

PROMISSORY NOTE

\$10,618,417.00

DURHAM, NORTH CAROLINA  
September \_\_\_\_, 2024

FOR VALUE RECEIVED, 500 EAST MAIN, LLC, a North Carolina limited liability company (“Borrower”) hereby promises to pay to the order of COUNTY OF DURHAM, a public body corporate and politic, its successors and assigns (“County”) at Office of the County Manager, 200 East Main Street, 2nd Floor, Old Courthouse Durham, NC 27701, or at such other place as the County may in writing designate in lawful money of the United States of America, the principal sum of Ten Million Six Hundred Eighteen Thousand Four Hundred Seventeen and no/100 Dollars (\$10,618,417.00) with interest accruing at the rate of one and one-half percent (1.50%) per year, non-compounding, on the unpaid principal balance, such interest to begin accruing on the date hereof and continuing during the term hereof, payable as follows:

Payments of accrued interest on the outstanding principal shall be made from Available Cash Flow only, which payments shall commence annually beginning on the Conversion Date (as such term is defined in the Construction Loan Agreement, of even date herewith, between Borrower and Truist Bank). “Available Cash Flow” shall mean all Cash Flow (as such term is defined in the Operating Agreement of Borrower (the “Operating Agreement”)) remaining after the payments and deposits set forth in Section 10.1A clauses First through Eighth of said Operating Agreement have been made. If not sooner paid, the entire outstanding principal and accrued but unpaid interest shall be due and payable upon the lesser of: (i) forty (40) years from the Closing Date, or (ii) the expiration of the term on the first mortgage of the property subject to the Ground Lease for construction, equipping and operation of the Improvements. Principal payments shall be deferred until the Maturity Date.

Capitalized terms not otherwise defined herein shall have the meanings set forth in the Loan Agreement.

This Promissory Note (“Note”) is secured, inter alia, by a Leasehold Deed of Trust, Security Agreement and Financing Statement of even date herewith filed or to be filed in the office of the Register of Deeds for Durham County, North Carolina (“Deed of Trust”).

Loan proceeds shall be disbursed in strict accordance with the terms of the Loan Agreement of even date herewith entered into by and between Borrower and the County (“Loan Agreement”).

This Note may be prepaid in whole or in part without premium or penalty. Partial prepayments shall be applied first to any interest due and payable and then to the principal balance. In the event of a default in the payments required herein, or a default under the Deed of Trust or an Event of Default under the Loan Agreement referred to above, the interest rate on any sum in default shall be eight percent (8%) and the County shall have the right to declare the entire unpaid principal balance and all accrued and unpaid interest immediately due and payable.

A late charge of four percent (4%) of any payment due and not received within fifteen (15) days of its due date shall be payable upon demand.

Borrower shall pay all amounts due under this Note in accordance with its terms without offset or deduction.

Payments on this Note shall be applied first to late charges due hereunder.

All parties to this Note, including Borrower and any sureties, endorsers, or guarantors hereby waive protest, presentment, notice of dishonor, and notice of acceleration of maturity and agree to continue to remain bound for the payment of principal, interest and all other sums due under this Note and the Deed of Trust notwithstanding any change or changes by way of release, surrender, exchange, modification or substitution of any security for this Note or by way of any extension or extensions of time for the payment of principal and interest; and all such parties waive all and every kind of notice of such change or changes and agree that the same may be made without notice or consent of any of them.

Upon default, the County may employ an attorney to enforce the County's rights and remedies, and the Borrower, principal, surety, guarantor and endorsers of this Note hereby agree to pay to the County reasonable attorneys' fees actually incurred, plus all other reasonable expenses incurred by the County in exercising any of the County's rights and remedies upon default. The rights and remedies of the County as provided in this Note and any instrument securing this Note shall be cumulative and may be pursued singly, successively, or together against the property described in the Deed of Trust or any other funds, property or security held by the County for payment or security, in the sole discretion of the County. The failure to exercise any such right or remedy shall not be a waiver or release of such rights or remedies or the right to exercise any of them at another time.

If any provision of this Note shall be prohibited or held invalid by applicable law, that provision shall be ineffective only to the extent of such prohibition or invalidity without invalidating either the remainder of such provision or the remainder of this Note.

This Note shall be governed by the laws of the State of North Carolina.

This Note is secured by collateral described in the following security instruments: (1) the Deed of Trust encumbering certain real property as more particularly described therein, (2) the Assignment of Leases and Rents encumbering certain real property as more particularly described therein, and (3) UCC-1 Financing Statements naming Borrower as Debtor and County as Secured Party, filed or to be filed with the North Carolina Secretary of State Office and in the office of the Register of Deeds for Durham County, North Carolina, covering personal property as more particularly described therein.

The loan evidenced by this Note is a non-recourse loan. The County agrees that in the event of a default in payment of the loan, the County shall look solely to the collateral given as security for the loan for the repayment thereof. The Borrower and its members shall have no personal obligation for repayment of the loan other than through the collateral.

[signatures appear on following page]

**[SIGNATURE PAGE TO PROMISSORY NOTE]**

IN WITNESS WHEREOF, Borrower has caused this Note to be duly executed under seal, by its duly authorized officer as of the day and year first above written.

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

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

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

By: \_\_\_\_\_ (Seal)

Name: Lee M. Cochran

Title: Vice President