

Drawn by and mail to:

Prepared by and After Recording Return to:
Parker Poe Adams & Bernstein, LLP
620 S. Tryon Street, Suite 800
Charlotte, NC 28202
Attn: Anthony Fox

STATE OF NORTH CAROLINA
COUNTY OF DURHAM

**ASSIGNMENT OF LEASES AND
RENTS**

THIS ASSIGNMENT OF LEASES AND RENTS (“Assignment”) is made this ____ day of September, 2024, by and between 500 EAST MAIN, LLC, a North Carolina limited liability company, (“Assignor”) in favor of the COUNTY OF DURHAM, a North Carolina public body corporate and politic (“Assignee”):

RECITALS

A. Assignor is the owner of (i) a leasehold interest in certain land and (ii) a fee simple interest in certain improvements constructed thereon (or to be constructed thereon) and personal property located thereon (or to be located thereon) and used in connection therewith (collectively, such land, the improvements and personal property are referred to as the “Premises”), such land being more particularly described in Exhibit A attached and made a part hereof.

B. Assignee is the beneficiary and holder of a Leasehold Deed of Trust, Security Agreement and Financing Statement (the “Deed of Trust”), recorded or to be filed for record in the Office of the Register of Deeds of Durham County, North Carolina, encumbering the Premises and securing the Assignor’s Promissory Note (the “Note”) dated as of an even date herewith, in the principal amount of \$10,618,417.00.

C. Assignor and Assignee have entered into a Loan Agreement (the “Loan Agreement”) dated as of an even date herewith, and certain related documents executed in connection with the Loan Agreement and in connection with the loan evidenced by the said Note (the “Loan”) and secured by the Deed of Trust (the Loan Agreement, the Note, the Deed of Trust and all other documents executed in connection therewith may be referred to collectively as the “Loan Documents”).

D. Assignee, as a condition to granting the loan secured by said Deed of Trust and evidenced by the other Loan Documents, has required the execution of this assignment of the rentals, leases, income, issues and profits of the Premises encumbered by said Deed of Trust by Assignor.

NOW, THEREFORE, in order further to secure the payment of the indebtedness secured by the Deed of Trust and as an essential and integral part of the security therefore, and in consideration of the making of the Loan, and in further consideration of the sum of One Dollar (\$1.00) paid by Assignee to Assignor, the receipt and sufficiency of which is hereby acknowledged, Assignor does hereby immediately and absolutely sell, assign, transfer, and set over unto Assignee, its successors and assigns, the rights, interests and privileges that Assignor as lessor has and may have in any and all leases now existing or hereafter made and affecting the aforesaid Premises (collectively, the "Leases") as said Leases may have been, or may from time to time be hereafter, modified, extended and renewed, with all rents, issues, income and profits due and becoming due therefrom (collectively, the "Rents"), and the acceptance of this Assignment and the collection of Rents or the payments under the Leases shall not constitute a waiver of any rights of Assignee, under the terms of the Loan Documents.

1. Application of Rents by Assignor. So long as there shall exist no default of Assignor in the payment of any indebtedness secured hereby or in the observance and performance of any other obligation, term, covenant or condition or warranty contained herein or in the Loan Documents (an "Event of Default"), Assignor shall have the right under a license granted hereby (but limited as provided in the following section) to collect upon, but not more than two (2) months prior to accrual, all of the Rents and profits arising from or out of the Leases or any renewals or extensions thereof, or from or out of the Premises or any part thereof, and Assignor shall receive such Rents, and hereby agrees to apply same, first to the payment of taxes and assessments upon the Premises before penalty or interest are due thereon, secondly to the cost of such insurance and of such maintenance and repairs as are required by the terms of the said Deed of Trust and Loan Agreement, and thirdly, to the payment of interest and principal becoming due on the Loan, before using any part of the same for any other purposes; provided, however, at any time while any debt senior to the Loan is secured by the Premises (each, a "Senior Loan"), Assignor shall apply any and all Rents received to the repayment of such Senior Loan (even if such application is contrary to the terms of this Section 1) pursuant to the written request of the holder of such Senior Loan.

2. Collection of Rents by the Assignee. In furtherance of the foregoing assignment, the Assignor hereby authorizes the Assignee, by its employees or agents, at its option, after the occurrence of an Event of Default and subject to the rights of the holders of any Senior Loan, to terminate the aforesaid license granted to the Assignor to collect the Rents, income, issues and profits, and to enter upon the Premises, and to collect, in the name of Assignor or in its own name, as Assignee, the Rents accrued but unpaid and in arrears at the date of the Event of Default as well as the Rents thereafter accruing and becoming payable during the period of the continuance of the Event of Default or any other Event of Default; and to this end, the Assignor further agrees that it will facilitate in all reasonable ways the Assignee's collection of the Rents, and will, upon request by the Assignee, execute a written notice to each tenant directing the tenant to pay Rent to the Assignee.

3. The Assignee's Entry Upon Premises. Upon such entry, the Assignee shall be authorized, but not obligated, to take over and assume the control, care, management, operation, repair and maintenance of the Premises and to perform such other acts as the Assignee in its discretion may deem proper, and to expend such sums out of the income of the Premises as may be needful in connection therewith, in the same manner and to the same extent as the Assignor theretofore might do (including the right to effect new Leases, to cancel or surrender existing Leases, to evict tenants, to bring or defend any

suits in connection with the possession of any portion of the Premises in its own name or the Assignor's name, to alter or to amend the terms of existing Leases, to renew existing Leases, and to make concessions to the tenants). The Assignor hereby releases all claims against the Assignee arising out of such management, operation, repair and maintenance, except claims arising from the gross negligence or willful misconduct of the Assignee.

4. Indemnification of Assignee. The Assignee shall not be obligated to perform or discharge any obligation or duty to be performed or discharged by the Assignor under any of the Leases unless and until Assignee acquires title to the Premises, and the Assignor hereby agrees to indemnify the Assignee for, and to save it harmless from, any liability arising from any of the Leases or from this Assignment except for claims arising from the gross negligence or willful misconduct of Assignee or those arising from events first occurring after Assignee acquires title to the Premises, and this Assignment shall not place responsibility for the conduct, care, management, or repair of the Premises upon the Assignee or make the Assignee responsible or liable for any negligence in the management, operation, upkeep, repair or control of the Premises resulting in loss or injury or death to any tenant, licensee, employee or stranger.

5. Representations of Assignor. The Assignor covenants and represents that (i) it has full right and title to assign to the Assignee the Leases and the Rents, income and profits due or to become due thereunder; (ii) except for the assignments listed on Exhibit B attached hereto and incorporated herein by reference, no prior assignment of any interest thereof has been made, except as has been approved in writing by the Assignee, if any; and (iii) without the prior written consent of the Assignee, it will not hereafter cancel, surrender or terminate any of the Leases or substantially change, alter, or modify the same, or require or accept prepayment of more than two months' rent, or allow premature termination of any Lease, or execute any other assignment of the Assignor's interest in the Leases and Rents. Nothing in this paragraph shall preclude the Assignor from canceling any Lease in connection with the eviction of a tenant for breach of the Lease or other good cause.

6. Application of Rent by Assignee. Assignee shall, after payment of such charges and expenses as Assignee may, in its sole discretion, elect to pay, including reasonable compensation to such managing agent as it may select and employ, and after the accumulation of a reserve to meet taxes, assessments, water rents and fire and liability insurance and maintenance and replacement expenses in requisite amounts, credit the net amount of income received by it from the Premises by virtue of this assignment, to any amount due and owing to it by Assignor under the terms of the Loan Documents, but the manner of the application of such net income and what items shall be credited shall be determined in the sole discretion of Assignee. Assignee shall not be accountable for more moneys than it actually receives from the Premises, nor shall it be liable for failure to collect Rents. Assignee shall make reasonable effort to collect Rents, reserving, however, within its own discretion, the right to determine the method of collection and the extent to which enforcement of collection of delinquent Rents shall be prosecuted.

7. Notice. All notices which are required or permitted to be given or served hereunder shall be deemed to have been sufficiently given if in writing and sent by certified or registered mail, postage prepaid, return receipt requested, addressed as follows:

To Assignor:
500 East Main, LLC
2132 Thrift Road, Suite A
Charlotte, North Carolina 28208
Attn: Dionne Nelson

With copies to:

The Banks Law Firm, P.A.
4309 Emperor Boulevard, Suite 110
Durham, North Carolina 27703
Attn: Sherrod Banks

To Assignee:

County of Durham
Office of the County Manager
200 East Main Street
2nd Floor, Old Courthouse
Durham, North Carolina 27701
Attn: [Dr. Kimberly J. Sowell]

With copies to:

County of Durham
Office of the County Attorney
200 East Main Street
2nd Floor, Old Courthouse
Durham, North Carolina 27701
Attn: Curtis Massey, Esq., County Attorney

or to such other address within the continental United States of America as may be from time to time designated by the parties. Each notice or communication shall be deemed to have been given on the date of personal delivery or the date of mailing, as the case may be.

8. Binding Effect. The provisions of this instrument shall be binding upon Assignor and its successors and assigns, and upon Assignee and its successors or assigns. The word "Assignor" shall be construed to mean any subsequent owner of the Premises or any portion thereof.

9. Governing Law. This document shall be governed by, and construed in accordance with, the laws of the State of North Carolina and the United States.

10. Mortgagee in Possession. It is not the intention of the parties hereto that an entry by Assignee upon the Premises under the terms of this instrument shall constitute Assignee as a "mortgagee in possession" in contemplation of law, except at the option of Assignee.

11. Default. Violation of any of the covenants, representations, and provisions contained herein by Assignor shall be a default under the terms of the Note, Loan Agreement and Deed of Trust executed in connection herewith.

12. Cancellation. This Assignment shall remain in full force and effect as long as the indebtedness to Assignee secured by the Deed of Trust remains unpaid in whole or in part. A full and complete cancellation of record of the Deed of Trust shall operate as a full and complete release of all Assignee's rights and interest hereunder, and that after the Deed of Trust has been cancelled this Assignment shall be void and of no further effect.

13. Subordination. Notwithstanding anything to the contrary contained herein or in any of the Loan Documents, the terms and conditions of this Assignment are subject to the terms and conditions of the Subordination Agreement (as defined in the Deed of Trust), so long as the Subordination Agreement remains in effect. To the extent there exists any conflicts between the terms and conditions of this Assignment and the terms and conditions of the Subordination Agreement, the terms and conditions contained in the Subordination Agreement shall control.

[signatures appear on following page]

[SIGNATURE PAGE TO ASSIGNMENT OF LEASES AND RENTS]

IN WITNESS WHEREOF, Assignor has caused this Assignment to be executed and sealed this the day and year first above written.

500 EAST MAIN, LLC,
a North Carolina limited liability company

By: LSR 500 East Main, LLC
a North Carolina limited liability company
Its Managing Member

By: LSR Manager, LLC
a North Carolina limited liability company
Its Managing Member

By: _____(Seal)
Name: Lee M. Cochran
Title: Vice President

STATE OF _____

COUNTY OF _____

I, _____ a Notary Public of the County and State aforesaid, certify that Lee M. Cochran, either being personally known to me or proven by satisfactory evidence, personally came before me this day and acknowledged that s/he is Vice President of LSR Manager, LLC, which is Managing Member of LSR 500 East Main, LLC, which is Managing Member of 500 East Main, LLC, a North Carolina limited liability company and that s/he, being authorized to do so, executed the foregoing on behalf of the companies.

Witness my hand and official stamp or seal this _____ day of _____, 202__.

Notary Public

(Seal-Stamp)
My Commission Expires: _____

Exhibit A
Legal Description

[to be inserted]

Exhibit B
Assignment of Leases

Assignment of Leases and Rents, of even date herewith, from Assignor to Truist Bank, NA