, without the necessity of legal proceedings, if permitted by law, and may remove Tenant and all other persons (if Tenant is still in possession) and property from the Premises, and may store such property in a public warehouse or elsewhere at the cost of and for the account of Tenant without resort to legal process and without Landlord being deemed guilty of trespass or becoming liable for any loss or damage occasioned thereby. Any such termination of Tenant's possession, surrender of the Premises by Tenant, taking of possession by Landlord or reentry by Landlord onto the Premises and removal of all of Tenant's property shall not constitute an acceptance by Landlord of a surrender of this Lease or of the Premises by Tenant and shall not constitute a termination of this Lease by Landlord.

(d) Reletting. Landlord may (but shall be under no obligation to) relet the Premises, or any part thereof, from time to time, in the name of Landlord or Tenant, without further notice, for such term or terms, on such conditions, and for such uses and purposes, as Landlord, in its sole and absolute discretion, may determine, and may collect and receive all rents derived therefrom and apply the same, after deduction of all appropriate expenses (including, without limitation, leasing commissions, the cost of readying the Premises for reletting, attorneys' fees and other costs of collection) to the payment of the rent payable hereunder, Tenant remaining liable for any failure to so relet the Premises or any part thereof, or for any failure to collect any rent connected therewith. Any termination of Tenant's possession, any acceptance of the Premises by Landlord or any reentry by Landlord shall not constitute a termination of this Lease.

(e) Intentionally left out.

(f) Remedies Cumulative. In addition, Landlord shall have all other rights and remedies available at law or equity. The foregoing remedies and any other remedies provided for in this Lease shall be cumulative.

ARTICLE XV. Right of Access

Section 15.01. Entry:

During any reasonable time before and after the Lease Commencement Date, Landlord may enter upon the Demised Premises, any portion thereof and any appurtenance thereto (with men and materials, if required) for the purpose of: (a) inspecting the same; (b) making such repairs, replacements or alterations which it may be required to perform as herein provided or which it may deem desirable for the Demised Premises; and (c) showing the Demised Premises to prospective purchasers or lessees. However, in no event shall said access interfere with Tenant's business.

During the last six (6) months prior to the expiration of the Term or any extension of renewal terms, Landlord may place upon the Premises notices "For Lease", which notices Tenant shall permit to remain thereon without molestation.

Article XVI. Interpretation, Notices, Miscellaneous

Section 16.01. Interpretation:

(a) The captions of the various Sections and paragraphs of this Agreement have been inserted only for the purposes of convenience; such captions are not a part of this Agreement and shall not be deemed in any manner to modify, explain, enlarge, or restrict any of the provisions of this Agreement. As used in this Agreement, the masculine, feminine, and neuter gender, and the singular and plural numbers, whenever the context requires or permits, shall each be deemed to include the other genders or numbers respectively.

(b) If any provision of this Lease or the application thereof to any person or circumstance shall to any extent be invalid or unenforceable, the remainder of this Lease, or the application of such provision to persons or circumstances other than those to which it is invalid or unenforceable, shall not be affected thereby, and each provision of this Lease shall be valid and be enforced to the fullest extent permitted by law.

Section 16.02. No Oral Changes:

This Lease may not be changed or terminated orally.

Section 16.03. Communications:

No notice, request, consent, approval, waiver or other communication under this Lease shall be effective unless, but any such communication shall be effective and shall be deemed to have been given if, the same is in writing and is mailed by registered or certified mail, postage prepaid addressed:

(a) If to Landlord, to the address designated as Landlord's Notice Address as set forth in BLS Section c or to such other person or party as Tenant shall designate by giving a notice thereof to Landlord.

(b) If to Tenant, to the address designated as Tenant's Notice Address as set forth in BLS Section d or to such other person or party as Tenant shall designate by giving a notice thereof to Landlord.

Section 16.04. Successors and Assigns:

Subject to the provisions hereof, this Lease shall bind and inure to the benefit of the parties and their respective successors, representatives, heirs and assigns.

Section 16.05. Responsibility of Tenant:

Any restriction on or requirement imposed upon Tenant hereunder shall be deemed to extend to Tenant's Guarantor, Tenant's subtenants, concessionaires and licensees, and it shall be Tenant's obligation to cause the foregoing persons to comply with such restriction or requirement.

Section 16.06. Liability of Landlord:

Landlord (and, in case Landlord shall be a joint venture, partnership, tenancy-in-common, association, or other form of joint ownership) and the members of any such joint venture, partnership, tenancy-in-common, association, or other form of joint ownership shall have absolutely no personal liability with respect to any provision of this Lease, or any obligation or liability arising therefrom or in connection therewith. Tenant shall look solely to the equity of the then owner of the Demised Premises (or if the interest of the Landlord is a leasehold interest, Tenant shall look solely to such leasehold interest) for the satisfaction of any remedies of Tenant in the event of a breach by the Landlord of any of its obligations. Such exculpation of liability shall be absolute and without any exception whatsoever.

Section 16.07. Execution by Tenant:

Each person executing this Lease in a representative capacity on behalf of Tenant warrants that the Tenant is duly organized and in good standing, that the execution hereof by Tenant has been duly authorized, that he or she has full power and authority to execute this Lease on behalf of Tenant, and that this Lease is a valid and binding obligation of Tenant.

Section 16.8 Omitted

Section 16.09. Counterparts:

This Agreement may be executed simultaneously in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

(REST OF PAGE INTENTIONALLY LEFT BLANK)

IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease under seal and in such form as to be legally binding effective as of the day and year first above written.

LANDLORD:

By: JMD HOUSING, L.L.C. a N.C. Limited Liability Company.

By: _____

Date: _____

TENANT:

FRANKLIN COUNTY, A BODY POLITIC

By: _____

SIDNEY DUNSTON

CHAIRMAN

Title:

_____ Date:

Landlord Acknowledgement:

STATE OF _____
COUNTY OF _____

I, _____, a Notary Public in and for the County and State aforesaid, do hereby certify that _____ personally appeared before me this day and acknowledged that he/she is _____ of _____ and that by authority duly given and as the act of the company, the foregoing instrument was signed in its name by its _____ on behalf of the said company.

_____ WITNESS my hand and notarial stamp or seal this _____ day of _____, 2012.

Signature of Notary Public

Typed or Printed Name of Notary Public

My Commission Expires: _____

Tenant Acknowledgement: INSERT APPROPRIATE FORM

STATE OF _____
COUNTY OF _____

I, _____, a Notary Public in and for the County and State aforesaid, do hereby certify that _____ personally appeared before me this day and acknowledged that he/she is _____ of _____ and that by authority duly given and as the act of the company, the foregoing instrument was signed in its name by its _____ on behalf of the said company.

_____ WITNESS my hand and notarial stamp or seal this _____ day of _____, 2012.

Signature of Notary Public

Typed or Printed Name of Notary Public

My Commission Expires: _____

1.
EXHIBIT

Guaranty of Lease

NONE:

