

NORTH CAROLINA

COUNTY OF DURHAM

COMMERCIAL LEASE

THIS COMMERCIAL LEASE AGREEMENT, including any all attachments, exhibits, and addenda hereto, (hereinafter Lease), is entered into this ____ day of _____ 2026 by and between DURHAM COUNTY a political subdivision of the State of North Carolina (hereinafter Landlord) whose address is 200 East Main Street, Durham, NC 27701, and Island Rhythm Cafe, LLC, a North Carolina Limited Liability Corporation (hereinafter Tenant) whose address is 4021 Kidd Place, Durham, North Carolina 27703.

RECITALS

Landlord is the owner of certain real property and improvements located in Durham, North Carolina, commonly known as The Shoppes of Hope Valley, located at 3825 S. Roxboro Street, Durham, NC 27713 (hereinafter "Property" or "Premises" or "Premises/Property").

For purposes of this Lease the Premises are further described as follows:

Unit #: 134

Approximate square footage: 1,600 Total SF

Upfittings and Preparations for occupancy: See attached Exhibits C and D, and Section 14.

The Property and Lease shall at all times be managed by Landlord or other Manager of Landlord's choosing. The current Property Manager is Trademark Properties, Inc.

Tenant desires to lease the Premises from Landlord, and Landlord desires to lease the Premises to Tenant.

The performance by Tenant under this Lease shall be guaranteed by Tenant and Sharmaine Stephenson, pursuant to the Guaranty Agreement attached hereto as Exhibit B.

NOW THEREFORE in consideration of the mutual promises set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, parties hereto agree as follows:

1. **PREMISES.** Landlord leases unto Tenant, and Tenant hereby leases and takes upon the terms and conditions which hereinafter appear, the following described property, including any improvements located thereon (hereinafter called the "Premises"), as described above and further described below, to wit:

3825 South Roxboro Street, Suite 134, Durham, NC 27713

Being a portion of the property in a Deed Reference: Deed Book 00959, Page No.00909, Durham County Register of Deeds Office consisting of 16.65 acres as further depicted on Exhibit A attached hereto.

2. **TERM.** The term of this Lease (the "Term" or "Lease Term") shall be Eight years (96 months) and shall commence on _____, 2026 (the "Rent Commencement Date").

3. **BASE RENT.** Beginning six months after the Rent Commencement date, Tenant shall pay, without notice, demand, deduction or set off, an annual rental of \$32,000 (\$20.00 per Square Foot) payable in equal monthly installments of \$2,666.67, in advance on the first day of each calendar month during the term hereof. Upon execution of this Lease, Tenant shall pay to Landlord the first monthly installment of base rent and Common Areas and Property Operating Expenses due hereunder. Rental for any period during the term hereof which is less than one month shall be the pro-rated portion of the monthly installment of rental due. The annual rental payable hereunder (and accordingly the monthly installments) shall be adjusted every Lease Year Anniversary by 3% over the amount then payable hereunder.

Base Rent Payments. During the Lease Term, Tenant's rent shall be paid in advance due and payable to Landlord on the first day of each month as shown below:

Time Period	Year Total	Monthly Rent
Lease Year 1	\$16,000.00	\$2,666.67
Lease Year 2	\$32,960.00	\$2,746.67
Lease Year 3	\$33,948.80	\$2,829.07
Lease Year 4	\$34,967.26	\$2,913.94
Lease Year 5	\$36,016.28	\$3,001.36
Lease Year 6	\$37,096.77	\$3,091.40
Lease Year 7	\$38,209.67	\$3,184.14
Lease Year 8	\$39,355.96	\$3,279.66

If the Commencement Date is any day other than the first day of the month in which the Commencement Date occurs, then the partial month in which the Commencement Date occurs shall be included in the first Lease Year. Succeeding Lease Years shall each commence on the first (1st) day following the end of the preceding Lease Year. Rent Commencement will begin on the first full month and Tenant is responsible for the pro-rata portion on any partial month.

4. **LATE CHARGES.** If Landlord fails to receive full rental payment within five (5) business days after it becomes due, Tenant shall pay Landlord, as additional rental, a late charge equal to Ten percent (10%) of the overdue amount or \$100.00 whichever is greater, plus \$30.00 for each check returned for insufficient funds. The parties agree that such late charge and returned check fee represent a fair and reasonable estimate of the costs Landlord will incur by reason of such late payment or returned check.
5. **SECURITY DEPOSIT.**

- a) **SUBMISSION OF SECURITY DEPOSIT.** The Tenant shall deposit with Landlord the sum

of \$3,066.67 as a security deposit (includes Base Rent and Common Areas And Property Operating Expenses) which shall be held by Landlord as security for the full and faithful performance by Tenant of each and every term, covenant and condition of this Lease. The security deposit does not represent payment of, and Tenant shall not presume application of same as, payment of the last monthly installment of rental due under this Lease. Landlord shall have no obligation to segregate or otherwise account for the security deposit except as provided in this paragraph.

- b) **USE OF SECURITY DEPOSIT.** If any of the rental or other charges or sums payable by Tenant shall be over-due and unpaid or should payments be made by Landlord on behalf of Tenant, or should Tenant fail to perform any of the terms of this Lease, then Landlord may, at its option, appropriate and apply the security deposit, or so much thereof as may be necessary, to compensate toward the payment of the rents, charges or other sums due from Tenant, or towards any loss, damage or expense sustained by Landlord resulting from such default on the part of the Tenant; and in such event Tenant upon demand shall restore the security deposit to the amount set forth above in this paragraph 5a. In the event Tenant furnishes Landlord with proof that all utility bills and other bills of Tenant related to the Premises have been paid through the date of Lease termination, and performs all of Tenant's other obligations under this Lease, the security deposit shall be returned to Tenant within sixty (60) days after the date of the expiration or sooner termination of the term of this Lease and the surrender of the Premises by Tenant in compliance with the provisions of this Lease. The security deposit shall be used only as a credit toward these charges: nonpayment of rent, any unpaid bills which become a lien against the Premises due to Tenant's occupancy, damage to the Premises, nonfulfillment of the rental period, costs of re-renting the Premises after breach by the Tenant, costs of removal and storage of property of Tenant after a summary ejectment proceeding, court costs (including to the extent allowed by law, reasonable attorney's fees) in connection with terminating a tenancy, and to the extent allowed by law, all other losses attributable to any breach of any provision of this lease by the Tenant. When Tenant vacates the Premises, if it is not clean, the Tenant shall be charged to clean it, and the security deposit may be applied to this charge. If the security deposit is insufficient to pay any of the charges referred to in this Section, the Tenant shall be liable for such excess. No part of the security deposit may be retained by the Landlord for normal wear and tear. On termination of the tenancy, the deposit, except any amounts properly retained by the Landlord, shall be refunded to the Tenant with an itemized statement of the amounts withheld, within sixty (60) days after termination of the tenancy and delivery of possession by the Tenant.

- 6. UTILITY BILLS/SERVICE CONTRACTS.** Landlord and Tenant agree that utility bills and service contracts ("Service Obligations") for the Premises shall be paid by the party indicated below as to each Service Obligation. In each instance, the party undertaking responsibility for payment of a Service Obligation covenants that they will pay the applicable Service Obligations prior to delinquency. The responsibility to pay for a Service Obligation shall include all metering, hook-up fees or other miscellaneous charges associated with establishing, installing and maintaining such utility or contract in said party's name.

Service Obligation	Landlord	Tenant	Not Applicable
Water/ Sewer		X	

Electric		X	
Telephone		X	
HVAC (maintenance/service contract)		X	
Security System		X	
Fiber Optic		X	
Janitor/Cleaning		X	
Trash/Dumpster	X		
Landscaping/Maintenance	X		
Sprinkler System to serve interior (including phone line)		X	
Quarterly Pest Control	X exterior	X interior	
Gas		X	
Grease Trap		X	

7. PERMITTED USES AND CARE OF THE PREMISES.

- a) The Permitted Use of the Premises shall be Subject to any existing exclusives, Tenant shall occupy the space for the purpose of operating a café selling various coffee drinks and Teas, fresh fruit smoothies and pastries as well as hot and cold gourmet sandwiches, salads and snacks (there shall be no cooking as per required code), and for no other purpose without written consent of the Landlord. ("Permitted Use"). The Premises shall be used and wholly occupied by Tenant solely for the purposes of conducting the Permitted Use, and the Premises shall not be used for any other purposes unless Tenant obtains Landlord's prior written approval of any change in use. Landlord makes no representation or warranty regarding the suitability of the Premises for or the legality (under zoning or other applicable ordinances) of the Permitted Use for the Premises, provided however, that Landlord does represent that it has no contractual obligations with other parties which will materially interfere with or prohibit the Permitted Use of Tenant at the Premises. At Tenant's sole expense, Tenant shall procure, maintain and make available for Landlord's inspection from time to time any governmental license(s) or permit(s) required for the proper and lawful conduct of Tenant's business in the Premises. Tenant shall not cause or permit any waste to occur in the Premises and shall not overload the floor, or any mechanical, electrical, plumbing or utility systems serving the Premises. Tenant shall keep the Premises, and every part thereof, in a clean and wholesome condition, free from any objectionable noises, loud music, objectionable odors or nuisances. Tenant shall maintain an "A" rating from the County Health Department at all times. Any grade below an "A" that is left uncured for longer than 20 days shall be counted as an event of default. Tenant shall provide Landlord with copies of all inspection reports within 48 hours of receipt.

- b) **CARE OF THE PREMISES.** The Premises shall not be used in any way that exposes the improvements to any unreasonable risk of damage from fire. Without written permission from Landlord, Tenant shall not permit or keep any kerosene or gasoline on the Premises unless in properly constructed tanks attached to motor vehicles. Tenant shall keep the Premises in a presentable condition, including clean of trash and garbage and the lawn, if any, mowed. Tenant shall not use or allow the use of any illegal drugs on the Premises. No trees or shrubbery shall be removed without first obtaining written permission from Landlord. Tenant shall not violate any Applicable Law regarding use of the Premises. No animals may be kept on the Premises.

All automobile parking areas, driveways, entrances and exits thereto and other facilities furnished by Landlord in or near the Premises, including but not limited to employee parking areas, loading docks, package pick up stations, pedestrian walkways and ramps, landscaped areas, exterior stairways and other areas and improvements provided by Landlord for the general use, in common, of all tenants, their officers, agents, employees and customers, shall at all times remain subject to the exclusive control and management of Landlord. Tenant shall have the right to use jointly with Landlord and with the tenants of the other units all facilities and areas mentioned herein and agrees that it will cooperate with said other tenants and with the Landlord in maintaining the orderly use of said facilities and areas.

Landlord shall have the right from time to time to establish, modify and enforce reasonable rules and regulations with respect to all facilities and areas mentioned herein, including but not limited to, the right to change the area, location and arrangement of facilities, to temporarily close any portion of the facilities, and to do and perform such acts in and to such areas and improvements and the common facilities referred to herein in such manner as Landlord, in its sole discretion, shall determine from time to time. Without limiting the scope of such discretion, Landlord shall have the full right and authority to employ all personnel and to make all rules and regulations pertaining to and necessary for the proper operation and maintenance of the Premises and related facilities, and all areas used in common by tenants of the Shoppes of Hope Valley (the "Common Areas").

- c) Landlord has adopted certain ordinances and policies generally applicable to county-owned property, to include the Shoppes of Hope Valley. Tenant acknowledges that it is responsible for complying with those ordinances and policies both for itself, and for its employees, invitees, and guests. Among those requirements are (1) a prohibition on possessing firearms on county-owned property, except for certain designated individuals, and (2) a prohibition on smoking, to include e-cigarettes, on county-owned property and in county-owned buildings, except for tobacco shops.

8. TAXES.

☒ Tenant shall have no responsibility to reimburse Landlord for real estate taxes, or property insurance.

9. **INSURANCE.** Landlord agrees to maintain standard fire and extended coverage insurance for the Building in an amount not less than the replacement cost, insuring against special causes of loss, including, the perils of fire, and lightning, such coverages and endorsements to be as defined, provided and limited in the standard bureau forms prescribed by the insurance regulatory authority for the State of North Carolina. Subject to the provisions of this Section, such insurance

will be for the sole benefit of Landlord and under its sole control.

If the Premises should be damaged or destroyed by any peril covered by the insurance to be provided by Landlord according to this Section, Tenant will give immediate written notice thereof to Landlord. This Lease will not terminate, and Landlord will, at its sole cost and expense, thereupon proceed with reasonable diligence to rebuild and repair the Premises to the condition in which they existed prior to such damage. Tenant shall be responsible, at its sole cost and expense, for repairing or replacing any alterations, trade fixtures, partitions, additions, or improvements installed by Tenant, regardless of whether such damage is insured. If the Premises are untenable in whole or in part following such damage, the Rent payable hereunder during the period in which they are untenable will be reduced to such extent as reasonably determined.

Notwithstanding anything herein to the contrary, in the event the holder of any indebtedness secured by a mortgage or deed of trust covering the Premises requires that the insurance proceeds be applied to such indebtedness, then Landlord will have the right to terminate this Lease by delivering written notice of termination to Tenant within fifteen (15) days after such requirement is made by any such holder, whereupon all rights and obligations hereunder thereafter accruing will cease and terminate.

Tenant will procure and maintain, at its expense, (i) all-risk (special form) property insurance in an amount equal to the full replacement cost of Tenant's personal property, equipment, trade fixtures and any improvements performed by Tenant in the Premises; (ii) a policy or policies of commercial general liability insurance applying to Tenant's operations and use of the Premises, providing a minimum limit of \$1,000,000.00 per occurrence and \$2,000,000.00 in the aggregate, naming Landlord as additional insured; (iii) business interruption insurance that will insure against loss of income at the Premises and payment of rent to Landlord in an amount sufficient to cover at least six (6) months of Rent payable to Landlord; and (iv) loss of income/extra expense coverage. Tenant will maintain the foregoing insurance coverages in effect commencing on the earlier to occur of the Commencement Date and the date Tenant takes possession of the Premises and continuing to the end of the Lease Term.

The insurance requirements set forth in this Section are independent of the waiver, indemnification, and other obligations under this Lease and will not be construed or interpreted in any way to restrict, limit or modify the waiver, indemnification and other obligations or to in any way limit any party's liability under this Lease.

In addition to the requirements set forth in this Section, (i) the insurance required of Tenant under this Lease must be issued by an insurance company with a rating of no less than A-VIII in the current Best's Insurance Guide or that is otherwise acceptable to Landlord, (ii) the company issuing the coverage must be authorized to conduct the business of insurance in the state in which the Building is located, (iii) the insurance must be primary insurance for all claims under it and provide that any liability insurance carried by Landlord, Landlord's Property Manager, and Landlord's lenders is strictly excess, secondary and noncontributing with any insurance carried by Tenant, and (iv) provide that insurance may not be cancelled, non-renewed or the subject of change in coverage of available limits of coverage, except upon thirty (30) days' prior written notice to Landlord and Landlord's lenders.

Tenant will deliver to Landlord a legally enforceable certificate of insurance on all policies procured by Tenant in compliance with Tenant's obligations under this Lease on or before the date Tenant first occupies any portion of the Premises, at least ten (10) days before the expiration date of any policy and upon the renewal of any policy. Landlord will have the right to approve all deductibles and self-insured retentions under Tenant's policies, which approval will not be unreasonably withheld, conditioned or delayed.

Landlord and Tenant each waive any and all rights of recovery, claim, action, or cause of action against the other, against the officers, directors, partners, members, employees, agents, property managers, and lenders of the other, for any loss or damage that may occur to the Premises, the Building, or any improvements thereto, or any personal property of such party therein, by reason of fire, the elements, or any other cause which is covered by insurance required to be carried under this Lease, regardless of cause or origin, including the negligence of the other party hereto, its agents, officers, or employees. Each party shall cause its insurance policies required this Lease to be endorsed, if necessary, to prevent the invalidation of such insurance by reason of the waiver contained in this Section.

Insurance Reimbursement

If the box is checked below, Tenant shall reimburse Landlord for its proportionate share of insurance expenses during the term of this Lease. The manner of reimbursement shall be as indicated:

☒ Tenant is not responsible for paying any property insurance costs, except as provided below.

Provided however, notwithstanding any provision of the foregoing, that in the event Tenant's use of the Premises results in an increase in the rate of insurance on the Property, Tenant shall pay to Landlord, upon demand and as additional rental, the amount of any such increase.

- 10. WAIVER AND INDEMNITY.** Each of Landlord and Tenant hereby waives all rights to recover against each other or against any other tenant or occupant of the Building, or against the officers, directors, shareholders, partners, joint ventures, employees, agents, customers, invitees, or business visitors of each other or of any other tenant or occupant of the Building, for any loss or damage arising from any cause to the extent such loss or damage is covered by any insurance required to be carried by each of them pursuant to this Lease, or any other insurance actually carried by either of them. This waiver shall apply only to the extent of insurance proceeds actually available and paid under such policies, and shall not apply to any portion of a loss that exceeds the applicable policy limits. Landlord and Tenant will cause their respective insurers to issue waiver of subrogation rights endorsements to all policies of insurance carried in connection with the Building or the Premises or the contents of either of them, and any cost for the issuance of such endorsements will be borne by the original insured under such policies. This Section shall apply only in the manner and to the extent permitted by North Carolina law.

For any and all claims for which the preceding paragraph regarding insurance coverage is not applicable or is otherwise not addressed by insurance coverage, Tenant hereby covenants and agrees that it will at all times indemnify, defend (with counsel approved by Landlord) and hold safe and harmless Landlord (including, without limitation, its trustees and beneficiaries if Landlord is a trust), and Landlord's agents, employees, patrons and visitors from any loss, liability, claims, suits, costs, expenses, including without limitation attorney's fees and damages, both real and alleged, incurred by Landlord, its agents, employees, officers, partners, invitees, or licensees arising out of

or resulting from the occupancy by Tenant of the Premises, a breach by Tenant of any provision of this Lease, or the conduct by Tenant of its business in the Building. To the maximum extent allowed by law, Tenant shall defend, indemnify, and hold harmless Landlord and its officers, officials, independent contractors, agents, and employees (hereinafter referred to as "Indemnitees") from and against all Charges that arise in any manner from, in connection with, or out of this Agreement as a result of acts or omissions of Tenant or any one directly or indirectly employed by Tenant or anyone for whose acts any of them may be liable, except to the extent the same result from the negligence or willful misconduct of Landlord. In performing its duties under this subsection, Tenant shall at its sole expense defend Indemnitees with legal counsel reasonably acceptable to Landlord.

11. COMMON AREAS AND PROPERTY OPERATING EXPENSES

If the box is checked below, Tenant shall reimburse Landlord for its proportionate share of common area maintenance and operating expenses during the term of this Lease. The manner of reimbursement shall be as indicated:

☒ Tenant's proportionate share of all Common Areas and Property Operating Expenses.

For the purpose of this Lease, Common Areas and Property Operating Expenses shall include: (a) the cost of water and sewer services for any exterior landscaping irrigation systems; (b) the cost of utilities to service the Property (not separately metered to tenants and regardless of their allocation to Landlord under the Section hereof titled Utility Bills/Service Contracts) including but not limited to, electric service for any parking lot lighting, marquee signs, ground signs, pylon signs, time clocks, irrigation systems, common electric outlets used in connection with maintenance of the Property, and such other electric costs, including the replacement of light bulbs in Common Areas light fixtures as necessary to properly maintain and operate the Common Areas; (c) the cost of the removal of any trash, including the rental cost of dumpster units and fees for refuse removal; (d) the cost of exterior window washing of vacant spaces, cleaning of any building exterior, awnings, sidewalks, driveways and parking areas; (e) the cost of any grounds maintenance, including but not limited to charges for maintaining plant materials, fertilizer, pesticides, grass mowing, pruning of plants, planting of annual flowers, removal of debris and trash from Common Areas, cleaning supplies, and such other expenses necessary to maintain the Property; (f) the cost of service contracts with independent contractors to maintain on a regular basis the plumbing systems outside the rentable areas of each tenant, and to provide for pest control and exterminating services for the Common Areas; (g) the cost of maintaining the parking areas and driveways, including the re-striping of parking spaces, patching of deteriorated pavement, replacement of parking signs or directional signs; (h) the cost of snow and ice removal from parking areas, driveways, walkways and service areas; (i) the cost of telephone, telegraph, stationery, advertising, and mail or shipping costs related directly to the maintenance or operation of the Property; (j) the cost of all repairs and maintenance for the structure, Property and systems related thereto; and (k) such other costs and expenses as are typically incurred in the maintenance and operation of a property of this type, inclusive of a management fee paid by Landlord to a property manager or property management company or organization for the management of the Property and any owner association dues or assessments. Within one hundred twenty (120) days following the end of each calendar year, Landlord shall cause a statement to be prepared of the actual cost of Common Areas and Property Operating Expenses for such calendar year and shall provide Tenant a copy of same. Tenant's proportionate share of Common Areas and Property Operating Expenses is presently estimated to be the sum of \$4,800 (\$3.00 per square foot) annually or \$400 per month. Notwithstanding the above, the tenant is not obligated to pay real estate taxes and real property insurance.

If the box above is checked, Tenant shall reimburse Landlord for its proportionate share of Common Areas and Property Operating Expenses by paying to Landlord, beginning on the Rent Commencement Date and on the first day of each calendar month during the term hereof, the amount set forth above as the presently estimated per month proportionate share of Common Areas and Property Operating Expenses for the Premises. Landlord shall pay or cause to be paid the Common Areas and Property Operating Expenses. Within one hundred eighty (180) days following the end of each calendar year, Landlord shall: (a) cause a statement to be prepared of the actual cost of Common Areas and Property Operating Expenses for such calendar year and shall notify Tenant of any overpayment or underpayment of Tenant's proportionate share of these items during such prior calendar year; and, (b) establish an estimate of the cost of Common Areas and Property Operating Expenses for the then current calendar year. To the extent Tenant has overpaid Tenant's proportionate share of these items for the preceding calendar year, such overage shall be credited to Tenant's proportionate share of these items for the current calendar year. To the extent Tenant has underpaid Tenant's proportionate share of these items for the preceding calendar year, Tenant shall, on the first day of the calendar month following receipt of the statement from Landlord setting forth the amount of such underpayment, pay to Landlord the full amount of such underpayment for the preceding calendar year. In addition, beginning on the first day of the calendar month following the date upon which Landlord shall have delivered to Tenant the statement for the estimated Common Areas and Property Operating Expenses for the then current calendar year, Tenant shall pay to Landlord the product of one-twelfth (1/12) of Tenant's proportionate share of the estimated Common Areas and Property Operating Expenses for the then current calendar year multiplied by the number of calendar months in the calendar year which shall have begun as of said first day, minus the aggregate amount of the monthly payments for Tenant's proportionate share of expenses theretofore paid by Tenant during such calendar year. The remainder of Tenant's proportionate share of such expenses for the then current calendar year shall be paid by Tenant to Landlord on the first day of each succeeding month in equal consecutive monthly installments of one-twelfth (1/12) of the total amount of Tenant's proportionate share of Common Areas and Property Operating Expenses as shown on the estimate thereof provided by Landlord. Landlord shall have no obligation to segregate or otherwise account for the insurance premium reimbursements paid hereunder except as provided in this Section.

Tenant's Proportionate Share

For purposes of this Section, "Tenant's proportionate share" shall mean percentage of the expenses above designated; the beginning amount is estimated to be \$3.00 per square foot per year, based on current expenses and is subject to annual reconciliation.

12. CONDITION OF PREMISES AND REPAIRS BY LANDLORD. Landlord agrees to keep in good repair the roof, foundation, structural supports and exterior walls of the premises. The Premises shall be delivered by Landlord to Tenant "as is".

- a) Tenant having inspected the Premises, it is agreed that they are in good repair and are fit as of the beginning of the term. Tenant shall immediately notify Landlord of all damage to the Premises, need for repairs, and situations that might reasonably be expected to result in damage. If Landlord makes repairs that are chargeable to Tenant, such charges shall be added to and included as part of the rent but shall be paid within fifteen (15) days of billing by Landlord. This Lease does not give Tenant any authority either to obligate Landlord to pay any third party for any labor or materials or to suffer liens to be placed on the Premises.
- b) Tenant shall compensate Landlord for damage to the Premises caused by all negligent, willful, or intentional acts and omissions by Tenant and any of Tenant's agents, invitees, licensees, and

contractors.

- 13. REPAIRS BY TENANT.** Tenant accepts the Premises in their present condition and as suited for the Permitted Use and Tenant's intended purposes. Tenant, throughout the initial term of this Lease, and any extension or renewal thereof, at its expense, shall maintain in good order and repair the Premises, (except those repairs expressly required to be made by Landlord hereunder), specifically including but not limited to any building and other improvements located thereon, all light bulb and ballast replacements, plumbing fixtures and systems repairs within the Premises and water heater repairs. Tenant shall use only licensed contractors for repairs where such license is required. Landlord shall have the right to approve the contractor as to any non-structural repairs in excess of \$10,000.00 and any structural repairs.
- 14. ALTERATIONS.** Tenant shall not make any alterations, additions, or improvements to the Premises without Landlord's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed. Notwithstanding any other provision of this Lease, Tenant shall not modify, alter, or upgrade any electrical, fire alarm, or sprinkler system without Landlord's prior written approval. Such work shall only be performed by contractors pre-approved by Landlord and holding all required licenses and certifications for life-safety systems. Tenant shall submit detailed plans and obtain all permits prior to commencement of work. Tenant shall promptly remove any alterations, additions, or improvements constructed in violation of this Section upon Landlord's written request. All approved alterations, additions, and improvements will be accomplished in a good and workmanlike manner, in conformity with all applicable laws and regulations, and by a contractor approved by Landlord, free of any liens or encumbrances. Landlord reserves the right to inspect all work involving building systems, including electrical and fire protection, at any stage of construction. Landlord may require corrections or halt work if performed in violation of applicable codes or without proper approvals. Landlord may require Tenant to remove any alterations, additions or improvements (whether or not made with Landlord's consent) at the termination of the Lease and to restore the Premises to its prior condition, all at Tenant's expense. Upon termination of the Lease, Tenant shall, at Landlord's option, restore any modified electrical, fire alarm, or sprinkler system to their original condition, at Tenant's sole expense. All alterations, additions and improvements which Landlord has not required Tenant to remove shall become Landlord's property and shall be surrendered to Landlord upon the termination of this Lease, except that Tenant may remove any of Tenant's machinery, equipment or trade fixtures which can be removed without material damage to the Premises. Tenant shall repair, at Tenant's expense, any damage to the Premises caused by the removal of any such machinery, equipment or trade fixtures. Any improvements and repairs to the Premises, unless removed pursuant to this Section, shall inure to and be to the benefit of the Landlord.
- 15. DESTRUCTION OR DAMAGE TO PREMISES.** (a) If Fire or other casualty renders the Premises uninhabitable, and if the casualty is not the fault of Tenant or any person for whose acts or omissions Tenant is liable, and if Landlord cannot or does not make the Premises reasonably useable for Tenant's purposes within ten days afterwards, Tenant may, by sending notice to the Landlord within fifteen days of the casualty, terminate the term effective as of the date of the casualty. (b) If fire or other casualty substantially damages the Premises, and if the casualty is not the fault of Tenant or any person for whose acts or omissions Tenant is liable, and if Landlord cannot or does not substantially repair the Premises within twenty days afterwards, Tenant may, by sending notice to the Landlord within twenty-five days of the casualty, terminate the term effective as of the date of the casualty. (c) If fire or other casualty renders the Premises unusable for the Tenant's purposes, the Landlord may, by sending notice to the Tenant within twenty days of the casualty, terminate the term effective as of the date of the casualty. (d) Each subsection of this Section is intended to be independent of the other subsections of this Section.

In the event of any casualty at the Premises during the last one (1) year of the Lease Term, Landlord and Tenant each shall have the option to terminate this Lease on written notice to the other of exercise thereof within sixty (60) days after such occurrence.

In the event of reconstruction of the Premises, Tenant shall continue the operation of its business in the Premises during any such period to the extent reasonably practicable from the standpoint of prudent business management, and the obligation of Tenant to pay annual rental and any other sums due under this Lease shall remain in full force and effect during the period of reconstruction. The annual rental and other sums due under this Lease shall be abated proportionately with the degree to which Tenant's use of the Premises is impaired, commencing from the date of destruction and continuing during the period of such reconstruction. Tenant shall not be entitled to any compensation or damages from Landlord for loss of use of the whole or any part of the Premises, Tenant's personal property, or any inconvenience or annoyance occasioned by such damage, reconstruction or replacement.

In the event of the termination of this Lease under any of the provisions of this Section, both Landlord and Tenant shall be released from any liability or obligation under this Lease arising after the date of termination, except as otherwise provided for in this Lease.

16. GOVERNMENTAL ORDERS. Tenant, at its own expense, agrees to comply with: (a) any law, statute, ordinance, regulation, rule, requirement, order, court decision or procedural requirement of any governmental or quasi-governmental authority having jurisdiction over the Premises; (b) the rules and regulations of any applicable governmental insurance authority or any similar body, relative to the Premises and Tenant's activities therein; (c) provisions of or rules enacted pursuant to any private use restrictions, as the same may be amended from time to time and (d) the Americans with Disabilities Act (42 U.S.C.S. §12101, et seq.) and the regulations and accessibility guidelines enacted pursuant thereto, as the same may be amended from time to time. Landlord and Tenant agree, however, that if in order to comply with such requirements the cost to Tenant shall exceed a sum equal to one (1) year's rent, then Tenant may terminate this Lease by giving written notice of termination to Landlord in accordance with the terms of this Lease, which termination shall become effective sixty (60) days after receipt of such notice and which notice shall eliminate the necessity of compliance with such requirements, unless, within thirty (30) days of receiving such notice, Landlord agrees in writing to be responsible for such compliance, at its own expense, and commences compliance activity, in which case Tenant's notice given hereunder shall not terminate this Lease.

If Tenant receives any notice or document (a) which alleges any violation of the Americans with Disabilities Act ("ADA") relating to the Premises, or (b) which pertains to any claim made or threatened relating to the Premises regarding alleged noncompliance with the ADA, or (c) which pertains to any governmental or regulatory action or investigation instituted or threatened relating to the Premises regarding alleged noncompliance with the ADA, Tenant shall, within ten (10) days after receipt of such notice or document, provide the Landlord with a copy.

17. CONDEMNATION.

a) Subject to the terms and conditions of this Section, if an authority with the power of eminent domain acquires an interest in the Premises that substantially affects their use for Tenant's purposes, Tenant may, by sending notice to Landlord within thirty days of the taking of possession by the authority, terminate the term effective as of the date of the taking of possession by the authority.

If the entire Premises shall be appropriated or taken under the power of eminent domain by any governmental or quasi-governmental authority or under threat of and in lieu of condemnation

(hereinafter "taken" or "taking"), this Lease shall terminate as of the date of such taking, and Landlord and Tenant shall have no further liability or obligation arising under this Lease after such date, except as otherwise provided for in this Lease.

- b) If more than twenty-five percent (25%) of the floor area of any building of the Premises is taken, or if by reason of any taking, regardless of the amount so taken, the remainder of the Premises is not one undivided space or is rendered unusable for the Permitted Use, either Landlord or Tenant shall have the right to terminate this Lease as of the date Tenant is required to vacate the portion of the Premises taken, upon giving notice of such election within thirty (30) days after receipt by Tenant from Landlord of written notice that said Premises have been or will be so taken. In the event of such termination, both Landlord and Tenant shall be released from any liability or obligation under this Lease arising after the date of termination, except as otherwise provided for in this Lease.
- c) Landlord and Tenant, immediately after learning of any taking, shall give notice thereof to each other.
- d) If this Lease is not terminated on account of a taking as provided herein above, then Tenant shall continue to occupy that portion of the Premises not taken and the parties shall proceed as follows: (a) at Landlord's cost and expense and as soon as reasonably possible, Landlord shall restore (or shall cause to be restored) the Premises remaining to a complete unit of like quality and character as existed prior to such appropriation or taking, and (b) the annual rent provided for in paragraph 3 and other sums due under the Lease shall be reduced on an equitable basis, taking into account the relative values of the portion taken as compared to the portion remaining. Tenant waives any statutory rights of termination that may arise because of any partial taking of the Premises.
- e) Landlord shall be entitled to the entire condemnation award for any taking of the Premises or any part thereof. Tenant's right to receive any amounts separately awarded to Tenant directly from the condemning authority for the taking of its merchandise, personal property, relocation expenses and/or interests in other than the real property taken shall not be affected in any manner by the provisions of this paragraph, provided Tenant's award does not reduce or affect Landlord's award and provided further, Tenant shall have no claim for the loss of its leasehold estate.

18. ASSIGNMENT AND SUBLETTING. Tenant shall not assign this Lease or any interest hereunder or sublet the Premises or any part thereof, or permit the use of the Premises by any party other than the Tenant, without Landlord's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed. Consent to any assignment or sublease shall not impair this provision and all later assignments or subleases shall be made likewise only on the prior written consent of Landlord. No sublease or assignment by Tenant shall relieve Tenant of any liability hereunder.

The Tenant may neither assign nor sublet either any rights in, or any part of, the Premises without the written consent of the Landlord, which shall not be unreasonably withheld or delayed. Any request by Tenant to sublease or assign the Lease shall be in writing, and Tenant shall pay to Landlord, concurrently with any request for consent to assignment or sublet, a non-refundable fee of \$2,500.00 as payment to Landlord for its review and processing of the request. The Tenant shall remain liable to the Landlord under this Lease regardless of assignments or subleases. Notwithstanding the foregoing, should Landlord agree to assignment or sublease, the Tenant's personal guaranty shall remain in effect for the original guaranty period if any remains, and existing Tenant

shall not have any uncured defaults.

The terms, provisions and covenants and conditions contained in this Lease will apply to, inure to the benefit of, and be binding upon the parties hereto and upon their respective heirs, legal representatives, successors and permitted assigns, except as otherwise herein expressly provided.

19. EVENTS OF DEFAULT. The happening of any one or more of the following events (hereinafter any one of which may be referred to as an "Event of Default") during the term of this Lease, or any renewal or extension thereof, shall constitute a breach of this Lease on the part of the Tenant:

- a) Tenant fails to pay when due the rental or any other monetary obligation as provided for herein;
- b) Tenant abandons or vacates the Premises;
- c) Tenant fails to comply with or abide by and perform any non-monetary obligation imposed upon Tenant under this Lease within thirty (30) days after written notice of such breach;
- d) Tenant is adjudicated bankrupt;
- e) A permanent receiver is appointed for Tenant's property and such receiver is not removed within sixty (60) days after written notice from Landlord to Tenant to obtain such removal;
- f) Tenant, either voluntarily or involuntarily, takes advantage of any debt or relief proceedings under any present or future law, whereby the rent or any part thereof is, or is proposed to be, reduced or payment thereof deferred and such proceeding is not dismissed within sixty (60) days of the filing thereof;
- g) Tenant makes an assignment for benefit of creditors;
- h) Tenant's effects are levied upon or attached under process against Tenant, which is not satisfied or dissolved within thirty (30) days after written notice from Landlord to Tenant to obtain satisfaction thereof; or
- i) Tenant violates Landlord's nondiscrimination policy, infra.
- j) Violates or fails to comply with any provision of this Lease, including, any Rule contained in the attachments to this Lease, more than twice in any calendar year.

No waiver by Landlord of any violation or breach of any of the terms, provisions and covenants herein contained will be deemed or construed to constitute a waiver of any other violation or breach of any of the terms, provisions and covenants herein contained. Landlord's acceptance of the payment of rental or other payments hereunder after the occurrence of an Event of Default will not be construed as a waiver of such default, unless Landlord so notifies Tenant in writing, and no receipt of money by Landlord from Tenant after the termination of this Lease or after service of any notice or after the commencement of any suit or after final judgment for possession of the Premises will reinstate, continue or extend the term of this Lease or affect any such termination, notice, suit or judgment, unless Landlord so notifies Tenant in writing. Forbearance by Landlord to enforce one or more of the remedies herein provided upon an Event of Default will not be deemed or construed to constitute waiver of such default or of Landlord's right to enforce any such remedies with respect to such default or any subsequent default.

20. REMEDIES UPON DEFAULT. Upon the occurrence of any Event of Default in the preceding Section hereof, Landlord will have the option to pursue any remedy at law or in equity, including, but not limited to, one or more of the following remedies without any notice or demand whatsoever:

- a) Terminate this Lease, in which event Tenant will immediately surrender the Premises to Landlord, and if Tenant fails to do so, Landlord may, without prejudice to any other remedy which it may have for possession or arrearage in Rent, enter upon and take possession of the Premises

and expel and remove Tenant and any other person who may be occupying the Premises or any part thereof, with or without judicial approval, by any legal means necessary, without being liable for prosecution or any claim of damages therefor; secure the Premises against unauthorized entry; and Tenant agrees to pay to Landlord on demand the amount of all loss and damage which Landlord may suffer by reason of such termination, whether through inability to relet the Premises on satisfactory terms or otherwise.

- b) Enter upon and take possession of the Premises and expel or remove Tenant and any other person who may be occupying such Premises or any part thereof, with or without judicial approval, by any legal means necessary, without being liable for prosecution and receive the Rent thereof; secure the Premises against unauthorized entry; store any property located on the Premises at the expense of the owner thereof and Tenant agrees to pay to Landlord on demand any deficiency that may arise by reason of such reletting. In the event Landlord is successful in reletting the Premises at a rental in excess of that agreed to be paid by Tenant pursuant to the terms of this Lease, Landlord and Tenant each mutually agree that Tenant will not be entitled, under any circumstances, to such excess rental, and Tenant does hereby specifically waive any claim to such excess rental.
- c) Enter upon the Premises, with or without judicial approval, by any legal means necessary, without being liable for prosecution or any claim for damages therefor, secure the Premises against unauthorized entry, remove all property of Tenant from the Premises and store it at the cost and expense of Tenant, and do whatever Tenant is obligated to do under the terms of this Lease; and Tenant agrees to reimburse Landlord on demand for any expenses which Landlord may incur in thus effecting compliance with Tenant's obligations under this Lease, and Tenant further agrees that Landlord will not be liable for any damages resulting to Tenant from such action, whether caused by the negligence of Landlord or otherwise.
- d) Accelerate and demand the payment of all Rent and other charges due and payable hereunder over the term of this Lease.

If, on account of any breach or default by Tenant in Tenant's obligations under the terms and conditions of this Lease, it will become necessary or appropriate for Landlord to employ or consult with an attorney concerning or to enforce or defend any of Landlord's rights or remedies hereunder, Tenant agrees to pay any and all reasonable attorneys' fees so incurred.

21. EXTERIOR SIGNS. Tenant shall have the right to place an identification sign on the Premises identifying the building and usage, subject to Landlord's prior written approval. Tenant shall place no signs upon the outside walls, doors or roof of the Premises or anywhere on the Property, except with the express written consent of the Landlord in Landlord's sole discretion or its agents (Trademark Properties). Any consent given by Landlord shall expressly not be a representation of or warranty of any legal entitlement to signage at the Premises or on the Property. Any and all signs placed on the Premises by Tenant shall be maintained in compliance with governmental rules and regulations governing such signs and Tenant shall be responsible to Landlord for any damage caused by installation, use or maintenance of said signs, and all damage incident to removal thereof. Pylon signs placement may be requested from the Property Management at a cost to the Tenant of \$500.00 for each pylon plus the cost of the actual panel.

22. LANDLORD'S ACCESS, ENTRY OF PREMISES. Landlord may enter the Premises upon prior notice at reasonable hours to exhibit same to prospective purchasers or tenants, to make repairs required of Landlord under the terms hereof, for reasonable business purposes and otherwise

as may be agreed by Landlord and Tenant. Landlord may enter the Premises at any time without prior notice, in the event of an emergency or to make emergency repairs to the Premises.

The Landlord and its agents and contractors may enter the Premises, including the interior, with the consent of the Tenant upon at least 24 hours prior notice. Without limiting its rights under the preceding sentence, the parties agree that the Landlord and its agents and contractors may enter the Premises, excluding the interior, during daylight hours to make surveys, repairs, improvements, inspections, and do other work. During the last six months of the term and until the Premises have been rented beyond the term or sold, Tenant shall permit Landlord to show the Premises, including the interior, to prospective tenants or purchasers, from 8:00 AM - 4:30 PM, Monday - Friday. The Landlord may place and maintain for sale and for rent signs on the Premises. Landlord may advertise the Premises "For Rent" or "For Sale" via signage on or near the Premises during this six-month period.

23. RELOCATION. Landlord shall have the right to relocate Tenant, upon 90 days' prior written notice, from all or part of the Premises to another area designated by Landlord (the "Relocation Premises"), provided that: (a) the size of the Relocation Premises is at least equal to the size of the Premises; and, (b) Landlord pays the reasonable costs of moving Tenant and improving the Relocation Premises to a substantially similar standard as that of the Premises, and reimburses Tenant for all reasonable costs directly incurred by Tenant as a result of relocation, including without limitation all costs incurred by Tenant replacing Tenant's letterhead, promotional materials, business cards and similar items. Tenant shall cooperate with Landlord in all reasonable ways to facilitate relocation.

24. QUIET ENJOYMENT. So long as Tenant observes and performs the covenants and agreements contained herein, it shall at all times during the Lease term peacefully and quietly have and enjoy possession of the Premises, subject to the terms hereof.

25. HOLDING OVER. Tenant will upon the termination of this Lease by lapse of time or otherwise, yield up immediate possession to Landlord without the requirement of notice by Landlord to Tenant of the termination of this Lease, nor any grace or cure period should Tenant fail to yield up immediate possession to Landlord.

If Tenant remains in possession of the Premises after expiration of the term hereof, Tenant shall be a tenant at sufferance and there shall be no renewal of this Lease by operation of law. In such event, commencing on the date following the date of expiration of the term, the monthly rental payable under the Base Rent Section above shall for each month, or fraction thereof during which Tenant so remains in possession of the Premises, shall be one hundred, fifty percent (150%) of the monthly rental otherwise payable under Base Rent Section above.

Unless the parties hereto will otherwise agree in writing, if Landlord agrees in writing that Tenant may hold over after the expiration or termination of this Lease, the hold over tenancy will be subject to termination by Landlord at any time upon thirty (30) days advance written notice, or by Tenant at any time upon not less than thirty (30) days advance written notice, and all of the other terms and provisions of this Lease will be applicable during that period, except that Tenant will pay Landlord from time to time upon demand, as rental for the period of any hold over, an amount equal to One Hundred Fifty Percent (150%) the Rent plus Additional Rent in effect on the Termination Date, computed on a daily basis for each day of the hold over period. No holding over by Tenant, whether with or without consent of Landlord, will operate to extend this Lease except as otherwise expressly provided. The preceding provisions of this Section will not be construed as Landlord's consent for Tenant to hold over.

26. ENVIRONMENTAL LAWS and HAZARDOUS MATERIALS. Except with regards to materials permitted by attached Exhibit N/A and in accordance with all the Terms and Conditions of this Section, Tenant shall at all times keep the Premises and Common Areas free of Hazardous Materials. Tenant shall not use, generate, manufacture, store, release, or dispose of Hazardous Materials in, on, or about the Premises. "Hazardous Materials" shall include, but not be limited to, substances defined "hazardous substances," "hazardous materials," or "toxic" substances" in the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) of 1980, as amended, 42 U.S.C.A §§ 9601, et seq.; the Hazardous Materials Transportation Act, 49 U.S.C. §§ 1801, et seq.; the Resource Conservation and Recovery Act, (CRA) 42 U.S.C. §§ 6901, et seq.; and those substances defined as "hazardous substances or wastes" in N.C. Gen. Stat. 143-215.77 and in the regulations adopted and publications promulgated pursuant to said laws.

- a) Tenant covenants that with respect to any Hazardous Materials (as defined below and only as permitted by Exhibit N/A) it will comply with any and all federal, state or local laws, ordinances, rules, decrees, orders, regulations or court decisions relating to hazardous substances, hazardous materials, hazardous waste, toxic substances, environmental conditions on, under or about the Premises or soil and ground water conditions, including, but not limited to, the Comprehensive Environmental Response, Compensation and liability Act of 1980, the Resource Conservation and Recovery Act, the Hazardous Materials Transportation Act, any other legal requirement concerning hazardous or toxic substances, and any amendments to the foregoing (collectively, all such matters being "Hazardous Materials Requirements"). Tenant shall remove all Hazardous Materials from the Premises, either after their use by Tenant or upon the expiration or earlier termination of this Lease, in compliance with all Hazardous Materials Requirements.
- b) Tenant's Responsibility. Tenant shall not (either with or without negligence) cause or permit the escape, disposal or release of any biologically active or other hazardous substances or materials on the Property or Premises. For the purposes of this Section Property and Premises include the Building, all Common Areas, the Land; all personal property (including that owned by Tenant); and the soil, ground water, and surface water of the real estate upon which the Building is located. Tenant shall not allow the storage or use of such substances or materials in any manner not sanctioned by law or in compliance with the highest standards prevailing in the industry for the storage and use of such substances or materials, nor allow to be brought onto the Property or Premises any such materials or substances except to use in the ordinary course of Tenant's business and permitted by Exhibit N/A, and then only after notice is given to Landlord of the identity of such substances or materials. No such notice shall be required, however, for commercially reasonable amounts of ordinary office supplies and janitorial supplies.
- c) Tenant shall be responsible for obtaining all necessary permits in connection with its use, storage and disposal of Hazardous Materials, and shall develop and maintain, and where necessary file with the appropriate authorities, all reports, receipts, manifest, filings, lists and invoices covering those Hazardous Materials and Tenant shall provide Landlord with copies of all such items upon request. Tenant shall provide within five (5) days after receipt thereof, copies of all notices, orders, claims or other correspondence from any federal, state or local government or agency alleging any violation of any Hazardous Materials Requirements by Tenant, or related in any manner to Hazardous Materials. In addition, Tenant shall provide Landlord with copies of all responses to such correspondence at the time of the response.
- d) Tenant agrees to be responsible for any losses, liabilities, damages, injuries, penalties, fines, costs, expenses and claims resulting from the escape, seepage, leakage, spillage, discharge, emission or release from the Premises of any Hazardous Materials caused by Tenant or its

employees, agents, invitees or contractors. This responsibility shall also apply to any release of Hazardous Materials caused by a fire or other casualty to the premises if such Hazardous Materials were stored on the Premises by Tenant, its agents, employees, invitees or successors in interest.

- e) For purposes of this Lease, "Hazardous Materials" means any chemical, compound, material, substance or other matter that: (a) is defined as a hazardous substance, hazardous material or waste, or toxic substance pursuant to any Hazardous Materials Requirements, (b) is regulated, controlled or governed by any Hazardous Materials Requirements, (c) is petroleum or a petroleum product, or (d) is asbestos, formaldehyde, a radioactive material, drug, bacteria, virus, or other injurious or potentially injurious material (by itself or in combination with other materials).
- f) Tenant shall indemnify and hold Landlord harmless from any penalty, fine, claim, demand, liability, cost, or charge whatsoever which Landlord shall incur, or which Landlord would otherwise incur, by reason of Tenant's failure to comply with this Section including, but not limited to: (a) the cost of full remediation of any contamination to bring the Premises into the same condition as prior to the Commencement Date and into full compliance with all Applicable Law; (b) the reasonable cost of all appropriate tests and examinations of the Premises to confirm that the Premises and any other contaminated areas have been remediated and brought into compliance with law; and (c) the reasonable fees and expenses of Landlord's attorneys, engineers, and consultants incurred by Landlord in enforcing and confirming compliance with this Section. The covenants contained in this Section shall survive the expiration or termination of this Lease, and shall continue for so long as either party and its successors and assigns may be subject to any expense, liability, charge, penalty, or obligation against which the other party has agreed to indemnify it under this Section.

The warranties and rights contained in this paragraph shall survive the termination of this Lease.

27. SUBORDINATION; ATTORNMEN AND ESTOPPEL. This Lease and all of the Tenant's rights hereunder are and shall be subject and subordinate to all currently existing and future mortgages affecting the Premises. Within ten (10) days after the receipt of a written request from Landlord or any Landlord mortgagee, Tenant shall confirm such subordination by executing and delivering Landlord and Landlord's mortgagee a recordable subordination agreement and such other documents as may be reasonably requested, in form and content satisfactory to Landlord and Landlord's mortgagee. Provided, however, as a condition to Tenant's obligation to execute and deliver any such subordination agreement, the applicable mortgagee must agree that mortgagee shall not unilaterally, materially alter this Lease and this Lease shall not be divested by foreclosure or other default proceedings thereunder so long as Tenant shall not be in default under the terms of this Lease beyond any applicable cure period set forth herein. Tenant acknowledges that any Landlord mortgagee has the right to subordinate at any time its interest in this Lease and the leasehold estate to that of Tenant, without Tenant's consent.

- a) If Landlord sells, transfers, or conveys its interest in the Premises or this Lease, or if the same is foreclosed judicially or nonjudicially, or otherwise acquired, by a Landlord mortgagee, upon the request of Landlord or Landlord's successor, Tenant shall attorn to said successor, provided said successor accepts the Premises subject to this Lease. Tenant shall, upon the request of Landlord or Landlord's successor, execute an attornment agreement confirming the same, in form and substance acceptable to Landlord or Landlord's successor and Landlord shall thereupon be released and discharged from all its covenants and obligations under this Lease, except those obligations that have accrued prior to such sale, transfer or conveyance; and Tenant

agrees to look solely to the successor in interest of Landlord for the performance of those covenants accruing after such sale, transfer or conveyance. Such agreement shall provide, among other things, that said successor shall not be bound by (a) any pre-payment of more than one (1) month's rental (except the Security Deposit) or (b) any material amendment of this Lease made after the later of the Lease Commencement Date or the date that such successor's lien or interest first arose, unless said successor shall have consented to such amendment.

- b) Within ten (10) days after request from Landlord, Tenant shall execute and deliver to Landlord an estoppel certificate (to be prepared by Landlord and delivered to Tenant) with appropriate facts then in existence concerning the status of this Lease and Tenant's occupancy, and with any exceptions thereto noted in writing by Tenant. Tenant's failure to execute and deliver the Estoppel Certificate within said ten (10) day period shall be deemed to make conclusive and binding upon Tenant in favor of Landlord and any potential mortgagee or transferee the statements contained in such estoppel certificate without exception.

28. ABANDONMENT. Tenant shall not abandon the Premises at any time during the Lease term. If Tenant shall abandon the Premises or be dispossessed by process of law, any fixtures or personal property belonging to Tenant and left on the Premises, at the option of Landlord, shall be deemed abandoned and become property of Landlord, and available to Landlord to use or sell to offset any rent due or any expenses incurred by removing same and restoring the Premises.

29. NOTICES. All notices required or permitted under this Lease shall be in writing and shall be personally delivered or sent by U.S. certified mail, return receipt requested, postage prepaid. Notices to the Tenant shall be delivered or sent to the address shown at the beginning of this Lease, except that upon Tenant taking possession of the Premises, then the Premises shall be Tenant's address for such purposes. Notices to Landlord shall be delivered or sent to the address shown below and notices to Agent, if any, shall be delivered or sent to the address shown below. All notices shall be effective upon delivery. Any party may change its notice address upon written notice to the other parties, given as provided herein.

LANDLORD

County of Durham
Attn: County Manager
200 E. Main Street, 3rd Floor
Durham, North Carolina 27701
Office: (919) 560-0000

AGENT

Trademark Properties
Attn: Property Management
service@trademarkproperties.com
1001 Wade Ave, Unit 300, Raleigh NC 27514
T (919)782-5552

30. BROKERS. Tenant and Landlord represent and warrant to each other that: (a) except as to the brokers designated below ("Brokers"), they have not employed nor engaged any brokers, consultants or real estate agents to be involved in this transaction and (b) that the compensation of the Brokers is established by and shall be governed by separate agreements entered into as amongst the Brokers, the Tenant and/or the Landlord.

Trademark Properties 1001 Wade Avenue - Suite 300 Raleigh, NC 27605

31. LANDLORD'S LIEN. In addition to any statutory lien for Rent in Landlord's favor, Landlord

will have and Tenant hereby grants to Landlord a continuing security interest for all rentals and other sums of money becoming due hereunder from Tenant, upon all goods, wares, equipment, fixtures, furniture, inventory and other personal property of Tenant which shall be located upon the premises, and the proceeds and products thereof situated on the Premises, and such property will not be removed therefrom without the consent of Landlord until all arrearage in Rent as well as any and all other sums of money then due to Landlord hereunder all first have been paid and discharged. In the event of a default under this Lease, Landlord will have, in addition to any other remedies provided herein or by law, all rights and remedies under the Uniform Commercial Code, including, without limitation, the right to sell the property described in this Section at public or private sale upon five (5) days' notice to Tenant. Tenant hereby agrees to execute such financing statements and other instruments necessary or desirable in Landlord's discretion to perfect the security interest hereby created. Any statutory lien for Rent is not hereby waived, the express contractual lien herein granted being in addition and supplementary thereto.

32. EFFECTS ON OTHER RIGHTS. Landlord shall not be liable for any loss or damage occurring to the personal property of Tenant, except through the intentional act of the Landlord, and except as otherwise provided by law or this Lease. Nothing in this Lease shall limit the City or County of Durham's governmental powers regarding the Premises, including eminent domain, zoning, subdivision, and police.

33. LIABILITY OF LANDLORD. Tenant specifically agrees to look solely to Landlord's (or its successors') interest in the Building for the recovery of any judgment (or other judicial decree) from Landlord. Landlord shall never be personally liable for any such judgment. In no event shall Landlord be liable under this Lease for any consequential or punitive damages. This exculpation of liability to be absolute and without exception whatsoever.

Landlord will not be liable to Tenant or Tenant's employees, agents, officers, partners, licensees or invitees, or to any other person whomsoever, for any damage to property on or about the Premises belonging to Tenant or any other person, due to any cause whatsoever, unless caused by the willful or intentional misconduct of Landlord.

34. DISPUTE RESOLUTION. With the exception of payments for rent and common area expenses due pursuant to the terms of this Lease it is agreed by Landlord and Tenant that any claim or dispute between Landlord and Tenant, arising from this Lease shall be sent to the Durham County Manager who shall appoint a qualified mediator to address the issue. Such request shall be submitted to the County Manager in writing within ten (10) days of the claim or dispute. Upon receipt of a timely written claim, the Manager, or his designee, shall notify the Mediator who will conduct a mediation and notify the Tenant in writing of the decision within thirty (30) calendar days from the date of the submission of the claim or dispute, unless the Mediator requires additional time to gather information or allow the parties to provide additional information. The Mediator's orders, decisions and decrees shall be non-binding. Mediation, pursuant to this provision, shall be a pre-condition to initiating litigation concerning the dispute. During the pendency of any dispute and after a determination thereof, parties to the dispute shall act in good faith to mitigate any potential damages. The costs of mediation shall be divided equally between Landlord and Tenant.

The mediation session shall be private and shall be held in Durham County, North Carolina. If the disputed issue cannot be resolved in mediation or either party disagrees with the results of the mediation, the parties may seek resolution in the General Court of Justice in the County of Durham, State of North Carolina.

35. E-VERIFY. Tenant shall comply with the requirements of Article 2 of Chapter 64 of the North

Carolina General Statutes. Further, if Tenant provides services to customers utilizing a subcontractor, Tenant shall require the subcontractor to comply with the requirements of Article 2 of Chapter 64 of the North Carolina General Statutes as well. Tenant shall verify, by affidavit, compliance of the terms of this Section upon request by Landlord.

36. JURISDICTION AND VENUE. Landlord and Tenant agree and consent that the venue for any legal and/or equitable action concerning this Lease shall be Durham County, North Carolina.

37. LANDLORD'S NON-DISCRIMINATION POLICY. Tenant shall not discriminate against any employee or applicant for employment or access to the business as a public accommodation because of age, race, sex, national origin or ancestry, marital or familial status, pregnancy, military status, religious belief or non-belief, disability, or any other protected category under local, state, or federal law. In the event Tenant is determined by the final order of an appropriate agency or court to be in violation of any non-discrimination provision of federal, state or local law or this provision, this Lease may be canceled, terminated or suspended in whole or in part by Landlord and Tenant may be declared ineligible for further Durham County contracts and leases. **Failure to comply with this provision is a breach of this lease and grounds for terminating the lease for cause and without fault or liability to Landlord.**

38. OPERATING COVENANT. Except for Permitted Closures (defined below), Tenant shall not at any time leave the Premises vacant but shall in good faith continuously throughout the Term open, operate, conduct, and carry on in the entire Premises the Permitted Use. Tenant shall operate its business in an efficient and reputable manner, and shall, except during reasonable periods for repairing, cleaning and decorating, keep the Premises open to the public for business, fully staffed, stocked and fixtured, with adequate personnel in attendance not less than Tenant's Minimum Hours of Operation of nine hours per day, five days per week. Tenant may open and operate for more than Tenant's Minimum Hours of Operation and/or seven days a week (including Holidays). The term "Permitted Closures" means closures as a result of: (a) Holidays; (b) permitted alterations or repairs; (c) Landlord's breach of this Lease or the negligence or intentional misconduct of Landlord or Landlord's employees, agents or contractors; (d) temporary closures of less than seven (7) consecutive days; and (e) closures from acts of God, force majeure, inability to obtain labor or materials or reasonable substitutes therefor, governmental restrictions, regulations or controls, judicial orders, enemy or hostile governmental action, civil commotion, failure of power, fire or other casualty, or other causes beyond the reasonable control of Tenant (other than lack of funds).

39. TENANT'S FINANCES. At any time during the calendar year, and only once each calendar year, Landlord may request Tenant's most current personal financial information, including the latest tax return as well as the same for the business, including any sales reports submitted to the NC Department of Revenue.

40. GENERAL TERMS.

- a) "Landlord" as used in this Lease shall include the undersigned, its heirs, representatives, assigns and successors in title to the Premises. "Agent" as used in this Lease shall mean the party designated as same in Paragraph 34, its heirs, representatives, assigns and successors. "Tenant" shall include the undersigned and its heirs, representatives, assigns and successors, and if this Lease shall be validly assigned or sublet, shall include also Tenant's assignees or sublessees as to the Premises covered by such assignment or sublease. "Landlord", "Tenant", and "Agent" include male and female, singular and plural, corporation, partnership or individual, as may fit the particular parties.

- b) No failure of Landlord to exercise any power given Landlord hereunder or to insist upon strict compliance by Tenant of its obligations hereunder and no custom or practice of the parties at variance with the terms hereof shall constitute a waiver of Landlord's right to demand exact compliance with the terms hereof. All rights, powers and privileges conferred hereunder upon parties hereto shall be cumulative and not restrictive of those given by law.
- c) Time is of the essence in this Lease.
- d) This Lease may be executed in one or more counterparts, which taken together, shall constitute one and the same original document. Copies of original signature pages of this Lease may be exchanged via facsimile or e-mail, and any such copies shall constitute originals. This Lease constitutes the sole and entire agreement among the parties hereto and no modification of this Lease shall be binding unless in writing and signed by all parties hereto. The invalidity of one or more provisions of this Lease shall not affect the validity of any other provisions hereof and this Lease shall be construed and enforced as if such invalid provisions were not included. If any clause or provision of this Lease is illegal, invalid or unenforceable under present or future laws effective during the term of this Lease, then and in that event, it is the intention of the parties hereto that the remainder of this Lease will not be affected thereby, and it is also the intention of the parties to this Lease that in lieu of each clause or provision of this Lease that is illegal, invalid or unenforceable, there be added as a part of this Lease contract a clause or provision as similar in terms to such illegal, invalid or unenforceable clause or provision as may be possible and be legal, valid and enforceable.
- e) Unless the context requires otherwise, the singular includes the plural, and vice versa. "Including" and "included" mean including or included but not limited to. Section headings are not for interpretation of this Lease.
- f) Each signatory to this Lease represents and warrants that he or she has full authority to sign this Lease and such instruments as may be necessary to effectuate any transaction contemplated by this Lease on behalf of the party for whom he or she signs and that his or her signature binds such party.
- g) The performance of each party hereunder shall be excused for such period of time as performance is delayed due to force majeure.
- h) Upon request by either Landlord or Tenant, the parties hereto shall execute a short form lease (memorandum of lease) in recordable form, setting forth such provisions hereof (other than the amount of annual rental and other sums due) as either party may wish to incorporate. The cost of recording such memorandum of lease shall be borne by the party requesting execution of same.

41. NORTH CAROLINA DIVESTMENT AND DO-NOT-CONTRACT LIST CERTIFICATION. Tenant hereby affirms they are not listed on any current Final Divestment and Do-Not-Contract List created and maintained by the North Carolina State Treasurer, nor are they owned or controlled by any listed entity. Tenant acknowledges that it has a duty to provide formal notice to the Landlord, within 10 days of it occurring, if they become a listed entity, or if any entity owning or controlling, or which purchases them becomes a listed entity.

IN WITNESS WHEREOF, the parties hereto have hereunto caused this Lease to be duly executed.

LANDLORD: COUNTY OF DURHAM

BY: _____

PRINT NAME: Claudia O. Hager

TITLE: County Manager

TENANT: _____

BY: _____

PRINT NAME: _____

TITLE: _____

PRE-AUDIT CERTIFICATE

This instrument has been pre-audited in the manner required
by the Local Government Budget and Fiscal Control Act.

CRYSTALLY WRIGHT, DURHAM COUNTY CHIEF FINANCIAL OFFICER

EXHIBIT A

The Premises – The Shoppes of Hope Valley

3825 S. Roxboro St., Durham NC 27713

Unit: 134

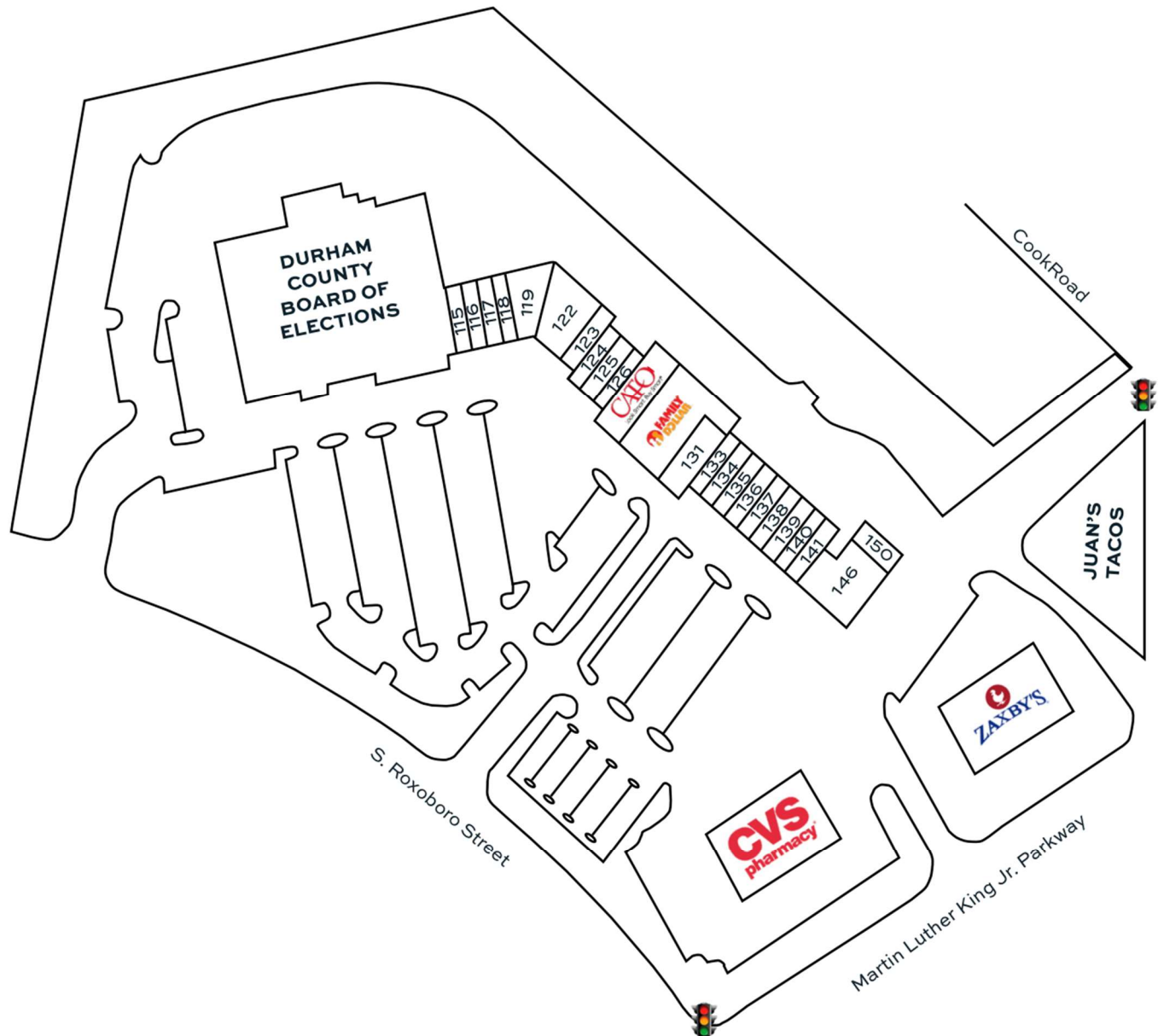


EXHIBIT B

GUARANTY AGREEMENT

IN CONSIDERATION OF, and as an inducement for the granting, execution, and delivery of that certain Lease dated _____, 2026, (hereinafter referred to as the "Lease") by and between DURHAM COUNTY (hereinafter referred to as "Landlord" and XXXXXX LLC (dba Island Rhythm Cafe)(hereinafter referred to as "Tenant") and Sharmaine Stephenson (hereinafter singularly and collectively referred to as "Guarantor") , and in further consideration of the sum of TEN and NO/100ths DOLLARS (\$10.00) and other good and valuable considerations—paid by Landlord to the undersigned Guarantor, the receipt and sufficiency of which are hereby acknowledged, the undersigned, hereby guarantees to Landlord the full and prompt payment of rent, including, but not limited to, the minimum guaranteed or base rental, common area charges, tax and insurance reimbursements, additional rent, and any and all other sums and charges payable by Tenant under said Lease and any extension or renewal thereof, as well as guarantees the full and timely performance and observance of all the covenants, terms, conditions, provisions, and agreements therein provided to be performed and observed by Tenant; and Guarantor hereby covenants and agrees to and with Landlord that, if Tenant should at any time default in the payment of any such minimum guaranteed or base rental, common area charges, tax and insurance reimbursements, additional rent, or any other such sums due and payable by Tenant under said Lease, or if Tenant should default in the performance and observance of any other terms, covenants, conditions, provisions, and agreements contained in said Lease, then Guarantor shall and will forthwith pay such rent and other such sums and charges to Landlord and shall and will forthwith faithfully perform and fulfill all of such terms, covenants, conditions, provisions, and agreements and will forthwith pay to Landlord all damages that may arise in consequence of any such default by Tenant under said Lease, including, without limitation to, all reasonable attorneys' fees and disbursements incurred by Landlord or caused by any such default and/or by the enforcement of this Guaranty.

This Guaranty is an absolute and unconditional Guaranty of payment and of performance. It shall be enforceable by Landlord in a joint action against Guarantor, Tenant, and/or any other guarantor of the Lease, or in a separate and independent action against Guarantor without the necessity for any suit or proceedings on Landlord's part of any kind or nature whatsoever against Tenant or Guarantor of Tenant's failure to pay rent or other charges due under the Lease or of Tenant's default or breach under the Lease or of any other notice or demand to which Guarantor might otherwise be entitled, all of which notices Guarantor hereby expressly waives; and Guarantor hereby expressly agrees that the validity of this Guaranty and the obligations of Guarantor hereunder shall in no way be terminated, affected, diminished, or impaired by reason of the assertion, or the failure to assert, by Landlord against Tenant of any of the rights or remedies reserved to Landlord pursuant to the provisions of the Lease or any other remedy or right which Landlord may have at law or in equity. Guarantor hereby expressly consents and agrees that any such actions against Guarantor may be brought and pursued against Guarantor in the County of Durham, North Carolina.

This Guaranty shall be a continuing guaranty, and the liability of Guarantor hereunder shall in no way be affected, modified, or diminished by reason of any assignment, renewal, modification, or extension of the Lease or by reason of any modification or waiver of or change in any of the terms, covenants, conditions, provisions, or agreements of said Lease, or by reason of any extension of time that may be granted by Landlord to Tenant, or by reason of any unilateral action of either Landlord or Tenant, or by reason of any dealings or transactions or matter or thing occurring between Landlord and Tenant, including, without limitation, any adjustments, compromises, settlements, accord and satisfactions, or releases, or any bankruptcy, insolvency, reorganization, arrangement, assignment for benefit of creditors, receivership, or trusteeship affecting Tenant, whether or not notice thereof is given to Guarantor, all of which notices Guarantor expressly waives. Guarantor hereby expressly waives any suretyship defense it may have by virtue of Applicable Law. Without limiting the foregoing, Guarantor waives all the benefits and defenses provided in Chapter 26 of the North Carolina General Statutes including, without limitation, the provisions of NCGS § 26-7.

All of Landlord's rights and remedies under the Lease or under this Guaranty are intended to be distinct, separate, and cumulative and no such right and remedy therein or herein mentioned is intended to be in exclusion of, or a waiver of, any of the others. In the event that other agreements similar to this Guaranty are executed from time to time by other persons or entities with respect to the Lease, this Guaranty shall be cumulative of such other agreements to the effect that the liabilities of Guarantor hereunder shall be joint and several with those of such other guarantors or sureties, and the liabilities of Guarantor hereunder shall in no event be affected or diminished by reason of any such other agreement.

Guarantor warrants and represents that it has the legal right and capacity to execute this Guaranty and that Guarantor has a direct financial interest in the making of said Lease. Guarantor hereby waives all presentments, demands for performance, notices of non-performance, protests, notice of protests, notices of dishonor, and notices of acceptance.

Landlord may, without notice, assign this Guaranty in whole or in part, and/or may assign all or any part of its interest in the Lease, and, in such event, each and every successive assignee of the Lease and/or this Guaranty shall have the right to enforce this Guaranty, by suit or otherwise, for the benefit of such assignee as fully as if such assignee were named herein. Guarantor shall not assign or delegate this Guaranty without the prior written consent of Landlord.

This Guaranty, and all the terms, covenants, conditions, provisions, and agreements hereof, shall be binding upon and shall inure to the benefit of the respective heirs, executors, personal representatives, successors, and assigns of Landlord, Tenant and Guarantor. Words of any gender in this Guaranty shall be construed to include any other gender, words in the singular number shall be construed to include the plural, and words in the plural number shall be construed to include the singular, when the context or sense of this Guaranty requires. Whenever the words "Landlord," "Tenant," or "Guarantor" are used herein, they shall be construed to mean, and the terms, covenants, conditions, provisions, and agreements hereof shall be binding upon, not only the named Landlord, Tenant, and Guarantor, but also the respective heirs, executors, personal representatives, successors, and assigns of Landlord, Tenant and Guarantor. This

Guaranty shall be enforced and construed in accordance with the laws of the State in which the Premises is located.

Notwithstanding any provision of this Guaranty to the contrary, provided there is no default or event of default under the Lease by Tenant, Landlord shall advise Tenant at the end of the thirty-sixth month following the Rent Commencement Date, that this Guaranty has terminated.

IN WITNESS WHEREOF, Tenant and Guarantor have hereunto set their hand and seal this _____ day of _____, 2026

TENANT: _____

BY: _____

PRINT NAME: _____

TITLE: _____

_____ County, North Carolina

I certify that the following person(s) personally appeared before me this day, acknowledging to me that he or she signed the foregoing Guaranty Agreement:

Name(s) of principal

Date: _____

(Official Seal)

Official Signature of Notary

_____, Notary Public
Notary's printed or typed name

My commission expires: _____

_____(Seal)
Guarantor: Sharmaine Stephenson

Soc. Sec. No. _____

Home Address:

_____ County, North Carolina

I certify that the following person(s) personally appeared before me this day, acknowledging to me that he or she signed the foregoing Guaranty Agreement:

Name(s) of principal

Date: _____

(Official Seal)

Official Signature of Notary

_____, Notary Public
Notary's printed or typed name

My commission expires: _____

EXHIBIT C

UPFITTINGS AND PREPARATIONS FOR OCCUPANCY

Landlord's Work/Concessions

1. Landlord will install a new HVAC unit for Suite 134 within six months of occupancy and a 5-year warranty will be included.
2. Power is turned on for the premises. Tenant accepts premises "Where-is As-is."
3. Basic electric and plumbing to be in good standard condition.
4. The landlord shall provide \$32,000 as a tenant improvement allowance to upgrade the space. The allowance will be paid 30 days after the tenant's completion of work, inspection by the Landlord and all lien waivers and certificate of occupancy pursuant to the Work Letter, Exhibit D.

Tenant's Work

Tenant at its own expense, with landlord's permission, shall:

1. Tenant will make any or all repairs, including to sprinkler, electric, plumbing, and any cosmetic improvement for its operation, and will obtain required permits and drawings.
2. Approval must be submitted to the Landlord prior to any work be conducted.
3. Any and all work must be completed by a professional licensed contractor which has the appropriate insurance requirements and has been approved by the Landlord or Trademark Properties, its agent.

EXHIBIT D

WORK LETTER

This WORK LETTER ("Work Letter") is entered into by and between Landlord and Tenant.

R E C I T A L S:

- A. Landlord and Tenant have entered into a lease (the "Lease") of which this Work Letter is a material consideration covering certain premises (the "Premises") more particularly described in the Lease.
- B. All terms not defined herein have the same meaning as set forth in the Lease.
- C. To the extent applicable, the provisions of the Lease are incorporated herein by this reference.
- D. In the event of conflict the provisions of the Work Letter shall control over the provisions of the Lease.

In order to induce Tenant to enter into the Lease and in consideration of the mutual covenants hereinafter contained, Landlord and Tenant agree as follows:

- 1. This Exhibit sets forth the rights and obligations of Landlord and Tenant with respect to space planning, engineering, final drawings, and the construction and installation of any and all improvements to the Premises to be completed before the Commencement Date ("the Tenant Improvements"). This Exhibit contemplates that the following work will be performed:
 - a. preparation by the General Contractor (as hereinafter defined) of an estimate of the cost of the Tenant Improvements;
 - b. submission to, and approval of Plans (as hereinafter defined) by, the Landlord and by appropriate governmental authorities; and
 - c. construction and installation of the Tenant Improvements by Tenant on or prior to the Commencement Date.
- 2. Tenant is fully responsible for the payment of all costs for the Tenant Improvements ("Budget"). Landlord agrees to pay a maximum of \$16,000, representing \$10 per rentable square foot toward Tenant Improvements.
 - a. So long as Tenant is not in default of the Lease, upon Landlord's receipt of permitted plans, detailed construction bids and any other relevant documents, Landlord will pay to Tenant a one-time Construction Allowance of Sixteen Thousand Dollars (\$16,000) payable upon receipt of Certificate of Occupancy issued by the Authority Having Jurisdiction. Tenant shall provide copies of final inspection by Durham City-County Inspections Department Lien Waivers and delivery of electronic and copies of as-built plans for all components and systems upon which such payment is made within 30 days of completion of work.
 - b. Tenant's request must be accompanied by:
 - i. a statement signed by Tenant certifying that the installation of fixtures has been completed to Tenant's satisfaction;
 - ii. copies of all paid invoices;
 - iii. a signed and notarized lien waiver executed by Tenant's General Contractor (or each individual contractor), confirming that they have been paid in full for the Tenant Improvements;
 - iv. a copy of the certificate of occupancy for the Premises;

- v. Completed W-9 form; and
 - vi. North Carolina "Notice to Lien Agent" form (if improvements exceed \$30,000);
 - vii. a Certificate of Insurance including a waiver of subrogation applying to all coverages. The Landlord shall not be named as an "additional insured;"
 - viii. active pest extermination contract.
3. Upon delivery of the Premises to Tenant by Landlord as a "warm dark shell", Tenant shall with due diligence proceed to perform such work as shall be necessary or appropriate in order to prepare the Premises for the opening of business. Tenant's work shall include, but not be limited to, the installation of:
- a. all wiring and lighting;
 - b. all plumbing fixtures and, including sprinkler system;
 - c. all ceiling tile and related equipment;
 - d. any walls needed within the Premises;
 - e. floor and wall coverings; and
 - f. interior finish, furniture, fixtures and equipment.

Tenant agrees to submit to Landlord prior to beginning work the Plans for the Tenant Improvements, and Tenant agrees not to commence work on the Tenant Improvement until Landlord has approved the Plans in writing. All such work, and the obligation to perform such work, shall be limited to the Premises and shall not extend to any other portions of the Shoppes of Hope Valley.

4. Tenant shall ensure that all work in constructing the Tenant Improvements is performed in a good and workman-like manner and in accordance with all applicable laws and regulations.
5. Unless otherwise specified in the Plans, materials used by Tenant in its upfit at the Building shall be customary for the type of upfit contemplated in this Lease and in facilities comparable to the Building and readily available in the market where the Building is located, all as reasonably determined by Landlord.
6. Space Planning, Design and Working Drawings. Plans and specifications for the upfit of the Premises (the "Plans") shall be prepared using the architect designated by Tenant (the "Architect") and reviewed and mutually approved by Landlord and Tenant with the costs for the Plans being paid by Tenant.
7. Landlord and Tenant mutually agree that _____ will serve as the general contractor (the "General Contractor") to construct and install on behalf of Tenant the Tenant Improvements in accordance with the Plans. Tenant will work with the General Contractor to complete the Tenant Improvements by the Commencement Date and shall manage the construction of the Tenant Improvements. All vendors and subcontractors will be negotiated by the General Contractor.
8. Any costs for the Tenant Improvements in excess of the Upfit Allowance shall be borne by Tenant.
9. All work performed in connection with the construction of the Premises shall be performed in accordance with the final approved Plans.
10. All manufacturers' and builders' warranties with respect to the Tenant Improvements shall be issued to or transferred to Tenant to the extent necessary and permissible to assist Tenant in effecting any of Tenant's repair obligations under the Lease, without recourse to the Landlord. Tenant shall repair or correct any defective work or materials installed by Tenant or any contractor other than the General Contractor (or its subcontractors), or any work or materials that prove defective as a result of any act or omission of Tenant or any of its employees, agents, invitees, licensees, subtenants, customers, clients, or guests, provided that selection of materials by Tenant is not such an act or omission, and provided further that work and materials done or installed by the General Contractor

or its vendors and subcontractors is not such an act or omission. For purposes of this Section, Landlord will not be considered to be Tenant's agent, invitee, licensee, subtenant, customer, client, or guest.

11. Tenant shall cause the General Contractor and any other applicable contractor hired by Tenant to warrant to Landlord and Tenant for a period of (1) one year following the date that the Tenant Improvements are substantially complete ("Substantial Completion") that the Tenant Improvements shall have been developed and constructed in a good and workmanlike manner, free of defects and faulty materials and in substantial accordance with the Plans.
12. Punchlist. On or prior to Substantial Completion, Tenant shall, based on a joint walk-through physical inspection of the Tenant Improvements: (i) mutually and reasonably prepare a list of items remaining in the Tenant Improvements that require repair or completion, all of which are minor in character and which, either individually or in the aggregate, will not materially affect Tenant's ability immediately to use the Premises for the Tenant's intended use (the "Punchlist"), and (ii) confirm that with the exception of the items listed in the Punchlist, that the Tenant Improvements have been Substantially Completed. Tenant's General Contractor shall make all repairs and complete all outstanding work noted on the Punchlist within thirty (30) days of Substantial Completion.
13. Move-In by Tenant. Tenant shall schedule its move into the Premises with the Landlord prior to occupying any portion of the Premises.
14. Tenant Representative. Tenant will designate an individual who may act as its representative for purposes of authorizing and executing any and all work orders or other writings and changes thereto needed to effectuate this Work Agreement, and any and all changes, additions or deletions to the work contemplated herein. Landlord shall not be obligated to respond to any instructions, approvals, changes, or other communications from anyone other party claiming to act on Tenant's behalf other than Tenant's Representative. Tenant's Representative will be _____. Tenant shall promptly notify Landlord if it desires to change in its representative.

LANDLORD: COUNTY OF DURHAM

BY: _____

PRINT NAME: Claudia O. Hager

TITLE: County Manager

This the ____ day of _____, 2026

TENANT: _____

BY: _____

PRINT NAME: _____

TITLE: _____

This the ____ day of _____, 2026