

FORSYTH COUNTY
BOARD OF COMMISSIONERS

MEETING DATE: FEBRUARY 11, 2013 AGENDA ITEM NUMBER: 11-AB&C

- SUBJECT:**
- A. RESOLUTION AUTHORIZING EXECUTION OF AN OFFICE SPACE LEASE AGREEMENT WITH WEST THIRD STREET, INC. FOR THE PUBLIC DEFENDER'S OFFICE SPACE IN THE 8 WEST THIRD STREET BUILDING (GENERAL SERVICES DEPARTMENT)**

 - B. RESOLUTION AUTHORIZING EXECUTION OF AN OFFICE SPACE LEASE AGREEMENT WITH WEST THIRD STREET, INC. FOR THE COMMUNITY SERVICES OFFICE SPACE IN THE 8 WEST THIRD STREET BUILDING (GENERAL SERVICES DEPARTMENT)**


 - C. RESOLUTION AUTHORIZING EXECUTION OF AN AMENDMENT TO A LEASE AGREEMENT WITH WEST THIRD STREET, INC. FOR SPACE FOR THE PROBATION AND PAROLE OFFICES IN THE 8 WEST THIRD STREET BUILDING (GENERAL SERVICES DEPARTMENT)**

COUNTY MANAGER'S RECOMMENDATION OR COMMENTS: Recommend Approval

SUMMARY OF INFORMATION:

See attached

ATTACHMENTS: YES NO

SIGNATURE:  DATE: February 6, 2013
COUNTY MANAGER

**RESOLUTION AUTHORIZING EXECUTION OF AN OFFICE
SPACE LEASE AGREEMENT WITH WEST THIRD STREET, INC.
FOR THE PUBLIC DEFENDER'S OFFICE SPACE
IN THE 8 WEST THIRD STREET BUILDING
(GENERAL SERVICES DEPARTMENT)**

BE IT RESOLVED by the Forsyth County Board of Commissioners that the Chairman or County Manager and Clerk to the Board are hereby authorized, pursuant to the County's responsibility to provide physical facilities for judicial system functions, to execute, on behalf of Forsyth County, an Office Space Lease Agreement between Forsyth County and West Third Street, Inc. for the lease of Suite 400, consisting of 7,950 square feet of space and twenty-three (23) parking spaces, for the Public Defender's Office, for a term of two (2) years, beginning March 1, 2013 and ending February 28, 2015, with two (2) one-year options to renew, at a monthly base rent of \$9,805.74, during Year One, plus Additional Rent as calculated under the provisions of the lease agreement beginning in Year Two of the lease term, subject to a pre-audit certificate thereon by the Chief Financial Officer, where applicable, and approval as to form and legality by the County Attorney. The original contract is incorporated herein by reference.

BE IT FURTHER RESOLVED that the County Manager is hereby authorized to exercise the options to renew the lease, on behalf of Forsyth County, for up to two additional one-year periods at the end of the initial two year lease term, and to execute all necessary documents associated therewith, subject to a pre-audit certificate thereon by the Chief Financial Officer, where applicable, and approval as to form and legality by the County Attorney.

Adopted this the 11th day of February 2013.

STATE OF NORTH CAROLINA)
)
COUNTY OF FORSYTH)

OFFICE SPACE LEASE AGREEMENT

THIS LEASE AGREEMENT (the "Lease"), made and entered into as of the _____ day of February, 2013, by and between **WEST THIRD STREET, INC.**, a North Carolina corporation (hereinafter called "Landlord") and **FORSYTH COUNTY** (hereinafter called "Tenant") for the purpose of providing office space for the Public Defender's Office employees.

IN CONSIDERATION of the rents hereinafter agreed to be paid and in consideration of mutual covenants and agreements hereinafter recited, Landlord does hereby lease unto Tenant and Tenant does hereby take as Tenant from Landlord those certain premises known as Suite 400, containing approximately 7,950 square foot space (hereinafter called the "Premises,") which shall also include any Additional Space (as hereinafter defined) located in that certain building located at 8 West Third Street (the "Building"), which is situated on certain land in the City of Winston-Salem, North Carolina, described by "Exhibit A" attached hereto and incorporated herein by reference (hereinafter called the "Land").

TO HAVE AND TO HOLD the said Premises, together with a non-exclusive right, together with others lawfully entitled thereto, to use all exits and entrances onto the Premises, Tenant upon the following terms and conditions:

1. Initial Term. The term of this Lease shall begin on the 1st day of March, 2013 ("Commencement Date") and shall end at 11:59 p.m. of the 28th day of February, 2015 ("Initial Term").

2. Extended Term. So long as this Lease is in full force and effect and Tenant is not then in default hereunder, the Tenant shall have the option to extend the term of this Lease for two (2) additional periods of one (1) year (the "Extended Term") upon giving notice to Landlord of its exercise of such option to extend the Lease at least one hundred twenty (120) days prior to the expiration of the previous term (the Initial Term and Extended Term are together known as the "Term").

All other terms and conditions of this Lease and any amendments hereto shall remain in full force and effect during any Extended Term.

3. Base Rent. A monthly rental in the amount set forth in the schedule below ("Base rent") shall be payable at Landlord's address set forth in Section 47 shown below, in advance on the first day of the month following the Commencement Date of this Lease without offset or deduction, and on the first day of each succeeding month thereafter during the Term.

Initial Term:

Period: March 1, 2013 to February 28, 2015

Base Rent: \$9,805.74 per month

If Tenant shall exercise the option to renew this Lease pursuant to Section 2 hereof, the Base Rent for the Extended Term shall be in the amounts set forth in the Schedule below:

Extended Term:

The Tenant shall have two 1-year options to renew. Rate based on annual CPI increase (maximum of 3% per year).

The Base Rent for Additional Space shall be an amount equal to the product of a fraction, the numerator of which is the Base Rent for the Initial Term or Extended Term, as appropriate, and the denominator of which is the square footage of space rented to Tenant prior to the addition of the Additional Space, multiplied by the square footage of the Additional Space.

4. Additional Rent.

(a) Commencing on March 1, 2014 and thereafter, payable throughout the balance of the Term, Lessee shall pay to Landlord, in addition to the Base Rent, an additional rent equal to the annual CPI increase (maximum of 3% per year) as applied to the base rent for the prior Lease Year or Alternative Additional Rent calculated in the amount set forth below ("Additional Rent").

(b) Alternative Additional Rent to be paid hereunder shall equal the sum of money which shall be in the amount, if any, in the excess of the Base Rent, of the product determined by multiplying the Base Rent by a fraction, the numerator of which is the cost of Living Index at the end of the Fiscal Year immediately preceding the Fiscal Year for which the additional rent is to be paid and the denominator of which is the Cost of Living Index in effect on the Commencement Date of this Lease.

(c) Lessor shall calculate the Alternative Additional Rent to be paid pursuant to 3(b) as soon as possible following the close of the Fiscal Year and give Lessee notice of the amount of Additional Rent and terms of payment thereof. Until such calculation is made, Lessee shall pay Additional Rent in the amount of three percent (3%) of the base rent for the prior Lease Year.

(d) For purposes of this Lease, the following terms shall have the following definitions:

(1) Cost of Living Index: The Consumer Price Index, Urban Wage Earnings and Clerical Workers, All Items, base 1967 equals 100, published by the Bureau of Labor Statistics, U.S. Department of Labor, or if said index is not available for the United States, then an available index for the geographical area within the United States nearest in size to the entire United States, published by said Bureau or its successor, or if none, by any other instrumentality of the United States or of the State of North Carolina, in the order mentioned.

(2) Fiscal Year: The twelve (12) month period from January 1 to December 31 (herein a "Fiscal Year").

5. Late Payment of Rent: All monthly installments of rent herein stipulated are due in advance without prior offset or reduction, on the first (1st) of each month during the Term hereof, as set forth herein. All rents not received on the first (1st) day of the month shall be deemed "past due" and all rents not received by the Landlord by the tenth (10th) day of each month during the term hereof shall be subject to a charge of five percent (5%) of the amount due to compensate Landlord for its increased administrative costs and not as a penalty.

In any such event, Landlord shall so invoice Tenant for any such charge, which shall become due and payable immediately upon Tenant's receipt of the invoice.

Once any payment of rent is thirty (30) days past due, the total past due, including the five percent (5%) charge shall bear interest at eighteen percent (18%) per annum.

6. Tenant to Pay Prorata Share of Real Estate Tax and Operating Expense Increase:

(a) In the event that the real estate taxes payable with respect to the Building and the Land on which it is located for any tax year in which this Lease shall be in effect, shall be greater than the amount of such taxes due and payable for the tax year 2013 (the applicable tax year being hereinafter referred to as "Base Year"), whether by reason of an increase in either the tax rate, or the assessed valuation, or by reason of the levy, assessment, or imposition of any tax on real estate as such is now levied, assessed or imposed, or for any other reason, Tenant shall pay to Landlord an amount equal to the Tenant Percentage multiplied by the difference between the amount of such tax or installment and the corresponding tax or installment paid for the Base Year. Real estate taxes, as referenced herein, shall be defined as the amount of the total tax invoice (property assessment multiplied by tax rate) and shall exclude any discount or late penalty charge, and shall include any charge or fee incurred by Landlord as a result of its attempt in securing a reduction in the assessed value of the property.

During the term hereof, Landlord shall notify Tenant of its proportionate share due for such increase. Landlord shall have the option throughout the Term to require Tenant's reimbursement on either a monthly, quarterly, or annual basis, at Landlord's sole discretion, to become due and payable as additional rent on the date so directed by Landlord. In the event Landlord requests reimbursement on either a monthly or quarterly basis, an annual adjustment shall be calculated and determined by subtracting the actual cost from the additional rent paid by Tenant, with the difference to be invoiced to Tenant or credited to Tenant, as the case may be, and paid within ten (10) days, if invoiced quarterly or annually from the date of invoice.

(b) In the event that expenses for operating the Building and maintenance and repair of the common areas ("Common Area Expenses") exceed those incurred by Landlord during the Base Year (as described above), Tenant shall pay an amount equal to the product of the Tenant Percentage multiplied by the increase.

Common Area Expenses shall include, but are not limited to the following incurred by Landlord with respect to the Building: Maintenance and repair to elevators, HVAC equipment, plumbing and electrical, doors, door locks and keys (other than individual keys and locks), light bulb replacement, replacement of floor coverings, cost of electricity, water, sewer, gas and other utilities serving the Building (not separately metered to a particular tenant); janitorial, garbage

removal, snow removal, window washing, painting, interior plant maintenance, pest control, security services, any alteration or other work required by any governmental authority not attributable primarily to the particular use made by a particular tenant to include costs expended by Landlord in order to place and keep the Building and common areas in compliance with the Americans with Disabilities Act (ADA) and any other legislation by any governmental body, casualty, boiler and machinery, loss of rents and general excess liability insurance, minor repairs to sidewalks and loading areas (but not replacement), landscaping maintenance, administrative fees and all other expenses paid in connection with the operation of the Building chargeable against income. Landlord, upon written demand by Tenant therefore, but not later than ninety (90) days after the expiration of a Lease Year shall furnish Tenant a summary schedule of such Common Area Expenses for such Lease Year if there shall occur therein an increase in Common Area Expenses as aforesaid.

During the Term hereof, Landlord shall notify Tenant of its proportionate share due for such increase. Landlord shall have the option throughout the Term to require Tenant's reimbursement on either a monthly, quarterly, or annual basis, at Landlord's sole discretion, to become due and payable as additional rent on the date so directed by Landlord. In the event Landlord requests reimbursement on either a monthly or quarterly basis, annual adjustment shall be calculated and determined by subtracting the actual cost from the additional rent paid by Tenant with the difference to be invoiced to Tenant or credited to Tenant, as the case may be, and paid within ten (10) days, if invoiced monthly or thirty (30) days if invoiced quarterly or annually from the date of invoice.

(c) If the first or the final Lease Year shall contain less than twelve (12) months, the additional rent payable under this Section 6 for such Lease Year shall be prorated. Tenant's obligations to pay additional rent for the final Lease Year shall survive the expiration of the Term of this Lease.

(d) For purposes of this Section 6, the term "Tenant Percentage" shall mean the percentage of square footage rented by Tenants, which percentage shall be the number produced by multiplying 100 by a fraction, the numerator of which is the square footage rented by Tenant (including the square footage of Additional Space, if applicable), divided by the square footage of the Building.

(e) For purposes of this Section 6, the term "Lease Year" shall mean a period of twelve (12) months or less, commencing with the term Commencement Date and ending on the following December 31, each successive period of twelve (12) months or less commencing with January 1 immediately preceding the expiration of the immediately preceding Lease Year.

(f) For purposes of this Lease, the term "Common Areas" shall mean all areas of the entire Building and appurtenances which are available for the common use of tenants and which are not held for the exclusive use of the Tenant or other tenants, including but not limited to entrances and exits to the Building, sidewalks, landscaped areas, interior lobbies, stairwells, corridors, elevators, rest rooms, building equipment rooms and other areas and facilities provided for the common or joint use and benefit of occupants of the Building, their employees, agents, customers and invitees.

7. Common Areas. Landlord reserves the right, from time to time, to reasonably alter said Common Areas including converting common areas into leasable areas, increasing or decreasing Common Areas, land and/or facilities and to exercise control and management of the Common Areas and to establish, modify, change and enforce such reasonable Rules and Regulations as Landlord in its discretion may deem desirable for the management of the Building.

Tenant agrees to abide by and conform to such Rules and Regulations and shall be responsible for the compliance with same, its employees, agents, customers and invitees. The failure of Landlord to enforce any of such Rules and Regulations against Tenant or any other tenant shall not be deemed to be a waiver or modification of any such Rule or Regulation.

Landlord shall have the right to restrict or close all or any portion of the Common Areas at such times and for such periods as may, in the opinion of the Landlord, be necessary to prevent a dedication thereof, or to preserve the status thereof as private property, or to prevent the accrual of any rights in any person; and Landlord may also close said Common Areas for purposes of maintenance and repair as may be required from time to time. The Tenant acknowledges that such activities may result in an occasional inconvenience to Tenant.

That pursuant to the provisions of Section 6, Tenant is obligated to pay Landlord its proportionate share of any increase above the Base Year which Landlord may incur in the cost of maintaining the Common Areas.

8. Additional Space. Tenant shall have the option to add a space or more than one to the Premises at any time during the first year of the Initial Term of this Lease so long as such space is available for lease. A space shall be "available for lease" if:

- (i) the space is not already leased to a third party; or
- (ii) the space is due to become vacant because the tenant's lease has or will expire with no renewal provision, or renewal is not elected by such tenant.

In no event shall Tenant have the option to rent a portion of a space under this Section 8.

The option under this Section 8 shall be subject and subordinate to any rights of refusal, options to lease, other expansion rights, first rights to lease or any other rights or options, however designated, that may exist as of the date this Lease is executed. The option shall be exercised, if at all, by Tenant's written notice to Landlord at least fifteen (15) days in advance of the date Tenant desires to occupy the additional space. Should Tenant duly and timely exercise the option under this Section 8 the additional space ("Additional Space") shall be added to the Premises and this Lease from and after the date Landlord delivers the Additional Space to Tenant, or such earlier date to which Landlord and Tenant may mutually agree, through the last day of any term, hereunder as the same may be extended. Thereafter, the provisions of this Lease shall apply to such Additional Space.

9. Security Deposit. Tenant has this day deposited with Landlord the sum of Zero and 00/100ths Dollars (\$0) as security for the performance by Tenant of all the terms, covenants and conditions of this Lease upon Tenant's part to be performed which sum shall be returned to Tenant after the expiration of the term hereof, provided Tenant has fully performed hereunder. Landlord shall have the right to apply part of said deposit to cure any default of Tenant and if Landlord does so, Tenant shall upon demand deposit with Landlord the amount so applied so that Landlord shall have the full deposit on hand at all times during the term of this Lease. In the event of a sale of the Land subject to the Lease or an assignment of this Lease by Landlord, Landlord shall have the right to transfer the security deposit to its grantee or assignee, as the case may be, and Landlord shall thereupon be released from all liability for the return of such security deposit and Tenant shall look to the new landlord solely for the return of said security and this provision shall apply to every transfer or assignment of the security deposit to a new landlord. The security deposited under this Lease shall not be assigned or encumbered by Tenant and any such assignment or encumbrance shall be null and void.

THE SECURITY DEPOSIT UNDER THIS SECTION 9 SHALL BE HELD AND, UPON THE TERMINATION OF THE LEASE, BE APPLIED IN THE MANNER AND FOR THE PURPOSES SET FORTH HEREIN.

THE SECURITY DEPOSIT MAY, IN THE DISCRETION OF THE LANDLORD BE DEPOSITED IN AN INTEREST BEARING ACCOUNT WITH A BANK OF LANDLORD'S CHOICE. ANY INTEREST EARNED UPON THE TENANT'S SECURITY DEPOSIT SHALL ACCRUE FOR THE BENEFIT OF, AND SHALL BE PAID TO, THE LANDLORD, OR AS THE LANDLORD DIRECTS. SUCH INTEREST IF ANY, MAY BE WITHDRAWN BY LANDLORD FROM SUCH ACCOUNTS AS IT ACCRUES AS OFTEN AS IS PERMITTED BY THE TERMS OF SUCH BANK ACCOUNT.

10. Receipt of Premises, Landlord Improvements. Tenant has examined the Premises, including, but not limited to, the furniture, furnishings, fixtures, appliances, equipment, windows, doors, plumbing facilities, electrical facilities, hot and cold water supply, and the building grounds and appurtenances, and, subject to completion of the Landlord Improvements (as defined below), accepts the same "AS IS", and acknowledges that the Premises is in good, clean, and sanitary order, condition and repair. The Landlord agrees, at its sole cost and expense, to make certain repairs to the Premises as more completely set out on Exhibit C attached hereto and made a part hereof (the "Landlord Improvements"). The Landlord Improvements shall be completed on or before the Commencement Date. The Tenant expressly acknowledges that the Landlord is not making any representation or warranty as to the fitness of the Premises, including the Landlord Improvements, for the Tenant's use. Further, the Tenant agrees to assume the risk to its electronic equipment that it intends to install within the Premises subject only to the Landlord's, its agents' and contractors', willful or intentional acts or gross negligence.

11. Maintenance and Repair; Alterations.

(a) Landlord's Repairs. The Landlord shall at its cost and expense, maintain and keep in good condition and repair the roof, exterior landscaping, and exterior and supporting walls of the Building and shall effect repairs necessary due to the structural defects, if any. Landlord shall also maintain and repair the Common Areas, provided however, the Landlord shall be responsible for such maintenance and repairs in the event the same are required as a result of the negligence or willful act of the Tenant or its clients, customers, licensees, assignees, agents, employees or invitees and further, in any such event the Tenant hereby indemnifies and agrees to hold harmless Landlord, Landlord's agents and the other tenants of the Building from any and all losses and damages suffered as the result of Tenant's or Tenant's clients, customers, licensees, assignees, agents,

employees, invitees negligence or intentional misconduct.

(b) Tenant's Repairs; Alterations. Tenant shall maintain the Premises in a good, safe and clean manner. The Tenant shall submit to the Landlord for Landlord's prior written approval all of the plans and specifications for any alterations, additions or improvements in and to the Premises which Tenant may deem desirable or necessary in its use and occupancy thereof. Such alterations, additions or improvements shall not be made without the prior written approval of Landlord. All such alterations, additions or improvements shall be made in accordance with the applicable city, county, state and federal laws and ordinances, and building and zoning rules and regulations and all present and future governmental regulations relating to the Americans with Disabilities Act (ADA). Landlord's approval hereunder shall not be deemed as a warranty that Tenant's alterations meet such ADA regulations, however, such consent shall carry a requirement that such alterations will be constructed by Tenant, at its own expense, in full compliance with all existing ADA governmental regulations. Maintenance and repairs for any or all alterations, additions or improvements made to the Premises by Tenant shall be the sole responsibility of the Tenant. Tenant shall be liable for all damages or injuries which may result to any person or property by reason of or resulting from any alterations, additions or improvements made by it to the Premises and shall hold the Landlord harmless with respect hereto. All additions and improvements made by the Tenant shall become a part of the Premises and shall, upon the termination or expiration of this Lease, belong to Landlord except as may be otherwise set forth in a letter agreement or other written instrument executed by the parties hereto and attached to this Lease as an amendment hereto and thereby made a part hereof.

In the event Tenant performs any alterations, additions or improvements to the Premises, Tenant agrees that it shall provide to Landlord a reproducible set of as-built plans for Landlord's file.

If Tenant fails to perform Tenant's obligations under this Section 11, Landlord may at its option enter upon the Premises after ten (10) days' prior written notice to Tenant, perform such obligations on Tenant's behalf, and the cost thereof together with interest thereon shall become due and payable as additional rental to Landlord together with Tenants next rental installment.

At Landlord's option, Landlord may require that Tenant remove any or all alterations or improvements at Tenant's expense upon termination of the Lease.

12. Insurance.

(a) Hazard Insurance. ~~Tenant shall not occupy or use the Premises or permit them to be occupied or used for any business or purpose that would increase the premium for hazard insurance on the Premises over the normal rates applicable to the business for which the Premises are leased, and will not conduct the business in such a manner so as to increase the premium over the normal rate.~~ Any hazard insurance deemed necessary by Tenant on its own personal property located on or about the Premises shall be obtained by Tenant at its sole cost and expense.

(b) General and Liability Insurance. Tenant shall at all times during the Term, carry and maintain, for the mutual benefit of Landlord, adequate general public liability insurance issued by a company or companies licensed to do business in North Carolina and which are approved by Landlord (which approval shall not be unreasonably withheld) against claims for personal injury, sickness, or disease, including death and property damage in, on or about the Premises, such insurance to afford protection to the limit of not less than \$1,000,000 in respect to each person, and to the limit or not less than \$1,000,000 in respect to any one occurrence causing bodily injury or death, and to the limit of not less than \$250,000 in respect to property damage. Lessee shall furnish Lessor with a duplicate certificate or certificates of such insurance policy or policies.

13. Utilities. Landlord shall pay for the following utilities and services used by Tenant: gas, electricity, water and sewage. Tenant shall make all arrangements for telephone and facsimile service and all charges for the installation of such services or other services that are not provided by Landlord.

14. Damage and Destruction. In the event the Premises are damaged by any peril covered by standard policies of fire and extended coverage insurance to an extent which is less than fifty percent (50%) of the cost of replacement of the Premises, the Premises shall promptly be repaired by Landlord, but only to the extent of insurance proceeds received, and in no event shall Landlord be required to repair or replace Tenant's stock-in-trade, trade fixtures, furniture, furnishings, special equipment and other items of construction and personal property of Tenant. In the event of such damage and (a) Landlord is not required to repair as provided herein, or (b) the Premises are damaged to the extent of fifty percent (50%) or more of the cost of replacement of the Premises, or (c) the Building is damaged to the extent of fifty percent (50%) or more of the cost of replacement, or (d) such damage is twenty-five percent (25%) or more of the cost of replacement of the Premises and the same occurs during the last year of the initial term or any extensions or renewal terms of this Lease, then, in any such event (s), Landlord may elect either to repair or rebuild the Premises or the Building of which the Premises are a part, as the case may be, or to terminate this Lease upon giving notice of such election, in writing, to Tenant within ninety (90) days after the happening of the event causing such damage.

If such damage, repairing or rebuilding shall render the Premises untenable, in whole or in part, a proportionate abatement of the rent and additional rent stipulated herein shall be allowed from the date such damage occurred until the date Landlord completes the repairs or rebuilding, said proportion to be computed on the basis of the relation which the gross leasable area of the space rendered untenable bears to the gross leasable area of the Premises. If Landlord is required or elects to repair the Premises as provided herein, Tenant shall repair or replace its floor and wall coverings in a manner and to at least a condition equal to that prior to such damage or destruction; in addition, Tenant shall repair or replace its stock-in-trade, trade fixtures, furniture, furnishings, special equipment and other items of construction and personal property in a manner and to a condition Tenant deems appropriate and adequate for the conduct of its business within the Premises. In addition, Tenant is hereby given the sole option to terminate this Lease in the event repairing or rebuilding to be effected by Landlord and required hereunder cannot be completed within one hundred twenty (120) days from the date of the occurrence of the damage and destruction.

15. Condemnation. In the event the Premises or any part thereof shall be taken by condemnation or other similar proceedings, or acts of Federal, State, County or Municipal, or any Governmental, Public or Quasi-Public authority, for any Public or Quasi-Public purposes, then:

(a) if the whole of the Premises are taken or so much of the Premises are taken as to render the Premises untenable, the term hereby granted shall cease at the time possession thereof shall be taken for such purpose, and the payment of rent shall cease at such time.

(b) if a portion of the Premises is taken, future rentals will be adjusted on a prorata basis to reduce the total rental to the extent that the Premises have been taken by the partial condemnation.

Tenant shall have no claim to any condemnation award, however, nothing in this provision shall be construed to limit or effect the Tenant's right to an award of compensation for the taking of Tenant's leasehold interest hereunder, to the extent such action does not impair the rights of Landlord for the taking of or injury to the reversion.

16. Taxes. Landlord shall be responsible for the payment of real estate taxes except as provided in Section 6. Tenant shall be responsible for the payment of personal property taxes relating to all personal property and fixtures placed by Tenant in or on the Premises, the Building, or the Land.

17. Use. The Premises shall be used only for "Office" use purposes and only by those entities who have signed this Lease Agreement as Tenant. The Premises shall not be used for any unlawful or objectionable use. Tenant agrees to abide by any and all rules and regulations which Landlord, in its sole discretion, deems beneficial to the use and enjoyment of the Premises and the grounds and appurtenances thereto.

18. Prohibition Against Assignments/Subletting. This Lease shall not be assigned nor shall the Premises be sublet, without Landlord's prior written consent, which consent may be withheld at the sole discretion of Landlord; and if such consent is given, no subsequent assignment or subletting shall be made without Landlord's written consent. No consent by Landlord to any assignment or sublease shall be deemed to release Tenant or any guarantors of Tenant's obligations hereunder, from liability of Tenant's obligations hereunder.

19. Indemnity. ~~Tenant shall protect, indemnify, defend and save harmless the Landlord from and against any and all claims, demands and causes of action of any nature whatsoever, for injury to or death of a person, or loss of or damage to property, occurring on the Premises, or in the Building, or in any manner growing out of or connected with Tenant's use and occupancy of the Premises except as may be caused by Landlord's gross negligence. Landlord shall not be liable for any damages, injury or loss to the persons, property, or affects of Tenant, or to any other person or persons suffered in, on or upon the Premises, or in the Building, or as a result of the use of the Premises by Tenant, and Tenant agrees to indemnify, defend and protect and save harmless the Landlord against any and all damages or claims therefore except as may be caused by Landlord's negligence. Landlord is specifically not responsible under any circumstances for any damages to any computer, computer component, or computer peripheral hardware or software damaged by any interruptions, usage or variation for whatever reason in the electrical distribution system of the Building. The Tenant shall indemnify and save harmless the Landlord from any and all liability,~~

claims, demands and causes of action arising from the use and occupancy of the premises by Tenant.

20. Liens. Tenant shall keep the Premises free and clear of all mechanics' liens resulting from materials supplied to or labor performed on the Premises by or for Tenant. Notice is hereby given that Landlord shall not be liable for any work performed on the Premises at Tenant's bequest, or for any materials furnished at the Premises at Tenant's bequest, and no such mechanic's or other liens for such work or material shall attach to the reversion or other interest of Landlord.

21. Environmental Indemnity. Tenant hereby indemnifies and agrees to defend, protect and hold the Landlord and any successor or successors to Landlord's interest in and to the Premises, harmless from and against any and all losses, liabilities, fines, charges, damages, injuries, penalties, response cost, expenses and claims of any and every kind whatsoever paid, incurred or suffered by, or asserted against, the Landlord including, without limitation:

- (i) all consequential damages;
- (ii) the costs of any required or necessary repair, cleanup or detoxification of the Premises, and the preparation and implementation of any closure, remedial or other required plans; and
- (iii) all reasonable costs and expenses incurred by Landlord in connection with clauses (i) and (ii), including, but not limited to, reasonable attorneys' fees for, with respect to, or as a direct or indirect result of the presence on or under, or the escape, seepage, leakage, spillage, discharge, emission, or actual threatened release of any Hazardous Material (as hereinafter defined) from the Premises by the Tenant (including, without limitation, any losses, liabilities, damages, injuries, costs, expenses or claims asserted or arising under any federal or state or local statute, law, ordinance, code, rule, regulation, order or decree regulating, relating to, or imposing liability or standards of conduct concerning any Hazardous Material), regardless of whether or not caused by, or within the control of, Tenant, or any employees, agents, contractors or subcontractors of Tenant, or any third persons, occupying or present on the Premises, during the period of ownership, operation or control of the Premises by Tenant, irrespective of whether any of such activities were or will be undertaken in accordance with applicable laws, regulations, codes or ordinances.

For purposes herein, the term "Hazardous Material" means and includes any flammable explosives, radioactive materials, or hazardous, toxic or dangerous waste, substances of related material including, but not limited to, substances defined as such in (or for purposes of) the Comprehensive Environmental Response, Compensation, and Liability Act, as amended, 42 U.S.C. § 9601 et seq.; the Hazardous Materials Transportation Act, 49 U.S.C. § 1801 et seq.; the Resource Conservation and Recovery Act, 42 U.S.C. § 6901 et seq.; those substances defined as hazardous or toxic under any other federal, state or local statute, law, ordinance, code, rule, regulation, order or decree regulating, relating to, or imposing liability or standards of conduct concerning, any hazardous, toxic and dangerous waste, substance or material, as now or at any time hereafter in effect. ~~The warranties, representations and indemnities made by Tenant in this section are expressly agreed by~~

~~Landlord and Tenant to survive the termination of this Lease Agreement.~~

Notwithstanding anything to the contrary herein, Lessee shall leave no liability or responsibility to Lessor with respect to any Hazardous Material which has its origin in, under or about the Premises prior to the Commencement Date.

22. Environmental Compliance. Tenant shall keep and maintain the Premises in compliance with, and shall not cause or permit the Premises to be in violation of, any federal, state or local laws, ordinances, statutes, or regulations relating to industrial hygiene or to the environmental conditions on, under, or about the Premises, including, but not limited to, soil and groundwater conditions. Tenant shall not use, generate, manufacture, store, or dispose of, on, under, or about the Premises, the Building or the Land, or transport to or from the Premises, the Building or the Land, any Hazardous Material. Tenant hereby agrees at all times to comply fully and in a timely manner with, and to cause all of its employees, agents, suppliers, contractors and subcontractors and any other persons occupying or present on the Premises to so comply with, all applicable federal, state and local laws, regulations, guidelines, codes, statutes, and ordinances applicable to the use, generation, handling, storage, treatment, transport and disposal of any Hazardous Material now or hereafter located or present on or under the Premises, the Building or the Land. Tenant shall not install, or allow to be installed, any underground storage tanks on the Premises without the prior written consent of Landlord. Tenant shall keep all such underground storage tanks properly registered with appropriate federal, state and local authorities and shall pay in a timely manner all fees required by such authorities in connection with any clean-up fund or other program relating to underground storage tanks. Tenant shall furnish evidence satisfactory to Landlord reflecting any and all such payments. Should Tenant fail to pay any such fees, Landlord may pay the same on Tenant's behalf and any amount, together with interest at the rate of twelve percent (12%) per annum from date paid by Landlord until paid by Tenant, so paid shall become additional rent due from Tenant.

23. Hazardous Materials Cleanup. Tenant shall immediately advise Landlord in writing of:

(a) any and all enforcement, cleanup, removal or other governmental or regulatory actions instituted, completed or threatened pursuant to any applicable federal, state or local laws, ordinances, or regulations relating to any Hazardous Material affecting the Premises ("Hazardous Material Laws");

(b) all claims made, threatened or reasonably anticipated by any third party against Tenant or the Premises relating to damage, contribution, cost recovery compensation, loss or injury resulting from any Hazardous Material (the matters set forth in clauses (a) and (b) above are hereinafter referred to as "Hazardous Materials Claims"); and

(c) Tenant's discovery of any occurrence or condition on the Premises or any real property adjoining or in the vicinity of the Premises or to be otherwise subject to any restrictions on the ownership, occupancy, transferability or use of the Premises under any Hazardous Materials Laws. Landlord shall have the right, but not the obligation, to join and participate in, as a party if it so elects, any legal proceedings or actions initiated in connection with any Hazardous Materials Claims and to have its reasonable attorneys' fees in connection therewith paid by Tenant.

Nothing herein shall be construed to require Tenant to pay Landlord's attorney's fees in connection with any legal proceeding or action arising with respect to the presence of any Hazardous Material which has its origin on, under or about the Premises, the Building or the Land, prior to the Commencement Date.

24. Hazardous Material Remedial Actions. Without Landlord's prior written consent, Tenant shall not take any remedial action in response to the presence of any Hazardous Materials on, under, or about the Premises, nor enter into any settlement agreement, consent decree, or other compromise with respect to any Hazardous Materials Claims, which remedial action, settlement, consent or compromise might, in Landlord's reasonable judgment, impair the value of Landlord's security hereunder or of Landlord's interest in the reversion; provided, however that Landlord's prior consent shall not be necessary in the event that the presence of any Hazardous Material on, under, or about the Premises either poses an immediate threat to the health, safety or welfare of any individual or is of such a nature that an immediate remedial response is necessary and it is not reasonably possible to obtain Landlord's consent before taking such action, provided that in such event Tenant shall notify Landlord as soon as practicable thereafter of any action so taken. Landlord agrees not to withhold its consent, where such consent is required hereunder, if either:

(a) a particular remedial action is ordered by a court of competent jurisdiction; or

(b) Tenant establishes to the reasonable satisfaction of Landlord that there is no reasonable alternative to such remedial action which would result in less impairment of Landlord's security hereunder or of Landlord's interest in the reversion.

25. Default. The occurrence of any one of the following shall constitute a default by Tenant:

(a) Failure to pay rent when due;

(b) Abandonment or vacation of the Premises (it being agreed that absence from the Premises for six consecutive days after rent has become delinquent or the removal of substantially all of Tenant's possessions will create a conclusive presumption of abandonment);

(c) Voluntary or involuntary filing of bankruptcy, declaration of Tenant as incompetent or bankrupt, or an assignment made voluntarily by Tenant for the benefit of its creditors or the appointment of a receiver, guardian, or trustee for Tenant's property; or

(d) Failure to perform any other provision of this Lease if the failure to perform is not cured within ten (10) days after notice thereof has been given to Tenant. Notice as given under this subparagraph (d) shall specify the alleged default and the applicable Lease provisions, and shall demand that Tenant shall perform the provisions of the Lease within the applicable period of time, or quit the Premises. No such notice shall be deemed a forfeiture or a termination of this Lease unless Landlord so elects in the notice.

26. Landlord's Remedies. Landlord shall have the following remedies if Tenant commits a default. These remedies are not exclusive; they are cumulative in addition to any remedies now or later allowed by law or equity:

(a) Landlord shall have the right to continue this Lease in full force and effect, and the Lease shall continue in effect as long as Landlord does not terminate this Lease and until such time Landlord shall have the right to collect rent when due. During any period Tenant shall be in default, Landlord shall have the right to enter the Premises without notice to vacate (any right to which is hereby waived by Tenant), remove the property of Tenant therefrom and relet the Premises, without prior notice or demand, using such reasonable force as may be necessary, changing any or all locks on the Premises all without being liable for forcible entry, trespass, or other tort. Tenant shall be liable immediately to Landlord for all costs Landlord shall incur in reletting the Premises including, without limitation, broker's commissions, attorney's fees, expenses for remodeling required by the reletting, and like costs. Reletting can be for a period shorter or longer than the remaining Term. During the period of reletting, Tenant shall pay to Landlord the rent due under this Lease on the date that the rent is due, less the rent Landlord actively receives from any reletting. No act by Landlord allowed by this paragraph shall terminate this Lease unless Landlord notifies tenant that Landlord elects to terminate this Lease.

(b) Landlord shall have the right to terminate this Lease without notice to vacate (any right to which is hereby waived by Tenant) and Tenant's right to possession of the Premises at any time, and re-enter the Premises as described in subparagraph (a) of this Section 26. No act by Landlord other than the giving of notice of termination to Tenant shall terminate this Lease. Acts of maintenance, efforts to relet the Premises, or the appointment of a receiver on Landlord's initiative to protect Landlord's interest under this Lease shall not constitute a termination of Landlord's right to possession. Upon termination, Landlord shall have the right to pursue its remedies at law or in equity to recover of Tenant all amounts of rent then due or thereafter accruing and such other damages as are caused by Tenant's default.

Nothing in this section shall affect or limit any right of indemnity to which the Landlord is entitled herein.

If Tenant shall be in default in the performance of any covenant or section herein, then, after notice and without waiving or releasing Tenant from the performance of such covenant, Landlord may, but is not obligated to, perform any such covenant, and in exercising any such right to pay all necessary and incidental costs and expenses in connection therewith. All sums so paid by Landlord, together with interest at the rate of twelve percent (12%) per annum, shall be deemed additional rent and shall be payable to Landlord on the first day of the next month following the date Landlord pays such sums.

Rent not paid when due shall bear interest at the rate of twelve percent (12%) per annum from the date due until paid.

27. Quiet Enjoyment. Provided Tenant performs all its covenants, agreements and obligations hereunder, Landlord will warrant and defend Tenant in the peaceful and quiet enjoyment of the Premises, but only against the lawful claims of all persons claiming by, through or under Landlord.

28. Right of Entry. Landlord and its authorized representatives shall have the right to enter the Premises at all reasonable times upon reasonable notice (except in emergencies, in which case the Landlord or such representative shall have the right to enter the Premises at any time without notice) to inspect the Premises, to maintain and make repairs to the Premises, and to exhibit the Premises to prospective tenants during the last sixty (60) days of the Term.

29. Property of Tenant. Tenant may, at the expiration of the Term or the earlier termination hereof, remove all furniture, equipment, and other personal property which Tenant shall have placed in the Premises; provided that Tenant shall repair any damages to the Premises caused by such removal. All such property shall, during the Term hereof, be at risk of Tenant only, and Landlord shall not be liable for any loss thereof or damage thereto resulting from any cause whatsoever. Any such property not removed at the expiration or earlier termination of the Lease shall be deemed abandoned and may be disposed of by Landlord in any manner whatsoever.

30. End of Term, Holding Over and Attorney's Fees. Upon the expiration of the Term or earlier termination hereof, Tenant shall quit and surrender to Landlord the Premises, broom clean and in as good order and condition as the Premises were at the time of Tenant's occupancy thereof, ordinary wear and tear only excepted and if not done Tenant agrees to pay the cost of returning the Premises to their condition when received, ordinary wear and tear only excepted, and further, Tenant shall remove from the Premises all of its property.

If Tenant shall hold over after the expiration of the Term or other termination of this Lease, such holding over shall not be deemed to be a renewal of this Lease but shall be deemed to create a tenancy from month-to-month and by such holding over Tenant shall be deemed to have agreed to be bound by all of the terms and conditions of this Lease except as to the term hereof. If any rent owing under this Lease is collected by or through an attorney-at-law, Tenant agrees to pay Landlord's reasonable attorneys' fees not in excess of fifteen percent (15%) (or if the statutes or other laws of the State of North Carolina in effect at the time of such collection limit the amount so payable as attorneys' fees, then the maximum percentage not in excess of fifteen percent (15%) allowed by such laws or statutes) of the amount so collected.

31. Subordination. This Lease is and shall remain subject and subordinate to and may be assigned as security for any present or future mortgage or deed of trust which may now or hereafter affect the Land and to and for all renewals, modifications, consolidations, replacements and extensions thereof. This clause shall be self-operative and no further instrument shall be necessary to effect such subordination, however, Tenant shall execute promptly and deliver to Landlord any such certificate or certificates as Landlord may request evidencing the subordination of this Lease to or the assignment of this Lease as security for any such mortgage or deed of trust.

32. Estoppel Certificates. Tenant agrees to furnish promptly, from time to time, upon request of Landlord or any mortgagee, an estoppel certificate to Landlord or to Landlord's successor or assign or to any mortgagee. Said estoppel certificate shall be in a form reasonably acceptable to Landlord.

33. Liability of Landlord Nonrecourse. Notwithstanding any other term or provision herein contained, it is specifically understood and agreed that there shall be no personal liability of Landlord (nor Landlord's agent, if any) in respect to any of the covenants, conditions or provisions of this Lease. In the event of a breach or default by Landlord of any of its obligations under this Lease, Tenant shall look solely to the equity of the Landlord in the Building for the satisfaction of Tenant's remedies.

34. Parking. Twenty-three parking spaces will be made available to Tenant at no charge during the term of the lease. Tenant shall have the option to rent parking spaces at an additional monthly charge of \$75.00 sp long as such parking spaces are available.

35. Federal Regulation and/or Prohibition of CFCs. Due to an environmental threat that the earth's ozone layer has deteriorated, there is international concern for the control of chlorofluorocarbons ("CFCs") and possible ban thereof. Future legislation could impose:

(a) New maintenance standards and procedure on HVAC equipment in order to reduce the amount of freon existing in the system; or

(b) Conversion of the equipment in order to accommodate the use of a substitute chemical; or

(c) Replacement of the equipment in the event the equipment does not comply with the required performance and maintenance standards.

Landlord and Tenant hereby acknowledge that any costs associated with the above shall be considered a maintenance item and included in common area maintenance charges.

36. Plate Glass Breakage. Notwithstanding anything herein to the contrary, except by negligence of Tenant, Landlord shall be solely responsible for repair and replacement in the event of plate glass damage or breakage.

37. Garbage Removal. Landlord will be responsible for providing a container for garbage and arrange for its systematic pickup.

38. Janitorial Services. Landlord shall provide janitorial services and supplies to the Premises.

39. Fire Extinguishers. In the event a fire extinguisher is provided by Landlord in the Premises, Tenant shall be responsible for the maintenance thereof.

40. Storing of Flammable Materials. The Tenant agrees that it shall not store nor shall it use any dangerous and/or flammable material(s) within or around the Premises in a manner which violates any law or which may cause the costs incurred by Landlord with respect to taxes and insurance regarding the Premises to increase in which case Tenant shall bear the cost of any such increase.

41. Replacement of Light Bulbs. The Landlord shall, at its sole cost and expense, replace all light bulbs within the Premises except for those bulbs in fixtures installed by Tenant.

42. Kitchen Appliances and Equipment. In the event of installation of a kitchen or kitchen equipment by either Landlord or Tenant, such maintenance and repair of all items contained within the area shall be at the sole cost and expense of Tenant, including, but not limited to: maintenance, repair and replacement of a microwave oven, refrigerator, stove, ice maker, coffee maker, garbage disposal, dishwasher, sink, faucet or any other item within the area. Tenant hereby acknowledges to Landlord that any fixtures described herein are to become a part of the Premises and upon Tenant's vacating the Premises, all fixtures shall remain the property of Landlord.

43. Removal of Tenant's Personal Property. The Tenant shall have the privilege at any time, on or before vacating the Premises, of removing any or all of its personal property, and equipment, and Tenant shall repair any damage caused by the removal thereof and shall leave the Premises in good and clean condition and repair.

44. Compliance with Law. In addition to other provisions herein, Tenant shall promptly execute and comply with all laws, ordinances, rules, regulations and requirements of any or all federal, state and municipal authorities having jurisdiction over the manner in which the Tenant's business is conducted, but only insofar as these laws, ordinances, rules and regulations and requirements are violated by the conduct of Tenant's business.

45. Rules and Regulations. Tenant, its agents, servants and invitees, shall observe faithfully and comply strictly with the Rules and Regulations set forth on the schedule designated BUILDING RULES AND REGULATIONS, attached hereto as "Exhibit D" and by this reference made a part hereof. Landlord shall have the right, from time to time during the Term to make reasonable changes in, and additions to, said Rules and Regulations, provided such changes and additions do not unreasonably affect the conduct of Tenant's business in the Premises. Any failure by Landlord to enforce any said Rules and Regulations now or hereinafter effect, either against Tenant or any other tenant in the Building, shall not constitute a waiver of such Rules and Regulations. The defined words in this Lease, whenever used in said Rules and Regulations, shall have the same meanings as herein.

46. Effect of Exercise of or Failure to Exercise Rights by Landlord. Neither the exercise of nor failure to exercise any right, option, or privilege under this Lease by Landlord shall exclude Landlord from exercising any and all other rights, options or privileges under this Lease, nor shall exercise or nonexercise relieve Tenant from Tenant's obligations to perform each and every covenant and condition to be performed by Tenant under this Lease, or from damages or other remedy for failure to perform or meet the obligation of this Lease.

47. Notice. Except as otherwise provided in this Lease, all notices, covenants, requests and other communications to any party under or in connection with this Lease shall be in writing and shall be sent via personal delivery, via telephone facsimile transmission, via certified or registered mail, return receipt requested, or via express courier or delivery service, addressed to such party at such party's address or telephone facsimile number set forth below or at such other address or telephone facsimile number as shall be designated by such party in a written notice given to each other party complying as to delivery with the terms of this Section 47:

If to Landlord:

West Third Street, Inc.
P. O. Box 20425
Winston-Salem, NC 27120

With a copy to:

James T. Lambie
PO Box 20157
Winston-Salem, NC 27120

If to Tenant:

Forsyth County
Attn: County Manager
Forsyth County Government Center
201 North Chestnut Street
Winston-Salem, NC 27101

48. Successors and Assigns. The provisions of this Lease shall bind and inure to the benefit of Landlord and Tenant and their respective successors, heirs, legal representatives and permitted assigns; it is understood and agreed, however, that the term "Landlord", as used in this Lease, means only the owner or the Landlord for the time being of the Land of which the Premises are a part, so that in the event of any sale or sales (including, without limitation, any judicial sale, any sale in foreclosure and any sale pursuant to a power of sale contained in a mortgage or deed of trust affecting all or any part of the Building or the Land or a leasehold interest in the Land or the Building) of said property or of any lease thereof, the Landlord named herein shall be and hereby is entirely freed and relieved of all covenants and obligations of Landlord hereunder accruing thereafter and it shall be deemed without further agreement that the grantee, assignee, or the lessee, as the case may be, has assumed and agreed to carry out any and all covenants and obligations of Landlord hereunder during the period such party has possession of the Land. Tenant shall be bound to any succeeding landlord for all the terms, covenants and conditions hereof and shall execute any attornment agreement not in conflict herewith at the request of any succeeding landlord.

49. Entire Agreement. The entire agreement, intent and understanding between Landlord and Tenant is contained in the provisions of this Lease and any stipulations, representations, promises or agreements, written or oral, made prior to or contemporaneously with this Lease shall have no legal or equitable effect or consequence unless reduced to writing herein. The terms "Landlord" and "Tenant" and all pronouns relating thereto shall be deemed to mean and include corporations, partnerships and individuals as may fit the context and the masculine gender shall be deemed to include the feminine and the neuter and the singular number the plural. All changes, additions, or deletions hereto must be in writing and signed by Tenant and Landlord.

50. Time is of the Essence. Time is of the essence of this Lease and each and all of the provisions herein.

51. Negation of Partnership. Landlord shall not become or be deemed a partner or joint venturer with Tenant by reason of the provisions herein.

52. Severability. The invalidity, illegality, or unenforceability of any provision of this Lease shall not render the other provisions hereof invalid, illegal or unenforceable.

53. Captions. The headings of the sections of this Lease Agreement are descriptive and for convenience only, are not a part of this Lease, and shall have no effect on the construction or interpretation of this Lease.

54. Governing Law. This agreement shall be governed by and construed pursuant to the laws of the State of North Carolina.

55. Certification by Tenant. Tenant certifies that Tenant has carefully read and understood every word in this Lease and by signing this Lease agrees to faithfully comply with its provisions.

56. Memorandum. Landlord and Tenant agree that this Lease shall not be recorded. Landlord and Tenant agree, upon request of either party, to execute a Memorandum of Lease to be recorded in the Forsyth County Registry.

57. Signs. Tenant shall not place any sign on or about the Premises, the Building or the Land without the express prior written approval of Landlord.

58. Relocation of Premises. Landlord reserves the right to substitute for the Premises other premises (herein referred to as the "new premises") in the Building, provided:

(i) the new premises shall be similar to the Premises in area;

(ii) Landlord shall give Tenant at least thirty (30) days' written notice before making such change, and the parties shall execute an amendment to the Lease confirming the change within thirty (30) days after either party shall request the same; and

(iii) if Tenant shall already have taken possession of the Premises:

(a) Landlord shall pay the direct, out-of-pocket, reasonable expenses to Tenant in moving from the Premises to the new premises and improving the new premises so that they are substantially similar to the Premises, and,


(b) such move shall be made during evenings, weekends, or otherwise so as to incur less inconvenience to Tenant.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hand and seals all as of the day and year first above written.

[See Following Page for Signatures]

LANDLORD:

WEST THIRD STREET, INC.,
a North Carolina corporation

By: 
Its: Act. President

TENANT:

FORSYTH COUNTY

By: _____
Its: _____

EXHIBIT "A"
Legal Description

Beginning at the northeast corner of an eight story brick office building located at the southwest intersection of the rights of way of North Main Street and West Third Street, having N.C. Grid Coordinates N=856,688.682 and E=1,632,395.688; running thence with the west right of way line of North Main Street south 07°19'14" East 115.12 feet to a cross on concrete, having N.C. Grid Coordinates N=856,574.500 and E=1,632,410.337; thence with north property line of property of Forsyth County South 83°46'06" West 88.44 feet to the southwest corner of said eight story brick office building, having N.C. Grid Coordinates N=856,677.621 and E=1,632,308.134; thence with another line of property of Forsyth County North 07°12'57" West 35.10 feet to the southeast corner of property of Standard Savings and Loan Association described in deed recorded in Book 918, Page 356; thence with the east line of the said property of Standard Savings and Loan Association North 07°12'57" West 80.07 feet to the northwest corner of said eight story brick office building in the south right of way line of West Third Street, having N.C. Grid coordinates N=856,677.621 and E=1,632,308.134; thence with the south right of way line of West Third Street North 82°47'55" East 88.23 feet to the point and place of Beginning, containing 10,171.169 square feet.

Being the same property as shown on plat of survey entitled "Barnhill and Poole Co." dated April 14, 1981, prepared by John G. Bank, Designated Job No. 7319.

Together with an easement appurtenant onto the property adjoining on the south as set forth in instrument recorded in Book 1331, Page 1172.

Together with any and all right, title and interest of party of the first part, without warranty, to those easements recorded in Books 1334, page 141; 1335, page 1232; that reservation of easement set forth in Deed Book 918, page 356; that assignment of easement in Book 1334, page 497; and those easements in Book 1423, page 1762, and Book 1423, page 1765, of the Forsyth County Registry; and all portions of the building, if any, located adjacent to the above described premises, above or below ground level.

EXHIBIT "B"

N/A

EXHIBIT "C"

N/A

EXHIBIT "D"
Rules and Regulations

1. No sign, placard, picture, advertisement, name or notice shall be installed or displayed on any part of the outside or inside of the Building without the prior written consent of Landlord. Landlord shall have the right to remove, at Tenant's expense and without notice, any sign installed or displayed in violation of this rule. All approved signs or lettering on doors and walls shall be printed, painted, affixed or inscribed at the expense of Tenant.
2. If Landlord objects in writing to any curtains, blinds, shades, screens or hanging plants or other similar objects attached to or used in connection with any window or door of the Premises, Tenant shall immediately discontinue such use. No awning shall be permitted on any part of the Premises. Tenant shall not place anything against or near glass partitions or doors or windows, which may appear unsightly from outside the Premises.
3. Tenant shall not obstruct any sidewalks, halls, passages, exits, entrances, elevators, escalators or stairways of the building tenants; provided that nothing herein contained shall be construed to prevent such access to persons with whom any tenant normally deals in the ordinary course of its business, unless such persons are engaged in illegal activities. No tenant and no employee or invitee of any tenant shall go upon the roof of the Building. Tenant shall not enter the mechanical rooms, air conditioning rooms, electrical closets, janitorial closets, or similar areas without the prior written consent of Landlord.
4. The directory of the Building will be provided exclusively for the display of the name and location of Tenants only and Landlord reserves the right to exclude any other names therefrom.
5. All cleaning and janitorial services for the Building and the Premises shall be provided exclusively through Landlord, and except with the written consent of Landlord, no person or persons other than those approved by Landlord shall be employed by Tenant or permitted to enter the Building for the purpose of cleaning the same. Tenant shall not cause any unnecessary labor by carelessness or indifference to the good order and cleanliness of the Premise. Landlord shall not in any way be responsible to any Tenant for any loss of property on the Premise, however occurring, or for any damage to any Tenant's property by the janitor or any other employee or any other person.
6. Landlord will furnish Tenant, free of charge, with two keys to each door lock in the Premise. Landlord may make reasonable charge for any additional keys. Tenant shall not make or have made additional keys, and Tenant shall not alter any lock or install a new additional lock or bolt on any door of its Premise. Tenant, upon the termination of its tenancy, shall deliver to Landlord the keys of all doors which have been furnished to Tenant, and in the event of loss of any keys so furnished, shall pay Landlord therefore.

7. If Tenant requires telegraphic, telephonic, burglar alarm or similar service, it shall first obtain, and comply with, Landlord's instructions in the installation.

8. Any freight elevator shall be available for use by all tenants in the Building, subject to such reasonable scheduling as Landlord in its discretion shall deem appropriate. No equipment, materials, furniture, packages, supplies, merchandise or other property will be received in the Building or carried in the elevators except between such hours and in such elevators as may be designated by Landlord.

9. Tenant shall not place a load upon any floor of the Premises, which exceeds the load per square foot, which such floor was designed to carry and which is allowed by law. Landlord shall have the right to prescribe the weight, size and position of all equipment; materials, furniture or other property brought into the Building. Heavy objects shall, if considered necessary by Tenant, stand on such platforms as determined by Landlord to be necessary to properly distribute the weight. Business machines and mechanical equipment belonging to Tenant, which cause noise or vibration that may be transmitted to the structure of the Building shall be placed and maintained by Tenant, at Tenant's expense, on vibration eliminators or other devices sufficient to eliminate noise or vibration. The persons employed to move such equipment in or out of the Building must be acceptable to Landlord. Landlord will not be responsible for loss of or damage done to the Building by maintaining or moving such equipment or other property shall be repaired at the expense of Tenant.

10. Tenant shall not use or keep in the premises any kerosene, gasoline or inflammable or combustible fluid or material other than those limited quantities necessary for the operation or maintenance of office equipment. Tenant shall not use or permit to be used in the Premises any foul or noxious gas or substance, or permit or allow the Premises to be occupied or used in a manner offensive or objectionable to Landlord or other occupants of the Building by reason of noise, odors, or vibrations, nor shall Tenant bring into or keep in or about the Premises any birds or animals.

11. Tenant shall not use any method of heating or air conditioning other than that supplied by Landlord.

12. Tenant shall not waste electricity, water or air conditioning and agrees to cooperate fully with Landlord to assure the most effective operation of the Building's heating and air conditioning and to comply with any governmental energy-saving rules, Laws or regulations of which Tenant has actual notice, and shall refrain from attempting to adjust controls other than room thermostats installed for Tenant's use. Tenant shall keep corridor doors closed, and shall close window coverings at the end of each business day. Subject to curtailment as required by governmental laws, rules or mandatory regulations, Landlord shall use its best efforts to maintain the following temperatures in all conditioned spaces in the Premises: 68 degrees to 74 degrees.

13. Landlord reserves the right, exercisable without liability to Tenant, to change the name and

street address of the building. Landlord shall reimburse tenant for all direct, out-of-pocket, reasonable expenses associated with this Article 13.

14. Landlord reserves the right to exclude from the Building between the hours of 6 p.m. and 7 a.m. the following day, or such other hours as may be established from time to time by Landlord, and on Sundays and legal holidays, any person unless that person is known to the person or employee in charge of the Building and has a pass or is properly identified. Tenant shall be responsible for all persons for whom it requests passes and shall be Liable to landlord for all acts of such persons. Landlord shall not be liable for damages for any error with regard to the admission to or exclusion from the Building of any person. Landlord reserves the right to prevent access to the Building in case of invasion, mob, riot, public excitement or other commotion by closing the doors or by other appropriate action.

15. Tenant shall close and lock the doors of its Premises and entirely shut off all water faucets or other water apparatus, and electricity, gas or air outlets before Tenant and its employees leave the Premises. Tenant shall be responsible for any damage or injuries sustained by other tenants or occupants of the Building or by Landlord for noncompliance with this rule.

16. In the event the Premises include a balcony for use by Tenant, Tenant agrees not to allow the accessways to such balcony to remain open so as to cause an increase in utility charges as a result of increased heating or air conditioning use. Landlord shall have the right to enter the Premises to assure compliance with this provision.

17. The toilet rooms, toilets, urinals, wash bowls and other apparatus shall not be used for any purpose other than that for which they were constructed and no foreign substances of any kind whatsoever shall be thrown therein. The expense of any breakage, stoppage or damage resulting from the violation of this rule shall be borne by the tenant who, or whose employees or invitees shall have caused same.

18. Tenants shall not sell, or permit the sale at retail, of newspapers, magazines, periodicals, theater tickets or any other goods or merchandise to the general public in or on the Premises. Tenant shall not make any room-to-room solicitations of business from other tenants in the Building. Tenant shall not use the Premises for any business or activity other than that specifically provided for in Tenant's lease.

19. Tenant shall not install any radio or television antenna, loudspeaker or other device on the roof or exterior walls of the Building. Tenant shall not interfere with radio or television broadcasting or reception from or in the Building or elsewhere.

20. Tenant shall not mark, drive nails, screw or drill into the woodwork or plaster or in any way deface the Premises or any part thereof. Landlord reserves the right to direct electricians as to where and how telephone and telegraph wires are to be introduced to the Premises. Tenant shall not cut or bore holes for wires. Tenant shall not affix any floor covering to the floor of the Premises in any manner except as approved by Landlord. Tenant shall repair any damage resulting from

noncompliance with this rule.

21. Tenant shall not install, maintain or operate upon the Premises any vending machines without the written consent of Landlord. Canvassing, soliciting and distribution of handbills or any other written material, and peddling in the Building are prohibited, and each tenant shall cooperate to prevent same.

22. Landlord reserves the right to exclude or expel from the Building any person who, in Landlord's judgment, is intoxicated or under the influence of liquor or drugs or who is in violation of any of the Rules and Regulation of the Building.

23. Tenant shall store all its trash and garbage within its Premises. Tenant shall not place in any trash box or receptacle any material, which cannot be disposed of in the ordinary and customary manner of trash and garbage disposal. All garbage and refuse disposal shall be made in accordance with directions issued from time to time by Landlord.

24. The Premises shall not be used for the storage of merchandise held for sale to the general public or for lodging or for manufacturing of any kind, nor shall the Premises be used for any improper, immoral or objectionable purpose. No cooking shall be done or permitted by any Tenant on the Premises, except that used by Tenant of Underwriter's Laboratory-approved microwave and equipment for brewing coffee, tea, hot chocolate and similar beverages shall be permitted, provided that such equipment and use is in accordance with all applicable federal, state, county and city laws, codes, ordinances, rules and regulations.

25. Tenant shall not use in any space or in the public halls of the Building any hand trucks except those equipped with rubber tires and side guards or such other material-handling equipment as landlord may approve. Tenant shall not bring any other vehicles of any kind into the Building.

26. Without the written consent of landlord, Tenant shall not use the name of the Building in connection with or in promoting or advertising the business of Tenant except as Tenant's address.

27. Tenant shall comply with all safety, fire protection and evacuation procedures and regulations established by Landlord or any government agency.

28. Tenant assumes any and all responsibility for protecting its Premises from theft, robbery and pilferage, which includes keeping doors locked and other means of entry to the Premises closed.

29. Landlord reserves the right to modify and/or adopt such other reasonable and nondiscriminatory rules and regulations for the parking areas as it deems necessary for the operation of the parking area. Landlord may refuse to permit any person who violates the within rules to park in the parking areas, and any violation of the rules shall subject the car to removal. Landlord further reserves the right to institute a system of charging for parking on a nondiscriminatory basis.

30. Parking area hours shall be 6 a.m. to 1 a.m. Cars must be parked entirely within the stall lines

painted on the floor. All directional signs and arrows must be observed. The speed limit shall be 5 miles per hour. Parking is prohibited: (a) in areas not striped for parking, (b) in aisles, (c) where "no parking" signs are posted, (d) on ramps, (e) in cross hatched areas, and (f) in such other areas as may be designated by Landlord as reserved for the exclusive use of others. Washing, waxing, cleaning or servicing of any vehicle by anyone is prohibited. Tenant shall acquaint all persons to whom Tenant assigns parking spaces with these Rules and Regulations.

31. Tenant shall not park its vehicles in any parking areas designated by Landlord as areas for parking by visitors to the building. Tenant shall not leave vehicles in the Building parking areas overnight nor park any vehicles in the Building parking areas other than automobiles, motorcycles, motor driven or non-motor driven bicycles or four-wheeler trucks.

32. The requirements of Tenant will be attended to only upon appropriate application to the office of the Building by an authorized individual. Employees of Landlord shall not perform any work or do anything outside of their regular duties unless under special instructions from Landlord, and no employee of Landlord will admit any person (Tenant or otherwise) to any office without specific instructions from Landlord.

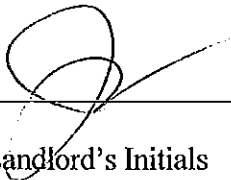
33. Landlord may waive any one or more of the Rules and Regulations for the benefit of Tenant or any other Tenant, but such waiver by Landlord shall not be construed as a waiver of such Rules and Regulations in favor of Tenant or any other Tenant, nor prevent Landlord from thereafter enforcing any such Rules and Regulations against any or all of the Tenants of the Building.

34. These Rules and Regulations are in addition to, and shall not be construed to in any way modify or amend, in whole or in part, the terms, covenants, agreements and conditions of any lease of Premises in the Building.

35. Landlord reserves the right to make such other reasonable Rules and Regulations, in its judgment, may from time to time be needed for safety and security, for care and cleanliness of the Building and for the preservation of good order therein. Tenant agrees to abide by all such Rules and Regulations herein above stated and any additional rules and regulations which are adopted.

36. Tenant shall be responsible for observance of all of the foregoing rules by Tenant's employees, agents, clients, customers, invitees and guests.

Tenant's Initials



Landlord's Initials

**RESOLUTION AUTHORIZING EXECUTION OF AN OFFICE
SPACE LEASE AGREEMENT WITH WEST THIRD STREET, INC.
FOR THE COMMUNITY SERVICES OFFICE SPACE
IN THE 8 WEST THIRD STREET BUILDING
(GENERAL SERVICES DEPARTMENT)**

BE IT RESOLVED by the Forsyth County Board of Commissioners that the Chairman or County Manager and Clerk to the Board are hereby authorized, pursuant to the County's responsibility to provide physical facilities for judicial system functions, to execute, on behalf of Forsyth County, an Office Space Lease Agreement between Forsyth County and West Third Street, Inc. for the lease of Suite 330, consisting of 4,571 square feet of space and fourteen (14) parking spaces, for the Community Services Office, for a term of two (2) years, beginning March 1, 2013 and ending February 28, 2015, with two (2) one-year options to renew, at a monthly base rent of \$5,279.69, during Year One, plus Additional Rent as calculated under the provisions of the lease agreement beginning in Year Two of the lease term, subject to a pre-audit certificate thereon by the Chief Financial Officer, where applicable, and approval as to form and legality by the County Attorney. The original contract is incorporated herein by reference.

BE IT FURTHER RESOLVED that the County Manager is hereby authorized to exercise the options to renew the lease, on behalf of Forsyth County, for up to two additional one-year periods at the end of the initial two year lease term, and to execute all necessary documents associated therewith, subject to a pre-audit certificate thereon by the Chief Financial Officer, where applicable, and approval as to form and legality by the County Attorney.

Adopted this the 11th day of February 2013.

STATE OF NORTH CAROLINA)
)
COUNTY OF FORSYTH)

OFFICE SPACE LEASE AGREEMENT

THIS LEASE AGREEMENT (the "Lease"), made and entered into as of the _____ day of February, 2013, by and between WEST THIRD STREET, INC., a North Carolina corporation (hereinafter called "Landlord") and FORSYTH COUNTY (hereinafter called "Tenant") for the purpose of providing office space for the Community Services Office employees.

IN CONSIDERATION of the rents hereinafter agreed to be paid and in consideration of mutual covenants and agreements hereinafter recited, Landlord does hereby lease unto Tenant and Tenant does hereby take as Tenant from Landlord those certain premises known as Suite 330, containing approximately 4,571 square foot space (hereinafter called the "Premises,") which shall also include any Additional Space (as hereinafter defined) located in that certain building located at 8 West Third Street (the "Building"), which is situated on certain land in the City of Winston-Salem, North Carolina, described by "Exhibit A" attached hereto and incorporated herein by reference (hereinafter called the "Land").

TO HAVE AND TO HOLD the said Premises, together with a non-exclusive right, together with others lawfully entitled thereto, to use all exits and entrances onto the Premises, Tenant upon the following terms and conditions:

1. Initial Term. The term of this Lease shall begin on the 1st day of March, 2013 ("Commencement Date") and shall end at 11:59 p.m. of the 28th day of February, 2015 ("Initial Term").

2. Extended Term. So long as this Lease is in full force and effect and Tenant is not then in default hereunder, the Tenant shall have the option to extend the term of this Lease for two (2) additional periods of one (1) year (the "Extended Term") upon giving notice to Landlord of its exercise of such option to extend the Lease at least one hundred twenty (120) days prior to the expiration of the previous term (the Initial Term and Extended Term are together known as the "Term").

All other terms and conditions of this Lease and any amendments hereto shall remain in full force and effect during any Extended Term.

3. Base Rent. A monthly rental in the amount set forth in the schedule below ("Base rent") shall be payable at Landlord's address set forth in Section 47 shown below, in advance on the first day of the month following the Commencement Date of this Lease without offset or deduction, and on the first day of each succeeding month thereafter during the Term.

Initial Term:

Period: March 1, 2013 to February 28, 2015
Base Rent: \$5,279.69 per month

If Tenant shall exercise the option to renew this Lease pursuant to Section 2 hereof, the Base Rent for the Extended Term shall be in the amounts set forth in the Schedule below:

Extended Term:

The Tenant shall have two 1-year options to renew. Rate based on annual CPI increase (maximum of 3% per year).

The Base Rent for Additional Space shall be an amount equal to the product of a fraction, the numerator of which is the Base Rent for the Initial Term or Extended Term, as appropriate, and the denominator of which is the square footage of space rented to Tenant prior to the addition of the Additional Space, multiplied by the square footage of the Additional Space.

4. Additional Rent.

(a) Commencing on March 1, 2014 and thereafter, payable throughout the balance of the Term, Lessee shall pay to Landlord, in addition to the Base Rent, an additional rent equal to the annual CPI increase (maximum of 3% per year) as applied to the base rent for the prior Lease Year or Alternative Additional Rent calculated in the amount set forth below ("Additional Rent").

(b) Alternative Additional Rent to be paid hereunder shall equal the sum of money which shall be in the amount, if any, in the excess of the Base Rent, of the product determined by multiplying the Base Rent by a fraction, the numerator of which is the cost of Living Index at the end of the Fiscal Year immediately preceding the Fiscal Year for which the additional rent is to be paid and the denominator of which is the Cost of Living Index in effect on the Commencement Date of this Lease.

(c) Lessor shall calculate the Alternative Additional Rent to be paid pursuant to 3(b) as soon as possible following the close of the Fiscal Year and give Lessee notice of the amount of Additional Rent and terms of payment thereof. Until such calculation is made, Lessee shall pay Additional Rent in the amount of three percent (3%) of the base rent for the prior Lease Year.

(d) For purposes of this Lease, the following terms shall have the following definitions:

(1) Cost of Living Index: The Consumer Price Index, Urban Wage Earnings and Clerical Workers, All Items, base 1967 equals 100, published by the Bureau of Labor Statistics, U.S. Department of Labor, or if said index is not available for the United States, then an available index for the geographical area within the United States nearest in size to the entire United States, published by said Bureau or its successor, or if none, by any other instrumentality of the United States or of the State of North Carolina, in the order mentioned.

(2) Fiscal Year: The twelve (12) month period from January 1 to December 31 (herein a "Fiscal Year").

5. Late Payment of Rent: All monthly installments of rent herein stipulated are due in advance without prior offset or reduction, on the first (1st) of each month during the Term hereof, as set forth herein. All rents not received on the first (1st) day of the month shall be deemed "past due" and all rents not received by the Landlord by the tenth (10th) day of each month during the term hereof shall be subject to a charge of five percent (5%) of the amount due to compensate Landlord for its increased administrative costs and not as a penalty.

In any such event, Landlord shall so invoice Tenant for any such charge, which shall become due and payable immediately upon Tenant's receipt of the invoice.

Once any payment of rent is thirty (30) days past due, the total past due, including the five percent (5%) charge shall bear interest at eighteen percent (18%) per annum.

6. Tenant to Pay Prorata Share of Real Estate Tax and Operating Expense Increase:

(a) In the event that the real estate taxes payable with respect to the Building and the Land on which it is located for any tax year in which this Lease shall be in effect, shall be greater than the amount of such taxes due and payable for the tax year 2013 (the applicable tax year being hereinafter referred to as "Base Year"), whether by reason of an increase in either the tax rate, or the assessed valuation, or by reason of the levy, assessment, or imposition of any tax on real estate as such is now levied, assessed or imposed, or for any other reason, Tenant shall pay to Landlord an amount equal to the Tenant Percentage multiplied by the difference between the amount of such tax or installment and the corresponding tax or installment paid for the Base Year. Real estate taxes, as referenced herein, shall be defined as the amount of the total tax invoice (property assessment multiplied by tax rate) and shall exclude any discount or late penalty charge, and shall include any charge or fee incurred by Landlord as a result of its attempt in securing a reduction in the assessed value of the property.

During the term hereof, Landlord shall notify Tenant of its proportionate share due for such increase. Landlord shall have the option throughout the Term to require Tenant's reimbursement on either a monthly, quarterly, or annual basis, at Landlord's sole discretion, to become due and payable as additional rent on the date so directed by Landlord. In the event Landlord requests reimbursement on either a monthly or quarterly basis, an annual adjustment shall be calculated and determined by subtracting the actual cost from the additional rent paid by Tenant, with the difference to be invoiced to Tenant or credited to Tenant, as the case may be, and paid within ten (10) days, if invoiced quarterly or annually from the date of invoice.

(b) In the event that expenses for operating the Building and maintenance and repair of the common areas ("Common Area Expenses") exceed those incurred by Landlord during the Base Year (as described above), Tenant shall pay an amount equal to the product of the Tenant Percentage multiplied by the increase.

Common Area Expenses shall include, but are not limited to the following incurred by Landlord with respect to the Building: Maintenance and repair to elevators, HVAC equipment, plumbing and electrical, doors, door locks and keys (other than individual keys and locks), light bulb replacement, replacement of floor coverings, cost of electricity, water, sewer, gas and other utilities serving the Building (not separately metered to a particular tenant); janitorial, garbage

removal, snow removal, window washing, painting, interior plant maintenance, pest control, security services, any alteration or other work required by any governmental authority not attributable primarily to the particular use made by a particular tenant to include costs expended by Landlord in order to place and keep the Building and common areas in compliance with the Americans with Disabilities Act (ADA) and any other legislation by any governmental body, casualty, boiler and machinery, loss of rents and general excess liability insurance, minor repairs to sidewalks and loading areas (but not replacement), landscaping maintenance, administrative fees and all other expenses paid in connection with the operation of the Building chargeable against income. Landlord, upon written demand by Tenant therefore, but not later than ninety (90) days after the expiration of a Lease Year shall furnish Tenant a summary schedule of such Common Area Expenses for such Lease Year if there shall occur therein an increase in Common Area Expenses as aforesaid.

During the Term hereof, Landlord shall notify Tenant of its proportionate share due for such increase. Landlord shall have the option throughout the Term to require Tenant's reimbursement on either a monthly, quarterly, or annual basis, at Landlord's sole discretion, to become due and payable as additional rent on the date so directed by Landlord. In the event Landlord requests reimbursement on either a monthly or quarterly basis, annual adjustment shall be calculated and determined by subtracting the actual cost from the additional rent paid by Tenant with the difference to be invoiced to Tenant or credited to Tenant, as the case may be, and paid within ten (10) days, if invoiced monthly or thirty (30) days if invoiced quarterly or annually from the date of invoice.

(c) If the first or the final Lease Year shall contain less than twelve (12) months, the additional rent payable under this Section 6 for such Lease Year shall be prorated. Tenant's obligations to pay additional rent for the final Lease Year shall survive the expiration of the Term of this Lease.

(d) For purposes of this Section 6, the term "Tenant Percentage" shall mean the percentage of square footage rented by Tenants, which percentage shall be the number produced by multiplying 100 by a fraction, the numerator of which is the square footage rented by Tenant (including the square footage of Additional Space, if applicable), divided by the square footage of the Building.

(e) For purposes of this Section 6, the term "Lease Year" shall mean a period of twelve (12) months or less, commencing with the term Commencement Date and ending on the following December 31, each successive period of twelve (12) months or less commencing with January 1 immediately preceding the expiration of the immediately preceding Lease Year.

(f) For purposes of this Lease, the term "Common Areas" shall mean all areas of the entire Building and appurtenances which are available for the common use of tenants and which are not held for the exclusive use of the Tenant or other tenants, including but not limited to entrances and exits to the Building, sidewalks, landscaped areas, interior lobbies, stairwells, corridors, elevators, rest rooms, building equipment rooms and other areas and facilities provided for the common or joint use and benefit of occupants of the Building, their employees, agents, customers and invitees.

7. Common Areas. Landlord reserves the right, from time to time, to reasonably alter said Common Areas including converting common areas into leasable areas, increasing or decreasing Common Areas, land and/or facilities and to exercise control and management of the Common Areas and to establish, modify, change and enforce such reasonable Rules and Regulations as Landlord in its discretion may deem desirable for the management of the Building.

Tenant agrees to abide by and conform to such Rules and Regulations and shall be responsible for the compliance with same, its employees, agents, customers and invitees. The failure of Landlord to enforce any of such Rules and Regulations against Tenant or any other tenant shall not be deemed to be a waiver or modification of any such Rule or Regulation.

Landlord shall have the right to restrict or close all or any portion of the Common Areas at such times and for such periods as may, in the opinion of the Landlord, be necessary to prevent a dedication thereof, or to preserve the status thereof as private property, or to prevent the accrual of any rights in any person; and Landlord may also close said Common Areas for purposes of maintenance and repair as may be required from time to time. The Tenant acknowledges that such activities may result in an occasional inconvenience to Tenant.

That pursuant to the provisions of Section 6, Tenant is obligated to pay Landlord its proportionate share of any increase above the Base Year which Landlord may incur in the cost of maintaining the Common Areas.

8. Additional Space. Tenant shall have the option to add a space or more than one to the Premises at any time during the first year of the Initial Term of this Lease so long as such space is available for lease. A space shall be "available for lease" if:

- (i) the space is not already leased to a third party; or
- (ii) the space is due to become vacant because the tenant's lease has or will expire with no renewal provision, or renewal is not elected by such tenant.

In no event shall Tenant have the option to rent a portion of a space under this Section 8.

The option under this Section 8 shall be subject and subordinate to any rights of refusal, options to lease, other expansion rights, first rights to lease or any other rights or options, however designated, that may exist as of the date this Lease is executed. The option shall be exercised, if at all, by Tenant's written notice to Landlord at least fifteen (15) days in advance of the date Tenant desires to occupy the additional space. Should Tenant duly and timely exercise the option under this Section 8 the additional space ("Additional Space") shall be added to the Premises and this Lease from and after the date Landlord delivers the Additional Space to Tenant, or such earlier date to which Landlord and Tenant may mutually agree, through the last day of any term, hereunder as the same may be extended. Thereafter, the provisions of this Lease shall apply to such Additional Space.

9. Security Deposit. Tenant has this day deposited with Landlord the sum of Zero and 00/100ths Dollars (\$0) as security for the performance by Tenant of all the terms, covenants and conditions of this Lease upon Tenant's part to be performed which sum shall be returned to Tenant after the expiration of the term hereof, provided Tenant has fully performed hereunder. Landlord shall have the right to apply part of said deposit to cure any default of Tenant and if Landlord does so, Tenant shall upon demand deposit with Landlord the amount so applied so that Landlord shall have the full deposit on hand at all times during the term of this Lease. In the event of a sale of the Land subject to the Lease or an assignment of this Lease by Landlord, Landlord shall have the right to transfer the security deposit to its grantee or assignee, as the case may be, and Landlord shall thereupon be released from all liability for the return of such security deposit and Tenant shall look to the new landlord solely for the return of said security and this provision shall apply to every transfer or assignment of the security deposit to a new landlord. The security deposited under this Lease shall not be assigned or encumbered by Tenant and any such assignment or encumbrance shall be null and void.

THE SECURITY DEPOSIT UNDER THIS SECTION 9 SHALL BE HELD AND, UPON THE TERMINATION OF THE LEASE, BE APPLIED IN THE MANNER AND FOR THE PURPOSES SET FORTH HEREIN.

THE SECURITY DEPOSIT MAY, IN THE DISCRETION OF THE LANDLORD BE DEPOSITED IN AN INTEREST BEARING ACCOUNT WITH A BANK OF LANDLORD'S CHOICE. ANY INTEREST EARNED UPON THE TENANT'S SECURITY DEPOSIT SHALL ACCRUE FOR THE BENEFIT OF, AND SHALL BE PAID TO, THE LANDLORD, OR AS THE LANDLORD DIRECTS. SUCH INTEREST IF ANY, MAY BE WITHDRAWN BY LANDLORD FROM SUCH ACCOUNTS AS IT ACCRUES AS OFTEN AS IS PERMITTED BY THE TERMS OF SUCH BANK ACCOUNT.

10. Receipt of Premises, Landlord Improvements. Tenant has examined the Premises, including, but not limited to, the furniture, furnishings, fixtures, appliances, equipment, windows, doors, plumbing facilities, electrical facilities, hot and cold water supply, and the building grounds and appurtenances, and, subject to completion of the Landlord Improvements (as defined below), accepts the same "AS IS", and acknowledges that the Premises is in good, clean, and sanitary order, condition and repair. The Landlord agrees, at its sole cost and expense, to make certain repairs to the Premises as more completely set out on Exhibit C attached hereto and made a part hereof (the "Landlord Improvements"). The Landlord Improvements shall be completed on or before the Commencement Date. The Tenant expressly acknowledges that the Landlord is not making any representation or warranty as to the fitness of the Premises, including the Landlord Improvements, for the Tenant's use. Further, the Tenant agrees to assume the risk to its electronic equipment that it intends to install within the Premises subject only to the Landlord's, its agents' and contractors', willful or intentional acts or gross negligence.

11. Maintenance and Repair; Alterations.

(a) Landlord's Repairs. The Landlord shall at its cost and expense, maintain and keep in good condition and repair the roof, exterior landscaping, and exterior and supporting walls of the Building and shall effect repairs necessary due to the structural defects, if any. Landlord shall also maintain and repair the Common Areas, provided however, the Landlord shall be responsible for such maintenance and repairs in the event the same are required as a result of the negligence or willful act of the Tenant or its clients, customers, licensees, assignees, agents, employees or invitees and further, in any such event the Tenant hereby indemnifies and agrees to hold harmless Landlord, Landlord's agents and the other tenants of the Building from any and all losses and damages suffered as the result of Tenant's or Tenant's clients, customers, licensees, assignees, agents,

employees, invitees negligence or intentional misconduct.

(b) Tenant's Repairs; Alterations. Tenant shall maintain the Premises in a good, safe and clean manner. The Tenant shall submit to the Landlord for Landlord's prior written approval all of the plans and specifications for any alterations, additions or improvements in and to the Premises which Tenant may deem desirable or necessary in its use and occupancy thereof. Such alterations, additions or improvements shall not be made without the prior written approval of Landlord. All such alterations, additions or improvements shall be made in accordance with the applicable city, county, state and federal laws and ordinances, and building and zoning rules and regulations and all present and future governmental regulations relating to the Americans with Disabilities Act (ADA). Landlord's approval hereunder shall not be deemed as a warranty that Tenant's alterations meet such ADA regulations, however, such consent shall carry a requirement that such alterations will be constructed by Tenant, at its own expense, in full compliance with all existing ADA governmental regulations. Maintenance and repairs for any or all alterations, additions or improvements made to the Premises by Tenant shall be the sole responsibility of the Tenant. Tenant shall be liable for all damages or injuries which may result to any person or property by reason of or resulting from any alterations, additions or improvements made by it to the Premises and shall hold the Landlord harmless with respect hereto. All additions and improvements made by the Tenant shall become a part of the Premises and shall, upon the termination or expiration of this Lease, belong to Landlord except as may be otherwise set forth in a letter agreement or other written instrument executed by the parties hereto and attached to this Lease as an amendment hereto and thereby made a part hereof.

In the event Tenant performs any alterations, additions or improvements to the Premises, Tenant agrees that it shall provide to Landlord a reproducible set of as-built plans for Landlord's file.

If Tenant fails to perform Tenant's obligations under this Section 11, Landlord may at its option enter upon the Premises after ten (10) days' prior written notice to Tenant, perform such obligations on Tenant's behalf, and the cost thereof together with interest thereon shall become due and payable as additional rental to Landlord together with Tenants next rental installment.

At Landlord's option, Landlord may require that Tenant remove any or all alterations or improvements at Tenant's expense upon termination of the Lease.

12. Insurance.

(a) ~~Hazard Insurance. Tenant shall not occupy or use the Premises or permit them to be occupied or used for any business or purpose that would increase the premium for hazard insurance on the Premises over the normal rates applicable to the business for which the Premises are leased, and will not conduct the business in such a manner so as to increase the premium over the normal rate.~~ Any hazard insurance deemed necessary by Tenant on its own personal property located on or about the Premises shall be obtained by Tenant at its sole cost and expense.

(b) General and Liability Insurance. Tenant shall at all times during the Term, carry and maintain, for the mutual benefit of Landlord, adequate general public liability insurance issued by a company or companies licensed to do business in North Carolina and which are approved by Landlord (which approval shall not be unreasonably withheld) against claims for personal injury, sickness, or disease, including death and property damage in, on or about the Premises, such insurance to afford protection to the limit of not less than \$1,000,000 in respect to each person, and to the limit or not less than \$1,000,000 in respect to any one occurrence causing bodily injury or death, and to the limit of not less than \$250,000 in respect to property damage. Lessee shall furnish Lessor with a duplicate certificate or certificates of such insurance policy or policies.

13. Utilities. Landlord shall pay for the following utilities and services used by Tenant: gas, electricity, water and sewage. Tenant shall make all arrangements for telephone and facsimile service and all charges for the installation of such services or other services that are not provided by Landlord.

14. Damage and Destruction. In the event the Premises are damaged by any peril covered by standard policies of fire and extended coverage insurance to an extent which is less than fifty percent (50%) of the cost of replacement of the Premises, the Premises shall promptly be repaired by Landlord, but only to the extent of insurance proceeds received, and in no event shall Landlord be required to repair or replace Tenant's stock-in-trade, trade fixtures, furniture, furnishings, special equipment and other items of construction and personal property of Tenant. In the event of such damage and (a) Landlord is not required to repair as provided herein, or (b) the Premises are damaged to the extent of fifty percent (50%) or more of the cost of replacement of the Premises, or (c) the Building is damaged to the extent of fifty percent (50%) or more of the cost of replacement, or (d) such damage is twenty-five percent (25%) or more of the cost of replacement of the Premises and the same occurs during the last year of the initial term or any extensions or renewal terms of this Lease, then, in any such event (s), Landlord may elect either to repair or rebuild the Premises or the Building of which the Premises are a part, as the case may be, or to terminate this Lease upon giving notice of such election, in writing, to Tenant within ninety (90) days after the happening of the event causing such damage.

If such damage, repairing or rebuilding shall render the Premises untenable, in whole or in part, a proportionate abatement of the rent and additional rent stipulated herein shall be allowed from the date such damage occurred until the date Landlord completes the repairs or rebuilding, said proportion to be computed on the basis of the relation which the gross leasable area of the space rendered untenable bears to the gross leasable area of the Premises. If Landlord is required or elects to repair the Premises as provided herein, Tenant shall repair or replace its floor and wall coverings in a manner and to at least a condition equal to that prior to such damage or destruction; in addition, Tenant shall repair or replace its stock-in-trade, trade fixtures, furniture, furnishings, special equipment and other items of construction and personal property in a manner and to a condition Tenant deems appropriate and adequate for the conduct of its business within the Premises. In addition, Tenant is hereby given the sole option to terminate this Lease in the event repairing or rebuilding to be effected by Landlord and required hereunder cannot be completed within one hundred twenty (120) days from the date of the occurrence of the damage and destruction.

15. Condemnation. In the event the Premises or any part thereof shall be taken by condemnation or other similar proceedings, or acts of Federal, State, County or Municipal, or any Governmental, Public or Quasi-Public authority, for any Public or Quasi-Public purposes, then:

(a) if the whole of the Premises are taken or so much of the Premises are taken as to render the Premises untenable, the term hereby granted shall cease at the time possession thereof shall be taken for such purpose, and the payment of rent shall cease at such time.

(b) if a portion of the Premises is taken, future rentals will be adjusted on a prorata basis to reduce the total rental to the extent that the Premises have been taken by the partial condemnation.

Tenant shall have no claim to any condemnation award, however, nothing in this provision shall be construed to limit or effect the Tenant's right to an award of compensation for the taking of Tenant's leasehold interest hereunder, to the extent such action does not impair the rights of Landlord for the taking of or injury to the reversion.

16. Taxes. Landlord shall be responsible for the payment of real estate taxes except as provided in Section 6. Tenant shall be responsible for the payment of personal property taxes relating to all personal property and fixtures placed by Tenant in or on the Premises, the Building, or the Land.

17. Use. The Premises shall be used only for "Office" use purposes and only by those entities who have signed this Lease Agreement as Tenant. The Premises shall not be used for any unlawful or objectionable use. Tenant agrees to abide by any and all rules and regulations which Landlord, in its sole discretion, deems beneficial to the use and enjoyment of the Premises and the grounds and appurtenances thereto.

18. Prohibition Against Assignments/Subletting. This Lease shall not be assigned nor shall the Premises be sublet, without Landlord's prior written consent, which consent may be withheld at the sole discretion of Landlord; and if such consent is given, no subsequent assignment or subletting shall be made without Landlord's written consent. No consent by Landlord to any assignment or sublease shall be deemed to release Tenant or any guarantors of Tenant's obligations hereunder, from liability of Tenant's obligations hereunder.

19. Indemnity. ~~Tenant shall protect, indemnify, defend and save harmless the Landlord from and against any and all claims, demands and causes of action of any nature whatsoever, for injury to or death of a person, or loss of or damage to property, occurring on the Premises, or in the Building, or in any manner growing out of or connected with Tenant's use and occupancy of the Premises except as may be caused by Landlord's gross negligence. Landlord shall not be liable for any damages, injury or loss to the persons, property, or affects of Tenant, or to any other person or persons suffered in, on or upon the Premises, or in the Building, or as a result of the use of the Premises by Tenant, and Tenant agrees to indemnify, defend and protect and save harmless the Landlord against any and all damages or claims therefore except as may be caused by Landlord's negligence. Landlord is specifically not responsible under any circumstances for any damages to any computer, computer component, or computer peripheral hardware or software damaged by any interruptions, usage or variation for whatever reason in the electrical distribution system of the Building. The Tenant shall indemnify and save harmless the Landlord from any and all liability,~~

claims, demands and causes of action arising from the use and occupancy of the premises by Tenant.

20. Liens. Tenant shall keep the Premises free and clear of all mechanics' liens resulting from materials supplied to or labor performed on the Premises by or for Tenant. Notice is hereby given that Landlord shall not be liable for any work performed on the Premises at Tenant's bequest, or for any materials furnished at the Premises at Tenant's bequest, and no such mechanic's or other liens for such work or material shall attach to the reversion or other interest of Landlord.

21. Environmental Indemnity. Tenant hereby indemnifies and agrees to defend, protect and hold the Landlord and any successor or successors to Landlord's interest in and to the Premises, harmless from and against any and all losses, liabilities, fines, charges, damages, injuries, penalties, response cost, expenses and claims of any and every kind whatsoever paid, incurred or suffered by, or asserted against, the Landlord including, without limitation:

- (i) all consequential damages;
- (ii) the costs of any required or necessary repair, cleanup or detoxification of the Premises, and the preparation and implementation of any closure, remedial or other required plans; and
- (iii) all reasonable costs and expenses incurred by Landlord in connection with clauses (i) and (ii), including, but not limited to, reasonable attorneys' fees for, with respect to, or as a direct or indirect result of the presence on or under, or the escape, seepage, leakage, spillage, discharge, emission, or actual threatened release of any Hazardous Material (as hereinafter defined) from the Premises by the Tenant (including, without limitation, any losses, liabilities, damages, injuries, costs, expenses or claims asserted or arising under any federal or state or local statute, law, ordinance, code, rule, regulation, order or decree regulating, relating to, or imposing liability or standards of conduct concerning any Hazardous Material), regardless of whether or not caused by, or within the control of, Tenant, or any employees, agents, contractors or subcontractors of Tenant, or any third persons, occupying or present on the Premises, during the period of ownership, operation or control of the Premises by Tenant, irrespective of whether any of such activities were or will be undertaken in accordance with applicable laws, regulations, codes or ordinances.

For purposes herein, the term "Hazardous Material" means and includes any flammable explosives, radioactive materials, or hazardous, toxic or dangerous waste, substances of related material including, but not limited to, substances defined as such in (or for purposes of) the Comprehensive Environmental Response, Compensation, and Liability Act, as amended, 42 U.S.C. § 9601 et seq.; the Hazardous Materials Transportation Act, 49 U.S.C. § 1801 et seq.; the Resource Conservation and Recovery Act, 42 U.S.C. § 6901 et seq.; those substances defined as hazardous or toxic under any other federal, state or local statute, law, ordinance, code, rule, regulation, order or decree regulating, relating to, or imposing liability or standards of conduct concerning, any hazardous, toxic and dangerous waste, substance or material, as now or at any time hereafter in effect. ~~The warranties, representations and indemnities made by Tenant in this section are expressly agreed by~~

~~Landlord and Tenant to survive the termination of this Lease Agreement.~~

Notwithstanding anything to the contrary herein, Lessee shall leave no liability or responsibility to Lessor with respect to any Hazardous Material which has its origin in, under or about the Premises prior to the Commencement Date.

22. Environmental Compliance. Tenant shall keep and maintain the Premises in compliance with, and shall not cause or permit the Premises to be in violation of, any federal, state or local laws, ordinances, statutes, or regulations relating to industrial hygiene or to the environmental conditions on, under, or about the Premises, including, but not limited to, soil and groundwater conditions. Tenant shall not use, generate, manufacture, store, or dispose of, on, under, or about the Premises, the Building or the Land, or transport to or from the Premises, the Building or the Land, any Hazardous Material. Tenant hereby agrees at all times to comply fully and in a timely manner with, and to cause all of its employees, agents, suppliers, contractors and subcontractors and any other persons occupying or present on the Premises to so comply with, all applicable federal, state and local laws, regulations, guidelines, codes, statutes, and ordinances applicable to the use, generation, handling, storage, treatment, transport and disposal of any Hazardous Material now or hereafter located or present on or under the Premises, the Building or the Land. Tenant shall not install, or allow to be installed, any underground storage tanks on the Premises without the prior written consent of Landlord. Tenant shall keep all such underground storage tanks properly registered with appropriate federal, state and local authorities and shall pay in a timely manner all fees required by such authorities in connection with any clean-up fund or other program relating to underground storage tanks. Tenant shall furnish evidence satisfactory to Landlord reflecting any and all such payments. Should Tenant fail to pay any such fees, Landlord may pay the same on Tenant's behalf and any amount, together with interest at the rate of twelve percent (12%) per annum from date paid by Landlord until paid by Tenant, so paid shall become additional rent due from Tenant.

23. Hazardous Materials Cleanup. Tenant shall immediately advise Landlord in writing of:

(a) any and all enforcement, cleanup, removal or other governmental or regulatory actions instituted, completed or threatened pursuant to any applicable federal, state or local laws, ordinances, or regulations relating to any Hazardous Material affecting the Premises ("Hazardous Material Laws");

(b) all claims made, threatened or reasonably anticipated by any third party against Tenant or the Premises relating to damage, contribution, cost recovery compensation, loss or injury resulting from any Hazardous Material (the matters set forth in clauses (a) and (b) above are hereinafter referred to as "Hazardous Materials Claims"); and

(c) Tenant's discovery of any occurrence or condition on the Premises or any real property adjoining or in the vicinity of the Premises or to be otherwise subject to any restrictions on the ownership, occupancy, transferability or use of the Premises under any Hazardous Materials Laws. Landlord shall have the right, but not the obligation, to join and participate in, as a party if it so elects, any legal proceedings or actions initiated in connection with any Hazardous Materials Claims and to have its reasonable attorneys' fees in connection therewith paid by Tenant.

Nothing herein shall be construed to require Tenant to pay Landlord's attorney's fees in connection with any legal proceeding or action arising with respect to the presence of any Hazardous Material which has its origin on, under or about the Premises, the Building or the Land, prior to the Commencement Date.

24. Hazardous Material Remedial Actions. Without Landlord's prior written consent, Tenant shall not take any remedial action in response to the presence of any Hazardous Materials on, under, or about the Premises, nor enter into any settlement agreement, consent decree, or other compromise with respect to any Hazardous Materials Claims, which remedial action, settlement, consent or compromise might, in Landlord's reasonable judgment, impair the value of Landlord's security hereunder or of Landlord's interest in the reversion; provided, however that Landlord's prior consent shall not be necessary in the event that the presence of any Hazardous Material on, under, or about the Premises either poses an immediate threat to the health, safety or welfare of any individual or is of such a nature that an immediate remedial response is necessary and it is not reasonably possible to obtain Landlord's consent before taking such action, provided that in such event Tenant shall notify Landlord as soon as practicable thereafter of any action so taken. Landlord agrees not to withhold its consent, where such consent is required hereunder, if either:

(a) a particular remedial action is ordered by a court of competent jurisdiction; or

(b) Tenant establishes to the reasonable satisfaction of Landlord that there is no reasonable alternative to such remedial action which would result in less impairment of Landlord's security hereunder or of Landlord's interest in the reversion.

25. Default. The occurrence of any one of the following shall constitute a default by Tenant:

(a) Failure to pay rent when due;

(b) Abandonment or vacation of the Premises (it being agreed that absence from the Premises for six consecutive days after rent has become delinquent or the removal of substantially all of Tenant's possessions will create a conclusive presumption of abandonment);

(c) Voluntary or involuntary filing of bankruptcy, declaration of Tenant as incompetent or bankrupt, or an assignment made voluntarily by Tenant for the benefit of its creditors or the appointment of a receiver, guardian, or trustee for Tenant's property; or

(d) Failure to perform any other provision of this Lease if the failure to perform is not cured within ten (10) days after notice thereof has been given to Tenant. Notice as given under this subparagraph (d) shall specify the alleged default and the applicable Lease provisions, and shall demand that Tenant shall perform the provisions of the Lease within the applicable period of time, or quit the Premises. No such notice shall be deemed a forfeiture or a termination of this Lease unless Landlord so elects in the notice.

26. Landlord's Remedies. Landlord shall have the following remedies if Tenant commits a default. These remedies are not exclusive; they are cumulative in addition to any remedies now or later allowed by law or equity:

(a) Landlord shall have the right to continue this Lease in full force and effect, and the Lease shall continue in effect as long as Landlord does not terminate this Lease and until such time Landlord shall have the right to collect rent when due. During any period Tenant shall be in default, Landlord shall have the right to enter the Premises without notice to vacate (any right to which is hereby waived by Tenant), remove the property of Tenant therefrom and relet the Premises, without prior notice or demand, using such reasonable force as may be necessary, changing any or all locks on the Premises all without being liable for forcible entry, trespass, or other tort. Tenant shall be liable immediately to Landlord for all costs Landlord shall incur in reletting the Premises including, without limitation, broker's commissions, attorney's fees, expenses for remodeling required by the reletting, and like costs. Reletting can be for a period shorter or longer than the remaining Term. During the period of reletting, Tenant shall pay to Landlord the rent due under this Lease on the date that the rent is due, less the rent Landlord actively receives from any reletting. No act by Landlord allowed by this paragraph shall terminate this Lease unless Landlord notifies tenant that Landlord elects to terminate this Lease.

(b) Landlord shall have the right to terminate this Lease without notice to vacate (any right to which is hereby waived by Tenant) and Tenant's right to possession of the Premises at any time, and re-enter the Premises as described in subparagraph (a) of this Section 26. No act by Landlord other than the giving of notice of termination to Tenant shall terminate this Lease. Acts of maintenance, efforts to relet the Premises, or the appointment of a receiver on Landlord's initiative to protect Landlord's interest under this Lease shall not constitute a termination of Landlord's right to possession. Upon termination, Landlord shall have the right to pursue its remedies at law or in equity to recover of Tenant all amounts of rent then due or thereafter accruing and such other damages as are caused by Tenant's default.

Nothing in this section shall affect or limit any right of indemnity to which the Landlord is entitled herein.

If Tenant shall be in default in the performance of any covenant or section herein, then, after notice and without waiving or releasing Tenant from the performance of such covenant, Landlord may, but is not obligated to, perform any such covenant, and in exercising any such right to pay all necessary and incidental costs and expenses in connection therewith. All sums so paid by Landlord, together with interest at the rate of twelve percent (12%) per annum, shall be deemed additional rent and shall be payable to Landlord on the first day of the next month following the date Landlord pays such sums.

Rent not paid when due shall bear interest at the rate of twelve percent (12%) per annum from the date due until paid.

27. Quiet Enjoyment. Provided Tenant performs all its covenants, agreements and obligations hereunder, Landlord will warrant and defend Tenant in the peaceful and quiet enjoyment of the Premises, but only against the lawful claims of all persons claiming by, through or under Landlord.

28. Right of Entry. Landlord and its authorized representatives shall have the right to enter the Premises at all reasonable times upon reasonable notice (except in emergencies, in which case the Landlord or such representative shall have the right to enter the Premises at any time without notice) to inspect the Premises, to maintain and make repairs to the Premises, and to exhibit the Premises to prospective tenants during the last sixty (60) days of the Term.

29. Property of Tenant. Tenant may, at the expiration of the Term or the earlier termination hereof, remove all furniture, equipment, and other personal property which Tenant shall have placed in the Premises; provided that Tenant shall repair any damages to the Premises caused by such removal. All such property shall, during the Term hereof, be at risk of Tenant only, and Landlord shall not be liable for any loss thereof or damage thereto resulting from any cause whatsoever. Any such property not removed at the expiration or earlier termination of the Lease shall be deemed abandoned and may be disposed of by Landlord in any manner whatsoever.

30. End of Term, Holding Over and Attorney's Fees. Upon the expiration of the Term or earlier termination hereof, Tenant shall quit and surrender to Landlord the Premises, broom clean and in as good order and condition as the Premises were at the time of Tenant's occupancy thereof, ordinary wear and tear only excepted and if not done Tenant agrees to pay the cost of returning the Premises to their condition when received, ordinary wear and tear only excepted, and further, Tenant shall remove from the Premises all of its property.

If Tenant shall hold over after the expiration of the Term or other termination of this Lease, such holding over shall not be deemed to be a renewal of this Lease but shall be deemed to create a tenancy from month-to-month and by such holding over Tenant shall be deemed to have agreed to be bound by all of the terms and conditions of this Lease except as to the term hereof. If any rent owing under this Lease is collected by or through an attorney-at-law, Tenant agrees to pay Landlord's reasonable attorneys' fees not in excess of fifteen percent (15%) (or if the statutes or other laws of the State of North Carolina in effect at the time of such collection limit the amount so payable as attorneys' fees, then the maximum percentage not in excess of fifteen percent (15%) allowed by such laws or statutes) of the amount so collected.

31. Subordination. This Lease is and shall remain subject and subordinate to and may be assigned as security for any present or future mortgage or deed of trust which may now or hereafter affect the Land and to and for all renewals, modifications, consolidations, replacements and extensions thereof. This clause shall be self-operative and no further instrument shall be necessary to effect such subordination, however, Tenant shall execute promptly and deliver to Landlord any such certificate or certificates as Landlord may request evidencing the subordination of this Lease to or the assignment of this Lease as security for any such mortgage or deed of trust.

32. Estoppel Certificates. Tenant agrees to furnish promptly, from time to time, upon request of Landlord or any mortgagee, an estoppel certificate to Landlord or to Landlord's successor or assign or to any mortgagee. Said estoppel certificate shall be in a form reasonably acceptable to Landlord.

33. Liability of Landlord Nonrecourse. Notwithstanding any other term or provision herein contained, it is specifically understood and agreed that there shall be no personal liability of Landlord (nor Landlord's agent, if any) in respect to any of the covenants, conditions or provisions of this Lease. In the event of a breach or default by Landlord of any of its obligations under this Lease, Tenant shall look solely to the equity of the Landlord in the Building for the satisfaction of Tenant's remedies.

34. Parking. Fourteen parking spaces will be made available to Tenant at no charge during the term of the lease. Tenant shall have the option to rent parking spaces at an additional monthly charge of \$75.00 so long as such parking spaces are available.

35. Federal Regulation and/or Prohibition of CFCs. Due to an environmental threat that the earth's ozone layer has deteriorated, there is international concern for the control of chlorofluorocarbons ("CFCs") and possible ban thereof. Future legislation could impose:

(a) New maintenance standards and procedure on HVAC equipment in order to reduce the amount of freon existing in the system; or

(b) Conversion of the equipment in order to accommodate the use of a substitute chemical; or

(c) Replacement of the equipment in the event the equipment does not comply with the required performance and maintenance standards.

Landlord and Tenant hereby acknowledge that any costs associated with the above shall be considered a maintenance item and included in common area maintenance charges.

36. Plate Glass Breakage. Notwithstanding anything herein to the contrary, except by negligence of Tenant, Landlord shall be solely responsible for repair and replacement in the event of plate glass damage or breakage.

37. Garbage Removal. Landlord will be responsible for providing a container for garbage and arrange for its systematic pickup.

38. Janitorial Services. Landlord shall provide janitorial services and supplies to the Premises.

39. Fire Extinguishers. In the event a fire extinguisher is provided by Landlord in the Premises, Tenant shall be responsible for the maintenance thereof.

40. Storing of Flammable Materials. The Tenant agrees that it shall not store nor shall it use any dangerous and/or flammable material(s) within or around the Premises in a manner which violates any law or which may cause the costs incurred by Landlord with respect to taxes and insurance regarding the Premises to increase in which case Tenant shall bear the cost of any such increase.

41. Replacement of Light Bulbs. The Landlord shall, at its sole cost and expense, replace all light bulbs within the Premises except for those bulbs in fixtures installed by Tenant.

42. Kitchen Appliances and Equipment. In the event of installation of a kitchen or kitchen equipment by either Landlord or Tenant, such maintenance and repair of all items contained within the area shall be at the sole cost and expense of Tenant, including, but not limited to: maintenance, repair and replacement of a microwave oven, refrigerator, stove, ice maker, coffee maker, garbage disposal, dishwasher, sink, faucet or any other item within the area. Tenant hereby acknowledges to Landlord that any fixtures described herein are to become a part of the Premises and upon Tenant's vacating the Premises, all fixtures shall remain the property of Landlord.

43. Removal of Tenant's Personal Property. The Tenant shall have the privilege at any time, on or before vacating the Premises, of removing any or all of its personal property, and equipment, and Tenant shall repair any damage caused by the removal thereof and shall leave the Premises in good and clean condition and repair.

44. Compliance with Law. In addition to other provisions herein, Tenant shall promptly execute and comply with all laws, ordinances, rules, regulations and requirements of any or all federal, state and municipal authorities having jurisdiction over the manner in which the Tenant's business is conducted, but only insofar as these laws, ordinances, rules and regulations and requirements are violated by the conduct of Tenant's business.

45. Rules and Regulations. Tenant, its agents, servants and invitees, shall observe faithfully and comply strictly with the Rules and Regulations set forth on the schedule designated BUILDING RULES AND REGULATIONS, attached hereto as "Exhibit D" and by this reference made a part hereof. Landlord shall have the right, from time to time during the Term to make reasonable changes in, and additions to, said Rules and Regulations, provided such changes and additions do not unreasonably affect the conduct of Tenant's business in the Premises. Any failure by Landlord to enforce any said Rules and Regulations now or hereinafter effect, either against Tenant or any other tenant in the Building, shall not constitute a waiver of such Rules and Regulations. The defined words in this Lease, whenever used in said Rules and Regulations, shall have the same meanings as herein.

46. Effect of Exercise of or Failure to Exercise Rights by Landlord. Neither the exercise of nor failure to exercise any right, option, or privilege under this Lease by Landlord shall exclude Landlord from exercising any and all other rights, options or privileges under this Lease, nor shall exercise or nonexercise relieve Tenant from Tenant's obligations to perform each and every covenant and condition to be performed by Tenant under this Lease, or from damages or other remedy for failure to perform or meet the obligation of this Lease.

47. Notice. Except as otherwise provided in this Lease, all notices, covenants, requests and other communications to any party under or in connection with this Lease shall be in writing and shall be sent via personal delivery, via telephone facsimile transmission, via certified or registered mail, return receipt requested, or via express courier or delivery service, addressed to such party at such party's address or telephone facsimile number set forth below or at such other address or telephone facsimile number as shall be designated by such party in a written notice given to each other party complying as to delivery with the terms of this Section 47:

If to Landlord:

West Third Street, Inc.
P. O. Box 20425
Winston-Salem, NC 27120

With a copy to:

James T. Lambie
PO Box 20157
Winston-Salem, NC 27120

If to Tenant:

Forsyth County
Attn: County Manager
Forsyth County Government Center
201 North Chestnut Street
Winston-Salem, NC 27101

48. Successors and Assigns. The provisions of this Lease shall bind and inure to the benefit of Landlord and Tenant and their respective successors, heirs, legal representatives and permitted assigns; it is understood and agreed, however, that the term "Landlord", as used in this Lease, means only the owner or the Landlord for the time being of the Land of which the Premises are a part, so that in the event of any sale or sales (including, without limitation, any judicial sale, any sale in foreclosure and any sale pursuant to a power of sale contained in a mortgage or deed of trust affecting all or any part of the Building or the Land or a leasehold interest in the Land or the Building) of said property or of any lease thereof, the Landlord named herein shall be and hereby is entirely freed and relieved of all covenants and obligations of Landlord hereunder accruing thereafter and it shall be deemed without further agreement that the grantee, assignee, or the lessee, as the case may be, has assumed and agreed to carry out any and all covenants and obligations of Landlord hereunder during the period such party has possession of the Land. Tenant shall be bound to any succeeding landlord for all the terms, covenants and conditions hereof and shall execute any attornment agreement not in conflict herewith at the request of any succeeding landlord.

49. Entire Agreement. The entire agreement, intent and understanding between Landlord and Tenant is contained in the provisions of this Lease and any stipulations, representations, promises or agreements, written or oral, made prior to or contemporaneously with this Lease shall have no legal or equitable effect or consequence unless reduced to writing herein. The terms "Landlord" and "Tenant" and all pronouns relating thereto shall be deemed to mean and include corporations, partnerships and individuals as may fit the context and the masculine gender shall be deemed to include the feminine and the neuter and the singular number the plural. All changes, additions, or deletions hereto must be in writing and signed by Tenant and Landlord.

50. Time is of the Essence. Time is of the essence of this Lease and each and all of the provisions herein.

51. Negation of Partnership. Landlord shall not become or be deemed a partner or joint venturer with Tenant by reason of the provisions herein.

52. Severability. The invalidity, illegality, or unenforceability of any provision of this Lease shall not render the other provisions hereof invalid, illegal or unenforceable.

53. Captions. The headings of the sections of this Lease Agreement are descriptive and for convenience only, are not a part of this Lease, and shall have no effect on the construction or interpretation of this Lease.

54. Governing Law. This agreement shall be governed by and construed pursuant to the laws of the State of North Carolina.

55. Certification by Tenant. Tenant certifies that Tenant has carefully read and understood every word in this Lease and by signing this Lease agrees to faithfully comply with its provisions.

56. Memorandum. Landlord and Tenant agree that this Lease shall not be recorded. Landlord and Tenant agree, upon request of either party, to execute a Memorandum of Lease to be recorded in the Forsyth County Registry.

57. Signs. Tenant shall not place any sign on or about the Premises, the Building or the Land without the express prior written approval of Landlord.

58. Relocation of Premises. Landlord reserves the right to substitute for the Premises other premises (herein referred to as the "new premises") in the Building, provided:

(i) the new premises shall be similar to the Premises in area;

(ii) Landlord shall give Tenant at least thirty (30) days' written notice before making such change, and the parties shall execute an amendment to the Lease confirming the change within thirty (30) days after either party shall request the same; and

(iii) if Tenant shall already have taken possession of the Premises:

(a) Landlord shall pay the direct, out-of-pocket, reasonable expenses to Tenant in moving from the Premises to the new premises and improving the new premises so that they are substantially similar to the Premises, and,

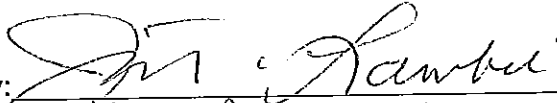
(b) such move shall be made during evenings, weekends, or otherwise so as to incur less inconvenience to Tenant.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hand and seals all as of the day and year first above written.

[See Following Page for Signatures]

LANDLORD:

WEST THIRD STREET, INC.,
a North Carolina corporation

By: 
Its: Vice-President

TENANT:

FORSYTH COUNTY

By: _____
Its: _____

EXHIBIT "A"
Legal Description

Beginning at the northeast corner of an eight story brick office building located at the southwest intersection of the rights of way of North Main Street and West Third Street, having N.C. Grid Coordinates N=856,688.682 and E=1,632,395.688; running thence with the west right of way line of North Main Street south 07 19'14" East 115.12 feet to a cross on concrete, having N.C. Grid Coordinates N=856,574.500 and E=1,632,410.337; thence with north property line of property of Forsyth County South 83° 46'06" West 88.44 feet to the southwest corner of said eight story brick office building, having N.C. Grid Coordinates N=856,677.621 and E=1,632,308.134; thence with another line of property of Forsyth County North 07° 12'57" West 35.10 feet to the southeast corner of property of Standard Savings and Loan Association described in deed recorded in Book 918, Page 356; thence with the east line of the said property of Standard Savings and Loan Association North 07° 12'57" West 80.07 feet to the northwest corner of said eight story brick office building in the south right of way line of West Third Street, having N.C. Grid coordinates N=856,677.621 and E=1,632,308.134; thence with the south right of way line of West Third Street North 82° 47'55" East 88.23 feet to the point and place of Beginning, containing 10,171.169 square feet.

Being the same property as shown on plat of survey entitled "Barnhill and Poole Co." dated April 14, 1981, prepared by John G. Bank, Designated Job No. 7319.

Together with an easement appurtenant onto the property adjoining on the south as set forth in instrument recorded in Book 1331, Page 1172.

Together with any and all right, title and interest of party of the first part, without warranty, to those easements recorded in Books 1334, page 141; 1335, page 1232; that reservation of easement set forth in Deed Book 918, page 356; that assignment of easement in Book 1334, page 497; and those easements in Book 1423, page 1762, and Book 1423, page 1765, of the Forsyth County Registry; and all portions of the building, if any, located adjacent to the above described premises, above or below ground level.

EXHIBIT "B"

N/A

EXHIBIT "C"

N/A

EXHIBIT "D"
Rules and Regulations

1. No sign, placard, picture, advertisement, name or notice shall be installed or displayed on any part of the outside or inside of the Building without the prior written consent of Landlord. Landlord shall have the right to remove, at Tenant's expense and without notice, any sign installed or displayed in violation of this rule. All approved signs or lettering on doors and walls shall be printed, painted, affixed or inscribed at the expense of Tenant.
2. If Landlord objects in writing to any curtains, blinds, shades, screens or hanging plants or other similar objects attached to or used in connection with any window or door of the Premises, Tenant shall immediately discontinue such use. No awning shall be permitted on any part of the Premises. Tenant shall not place anything against or near glass partitions or doors or windows, which may appear unsightly from outside the Premises.
3. Tenant shall not obstruct any sidewalks, halls, passages, exits, entrances, elevators, escalators or stairways of the building tenants; provided that nothing herein contained shall be construed to prevent such access to persons with whom any tenant normally deals in the ordinary course of its business, unless such persons are engaged in illegal activities. No tenant and no employee or invitee of any tenant shall go upon the roof of the Building. Tenant shall not enter the mechanical rooms, air conditioning rooms, electrical closets, janitorial closets, or similar areas without the prior written consent of Landlord.
4. The directory of the Building will be provided exclusively for the display of the name and location of Tenants only and Landlord reserves the right to exclude any other names therefrom.
5. All cleaning and janitorial services for the Building and the Premises shall be provided exclusively through Landlord, and except with the written consent of Landlord, no person or persons other than those approved by Landlord shall be employed by Tenant or permitted to enter the Building for the purpose of cleaning the same. Tenant shall not cause any unnecessary labor by carelessness or indifference to the good order and cleanliness of the Premise. Landlord shall not in any way be responsible to any Tenant for any loss of property on the Premise, however occurring, or for any damage to any Tenant's property by the janitor or any other employee or any other person.
6. Landlord will furnish Tenant, free of charge, with two keys to each door lock in the Premise. Landlord may make reasonable charge for any additional keys. Tenant shall not make or have made additional keys, and Tenant shall not alter any lock or install a new additional lock or bolt on any door of its Premise. Tenant, upon the termination of its tenancy, shall deliver to Landlord the keys of all doors which have been furnished to Tenant, and in the event of loss of any keys so furnished, shall pay Landlord therefore.

7. If Tenant requires telegraphic, telephonic, burglar alarm or similar service, it shall first obtain, and comply with, Landlord's instructions in the installation.

8. Any freight elevator shall be available for use by all tenants in the Building, subject to such reasonable scheduling as Landlord in its discretion shall deem appropriate. No equipment, materials, furniture, packages, supplies, merchandise or other property will be received in the Building or carried in the elevators except between such hours and in such elevators as may be designated by Landlord.

9. Tenant shall not place a load upon any floor of the Premises, which exceeds the load per square foot, which such floor was designed to carry and which is allowed by law. Landlord shall have the right to prescribe the weight, size and position of all equipment; materials, furniture or other property brought into the Building. Heavy objects shall, if considered necessary by Tenant, stand on such platforms as determined by Landlord to be necessary to properly distribute the weight. Business machines and mechanical equipment belonging to Tenant, which cause noise or vibration that may be transmitted to the structure of the Building shall be placed and maintained by Tenant, at Tenant's expense, on vibration eliminators or other devices sufficient to eliminate noise or vibration. The persons employed to move such equipment in or out of the Building must be acceptable to Landlord. Landlord will not be responsible for loss of or damage done to the Building by maintaining or moving such equipment or other property shall be repaired at the expense of Tenant.

10. Tenant shall not use or keep in the premises any kerosene, gasoline or inflammable or combustible fluid or material other than those limited quantities necessary for the operation or maintenance of office equipment. Tenant shall not use or permit to be used in the Premises any foul or noxious gas or substance, or permit or allow the Premises to be occupied or used in a manner offensive or objectionable to Landlord or other occupants of the Building by reason of noise, odors, or vibrations, nor shall Tenant bring into or keep in or about the Premises any birds or animals.

11. Tenant shall not use any method of heating or air conditioning other than that supplied by Landlord.

12. Tenant shall not waste electricity, water or air conditioning and agrees to cooperate fully with Landlord to assure the most effective operation of the Building's heating and air conditioning and to comply with any governmental energy-saving rules, Laws or regulations of which Tenant has actual notice, and shall refrain from attempting to adjust controls other than room thermostats installed for Tenant's use. Tenant shall keep corridor doors closed, and shall close window coverings at the end of each business day. Subject to curtailment as required by governmental laws, rules or mandatory regulations, Landlord shall use its best efforts to maintain the following temperatures in all conditioned spaces in the Premises: 68 degrees to 74 degrees.

13. Landlord reserves the right, exercisable without liability to Tenant, to change the name and street address of the building. Landlord shall reimburse tenant for all direct, out-of-pocket, reasonable expenses associated with this Article 13.

14. Landlord reserves the right to exclude from the Building between the hours of 6 p.m. and 7 a.m. the following day, or such other hours as may be established from time to time by Landlord, and on Sundays and legal holidays, any person unless that person is known to the person or employee in charge of the Building and has a pass or is properly identified. Tenant shall be responsible for all persons for whom it requests passes and shall be Liable to landlord for all acts of such persons. Landlord shall not be liable for damages for any error with regard to the admission to or exclusion from the Building of any person. Landlord reserves the right to prevent access to the Building in case of invasion, mob, riot, public excitement or other commotion by closing the doors or by other appropriate action.

15. Tenant shall close and lock the doors of its Premises and entirely shut off all water faucets or other water apparatus, and electricity, gas or air outlets before Tenant and its employees leave the Premises. Tenant shall be responsible for any damage or injuries sustained by other tenants or occupants of the Building or by Landlord for noncompliance with this rule.

16. In the event the Premises include a balcony for use by Tenant, Tenant agrees not to allow the accessways to such balcony to remain open so as to cause an increase in utility charges as a result of increased heating or air conditioning use. Landlord shall have the right to enter the Premises to assure compliance with this provision.

17. The toilet rooms, toilets, urinals, wash bowls and other apparatus shall not be used for any purpose other than that for which they were constructed and no foreign substances of any kind whatsoever shall be thrown therein. The expense of any breakage, stoppage or damage resulting from the violation of this rule shall be borne by the tenant who, or whose employees or invitees shall have caused same.

18. Tenants shall not sell, or permit the sale at retail, of newspapers, magazines, periodicals, theater tickets or any other goods or merchandise to the general public in or on the Premises. Tenant shall not make any room-to-room solicitations of business from other tenants in the Building. Tenant shall not use the Premises for any business or activity other than that specifically provided for in Tenant's lease.

19. Tenant shall not install any radio or television antenna, loudspeaker or other device on the roof or exterior walls of the Building. Tenant shall not interfere with radio or television broadcasting or reception from or in the Building or elsewhere.

20. Tenant shall not mark, drive nails, screw or drill into the woodwork or plaster or in any way deface the Premises or any part thereof. Landlord reserves the right to direct electricians as to where and how telephone and telegraph wires are to be introduced to the Premises. Tenant shall not cut or bore holes for wires. Tenant shall not affix any floor covering to the floor of the Premises in

any manner except as approved by Landlord. Tenant shall repair any damage resulting from noncompliance with this rule.

21. Tenant shall not install, maintain or operate upon the Premises any vending machines without the written consent of Landlord. Canvassing, soliciting and distribution of handbills or any other written material, and peddling in the Building are prohibited, and each tenant shall cooperate to prevent same.

22. Landlord reserves the right to exclude or expel from the Building any person who, in Landlord's judgment, is intoxicated or under the influence of liquor or drugs or who is in violation of any of the Rules and Regulation of the Building.

23. Tenant shall store all its trash and garbage within its Premises. Tenant shall not place in any trash box or receptacle any material, which cannot be disposed of in the ordinary and customary manner of trash and garbage disposal. All garbage and refuse disposal shall be made in accordance with directions issued from time to time by Landlord.

24. The Premises shall not be used for the storage of merchandise held for sale to the general public or for lodging or for manufacturing of any kind, nor shall the Premises be used for any improper, immoral or objectionable purpose. No cooking shall be done or permitted by any Tenant on the Premises, except that used by Tenant of Underwriter's Laboratory-approved microwave and equipment for brewing coffee, tea, hot chocolate and similar beverages shall be permitted, provided that such equipment and use is in accordance with all applicable federal, state, county and city laws, codes, ordinances, rules and regulations.

25. Tenant shall not use in any space or in the public halls of the Building any hand trucks except those equipped with rubber tires and side guards or such other material-handling equipment as landlord may approve. Tenant shall not bring any other vehicles of any kind into the Building.

26. Without the written consent of landlord, Tenant shall not use the name of the Building in connection with or in promoting or advertising the business of Tenant except as Tenant's address.

27. Tenant shall comply with all safety, fire protection and evacuation procedures and regulations established by Landlord or any government agency.

28. Tenant assumes any and all responsibility for protecting its Premises from theft, robbery and pilferage, which includes keeping doors locked and other means of entry to the Premises closed.

29. Landlord reserves the right to modify and/or adopt such other reasonable and nondiscriminatory rules and regulations for the parking areas as it deems necessary for the operation of the parking area. Landlord may refuse to permit any person who violates the within rules to park in the parking areas, and any violation of the rules shall subject the car to removal. Landlord further reserves the right to institute a system of charging for parking on a nondiscriminatory basis.

30. Parking area hours shall be 6 a.m. to 1 a.m. Cars must be parked entirely within the stall lines painted on the floor. All directional signs and arrows must be observed. The speed limit shall be 5 miles per hour. Parking is prohibited: (a) in areas not striped for parking, (b) in aisles, (c) where "no parking" signs are posted, (d) on ramps, (e) in cross hatched areas, and (f) in such other areas as may be designated by Landlord as reserved for the exclusive use of others. Washing, waxing, cleaning or servicing of any vehicle by anyone is prohibited. Tenant shall acquaint all persons to whom Tenant assigns parking spaces with these Rules and Regulations.

31. Tenant shall not park its vehicles in any parking areas designated by Landlord as areas for parking by visitors to the building. Tenant shall not leave vehicles in the Building parking areas overnight nor park any vehicles in the Building parking areas other than automobiles, motorcycles, motor driven or non-motor driven bicycles or four-wheeler trucks.

32. The requirements of Tenant will be attended to only upon appropriate application to the office of the Building by an authorized individual. Employees of Landlord shall not perform any work or do anything outside of their regular duties unless under special instructions from Landlord, and no employee of Landlord will admit any person (Tenant or otherwise) to any office without specific instructions from Landlord.

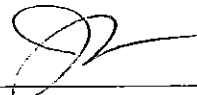
33. Landlord may waive any one or more of the Rules and Regulations for the benefit of Tenant or any other Tenant, but such waiver by Landlord shall not be construed as a waiver of such Rules and Regulations in favor of Tenant or any other Tenant, nor prevent Landlord from thereafter enforcing any such Rules and Regulations against any or all of the Tenants of the Building.

34. These Rules and Regulations are in addition to, and shall not be construed to in any way modify or amend, in whole or in part, the terms, covenants, agreements and conditions of any lease of Premises in the Building.

35. Landlord reserves the right to make such other reasonable Rules and Regulations, in its judgment, may from time to time be needed for safety and security, for care and cleanliness of the Building and for the preservation of good order therein. Tenant agrees to abide by all such Rules and Regulations herein above stated and any additional rules and regulations which are adopted.

36. Tenant shall be responsible for observance of all of the foregoing rules by Tenant's employees, agents, clients, customers, invitees and guests.

Tenant's Initials

_____ 

Landlord's Initials

**RESOLUTION AUTHORIZING EXECUTION OF AN
AMENDMENT TO A LEASE AGREEMENT WITH WEST THIRD
STREET, INC. FOR SPACE FOR THE PROBATION AND PAROLE
OFFICES IN THE 8 WEST THIRD STREET BUILDING
(GENERAL SERVICES DEPARTMENT)**

BE IT RESOLVED by the Forsyth County Board of Commissioners that the Chairman or County Manger and Clerk to the Board are hereby authorized, pursuant to the County's statutory duty to provide physical facilities for the judicial system, to execute, on behalf of Forsyth County, the attached Office Space Lease Agreement Amendment Number Three with West Third Street, Inc. for the lease of Suite 800, consisting of 7,950 square feet of space and nine (9) parking spaces, for the Probation and Parole Offices, for an extended term of two (2) years, beginning March 1, 2013 and ending February 28, 2015, with two (2) one-year options to renew, at a monthly rent of \$9,805.74 for Year One, and a rate based on the annual CPI Increase for Year Two, subject to a pre-audit certificate thereon by the Chief Financial Officer, where applicable, and approval as to form and legality by the County Attorney. The original Agreement is incorporated herein by reference.

BE IT FURTHER RESOLVED that the County Manager is hereby authorized to exercise the options to renew the lease, on behalf of Forsyth County, for up to two additional one-year periods at the end of the initial two year lease term covered by this Lease Amendment, and to execute all necessary documents associated therewith, subject to a pre-audit certificate thereon by the Chief Financial Officer, where applicable, and approval as to form and legality by the County Attorney.

Adopted this the 11th day of February 2013.

STATE OF NORTH CAROLINA)
)
COUNTY OF FORSYTH)

OFFICE SPACE LEASE AGREEMENT
AMENDMENT NUMBER THREE

This Office Space Lease Agreement Amendment Number Three made and entered into this ____ day of February, 2013, by and between West Third Street, Inc., a North Carolina corporation, hereinafter referred to as "landlord" and Forsyth County, a political subdivision of the State of North Carolina, hereinafter referred to as "Tenant", hereby amends and extends the Office Space Lease Agreement entered into between Landlord and Tenant on March 1, 2001, and amended November 24, 2003 and February 11, 2009; for the purpose of providing office space for the North Carolina Probation and Parole employees.

The Landlord and Tenant hereby agree to amend or add the following provisions:

1. Reference Section 2, "Extended Term", is amended to state: "So long as this Lease is in full force and effect and Tenant is not then in default hereunder, the Tenant shall have the option to extend the term of this Lease for two (2) additional periods of one (1) year (the "Extended Term") upon giving notice to Landlord of its intent to exercise of such options to extend the Lease at least one hundred twenty (120) days prior to the expiration of the previous term, or as otherwise provided herein, (the Initial Term and Extended Term are together known as the "Term")." The new option rent shall be based on the annual CPI increase as increased from the last year of each lease term (with a 3% maximum).

The parties hereby agree that the term of the lease is hereby extended for a period of Two Years, beginning March 1, 2013, the Commencement Date and ending February 28, 2015, the Termination Date.

2. Reference Section 3. A monthly rental in the amount set forth below ("Rent") shall be payable at Landlord's address set forth in Section 47 shown below, in advance on the first day of the month starting with the Commencement Date of this Lease without offset or deduction, and on the first day of each succeeding month thereafter during the term.

Third Extended Term:

Period: March 1, 2013 to February 28, 2014

Monthly Rent: \$9,805.74 per month

Period: March 1, 2014 to February 28, 2015

Monthly Rent: Rate based on annual CPI Increase (maximum of 3% per year)

3. Extended Term: The Tenant shall have two 1-year options to renew. Rate based on annual CPI increase (maximum of 3% per year).

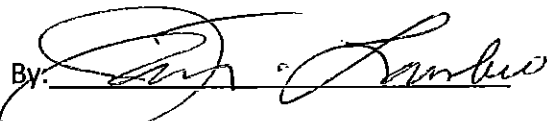
All other terms and conditions as set forth in the original Lease Agreement, and any amendments thereto, shall remain in full force and effect for the duration of this Agreement and are incorporated herein by reference as if fully set forth therein.

This Amendment is hereby effective upon its full execution.

IN WITNESS WHEREOF, the parties hereto have executed this Office Space Lease Agreement Amendment Number Three in triplicate originals, two to be retained by Tenant and one to be retained by Landlord.

LANDLORD: West Third Street, Inc.

TENANT: Forsyth County

By: 
Title: Exec. President

By: _____
Title: _____

STATE OF NORTH CAROLINA)
)
COUNTY OF FORSYTH)

OFFICE SPACE LEASE AGREEMENT

THIS LEASE AGREEMENT (the "Lease"), made and entered into as of the 1st day of March, 2001 by and between WEST THIRD STREET, INC., a North Carolina corporation (hereinafter called "Landlord") and FORSYTH COUNTY (hereinafter called "Tenant") for the purpose of providing office space for the North Carolina Probation and Parole employees.

IN CONSIDERATION of the rents hereinafter agreed to be paid and in consideration of mutual covenants and agreements hereinafter recited, Landlord does hereby lease unto Tenant and Tenant does hereby take as Tenant from Landlord those certain premises known as Suite 800, containing approximately 7,950 square foot space (hereinafter called the "Premises,") which shall also include any Additional Space (as hereinafter defined) located in that certain building located at 8 West Third Street (the "Building"), which is situated on certain land in the City of Winston-Salem, North Carolina, described by "Exhibit A" attached hereto and incorporated herein by reference (hereinafter called the "Land").

TO HAVE AND TO HOLD an exclusive right to the said Premises, together with a non-exclusive right, together with others lawfully entitled thereto, to use all exits and entrances onto the Premises, Tenant upon the following terms and conditions:

1. Initial Term. The term of this Lease shall begin on the 1st day of March, 2001 ("Commencement Date") and shall end at 11:59 p.m. of the 28th day of February, 2004 ("Initial Term").

2. Extended Term. So long as this Lease is in full force and effect and Tenant is not then in default hereunder, the Tenant shall have the option to extend the term of this Lease for one (1) additional period of two (2) years (the "Extended Term") upon giving notice to Landlord of its intent to exercise of such option to extend the Lease at least one hundred twenty (120) days prior to the expiration of the previous term (the Initial Term and Extended Term are together known as the "Term").

All other terms and conditions of this Lease and any amendments hereto shall remain in full force and effect during any Extended Term.

3. Base Rent. A monthly rental in the amount set forth in the schedule below ("Base rent") shall be payable at Landlord's address set forth in Section 47 shown below, in advance on the first day of the month following the Commencement Date of this Lease without offset or deduction, and on the first day of each succeeding month thereafter during the Term.

Initial Term:

Period: March 1, 2001 to February 28, 2004
Base Rent: \$8,281.25

If Tenant shall exercise the option to renew this Lease pursuant to Section 2 hereof, the Base Rent for the Extended Term shall be in the amounts set forth in the Schedule below:

Extended Term:

Period: March 1, 2004 to February 28, 2006
Base Rent: \$9,026.57 (minimum)

The Base Rent for Additional Space shall be an amount equal to the product of a fraction, the numerator of which is the Base Rent for the Initial Term or Extended Term, as appropriate, and the denominator of which is the square footage of space rented to Tenant prior to the addition of the Additional Space, multiplied by the square footage of the Additional Space.

4. Additional Rent.

(a) Commencing on March 1, 2002 and thereafter, payable throughout the balance of the Term, Tenant shall pay to Landlord, in addition to the Base Rent, an additional rent equal to the higher of three percent (3%) of the base rent for the prior Lease Year or Alternative Additional Rent calculated in the amount set forth below ("Additional Rent").

(b) Alternative Additional Rent to be paid hereunder shall equal the sum of money which shall be in the amount, if any, in the excess of the Base Rent, of the product determined by multiplying the Base Rent by a fraction, the numerator of which is the cost of Living Index at the end of the Fiscal Year immediately preceding the Fiscal Year for which the additional rent is to be paid and the denominator of which is the Cost of Living Index in effect on the Commencement Date of this Lease.

(c) Landlord shall calculate the Alternative Additional Rent to be paid pursuant to 3(b) as soon as possible following the close of the Fiscal Year and give Tenant notice of the amount of Additional Rent and terms of payment thereof. Until such calculation is made, Tenant shall pay Additional Rent in the amount of three percent (3%) of the base rent for the prior Lease Year.

(d) For purposes of this Lease, the following terms shall have the following definitions:

(1) Cost of Living Index: The Consumer Price Index, Urban Wage Earnings and Clerical Workers, All Items, base 1967 equals 100, published by the Bureau of Labor Statistics, U.S. Department of Labor, or if said index is not available for the United States, then an available index for the geographical area within the United States nearest in size to the entire United States, published by said Bureau or its successor, or if none, by any other instrumentality of the United States or of the State of North Carolina, in the order mentioned.

(2) Fiscal Year: The twelve (12) month period from January 1 to December 31 (herein a "Fiscal Year").

5. Late Payment of Rent: All monthly installments of rent herein stipulated are due in advance without prior offset or reduction, on the first (1st) of each month during the Term hereof, as set forth herein. All rents not received on the first (1st) day of the month shall be deemed "past due" and all rents not received by the Landlord by the tenth (10th) day of each month during the term hereof shall be subject to a charge of five percent (5%) of the amount due to compensate Landlord for its increased administrative costs and not as a penalty.

In any such event, Landlord shall so invoice Tenant for any such charge, which shall become due and payable immediately upon Tenant's receipt of the invoice.

Once any payment of rent is thirty (30) days past due, the total past due, including the five percent (5%) charge shall bear interest at eight percent (8%) per annum.

6. Tenant to Pay Prorata Share of Real Estate Tax and Operating Expense Increase:

(a) In the event that the real estate taxes payable with respect to the Building and the Land on which it is located for any tax year in which this Lease shall be in effect, shall be greater than the amount of such taxes due and payable for the tax year 2001 (the applicable tax year being hereinafter referred to as "Base Year"), whether by reason of an increase in either the tax rate, or the assessed valuation, or by reason of the levy, assessment, or imposition of any tax on real estate as such is now levied, assessed or imposed, or for any other reason, except failure to pay back taxes, Tenant shall pay to Landlord an amount equal to the Tenant Percentage of leased premises multiplied by the difference between the amount of such tax or installment and the corresponding tax or installment paid for the Base Year. Real estate taxes, as referenced herein, shall be defined as the amount of the total tax invoice (property assessment multiplied by tax rate) and shall exclude any discount or late penalty charge, and shall exclude any charge or fee incurred by Landlord as a result of its attempt in securing a reduction in the assessed value of the property.

During the term hereof, Landlord shall notify Tenant of its proportionate share due for such tax increase. Landlord shall have the option throughout the Term to require Tenant's reimbursement on either a monthly, quarterly, or annual basis, at Landlord's sole discretion, to become due and payable as additional rent on the date so directed by Landlord. In the event Landlord requests reimbursement on either a monthly or quarterly basis, an annual adjustment shall be calculated and determined by subtracting the actual cost from the additional rent paid by Tenant, with the difference to be invoiced to Tenant or credited to Tenant, as the case may be, and paid within ten (10) days, if invoiced quarterly or annually from the date of invoice.

(b) In the event that expenses for operating the Building and maintenance and repair of the common areas ("Common Area Expenses") exceed those incurred by Landlord during the Base Year (as described above), Tenant shall pay an amount equal to the product of the Tenant Percentage of leased premises multiplied by the increase.

Common Area Expenses shall include, but are not limited to the following incurred by Landlord with respect to the Building: Maintenance and repair to elevators, HVAC equipment, plumbing and electrical, doors, door locks and keys (other than individual keys and locks), light bulb replacement, replacement of floor coverings, cost of electricity, water, sewer, gas and other utilities serving the Building (not separately metered to a particular tenant); janitorial, garbage

removal, snow removal, window washing, painting, interior plant maintenance, pest control, security services, any alteration or other work required by any governmental authority not attributable primarily to the particular use made by a particular tenant to include costs expended by Landlord in order to place and keep the Building and common areas in compliance with the Americans with Disabilities Act (ADA) and any other legislation by any governmental body, casualty, boiler and machinery, loss of rents and general excess liability insurance, minor repairs to sidewalks and loading areas (but not replacement), landscaping maintenance, administrative fees and all other expenses paid in connection with the operation of the Building chargeable against income. Landlord, upon written demand by Tenant therefore, but not later than ninety (90) days after the expiration of a Lease Year shall furnish Tenant a summary schedule of such Common Area Expenses for such Lease Year if there shall occur therein an increase in Common Area Expenses as aforesaid.

During the Term hereof, Landlord shall notify Tenant of its proportionate share due for such increase. Landlord shall have the option throughout the Term to require Tenant's reimbursement on either a monthly, quarterly, or annual basis, at Landlord's sole discretion, to become due and payable as additional rent on the date so directed by Landlord. In the event Landlord requests reimbursement on either a monthly or quarterly basis, annual adjustment shall be calculated and determined by subtracting the actual cost from the additional rent paid by Tenant with the difference to be invoiced to Tenant or credited to Tenant, as the case may be, and paid within ten (10) days, if invoiced monthly or thirty (30) days if invoiced quarterly or annually from the date of invoice.

(c) If the first or the final Lease Year shall contain less than twelve (12) months, the additional rent payable under this Section 6 for such Lease Year shall be prorated. Tenant's obligations to pay additional rent for the final Lease Year shall survive the expiration of the Term of this Lease.

(d) For purposes of this Section 6, the term "Tenant Percentage" shall mean the percentage of square footage rented by Tenants, which percentage shall be the number produced by multiplying 100 by a fraction, the numerator of which is the square footage rented by Tenant (including the square footage of Additional Space, if applicable), divided by the square footage of the Building.

(e) For purposes of this Section 6, the term "Lease Year" shall mean a period of twelve (12) months or less, commencing with the term Commencement Date and ending on the following December 31, each successive period of twelve (12) months or less commencing with January 1 immediately preceding the expiration of the immediately preceding Lease Year.

(f) For purposes of this Lease, the term "Common Areas" shall mean all areas of the entire Building and appurtenances which are available for the common use of tenants and which are not held for the exclusive use of the Tenant or other tenants, including but not limited to entrances and exits to the Building, sidewalks, landscaped areas, interior lobbies, stairwells, corridors, elevators, rest rooms, building equipment rooms and other areas and facilities provided for the common or joint use and benefit of occupants of the Building, their employees, agents, customers and invitees.

7. Common Areas. Landlord reserves the right, from time to time, to reasonably alter said Common Areas including converting common areas into leasable areas, increasing or decreasing Common Areas, land and/or facilities and to exercise control and management of the Common Areas and to establish, modify, change and enforce such reasonable Rules and Regulations as Landlord in its discretion may deem desirable for the management of the Building.

Tenant agrees to abide by and conform to such Rules and Regulations and shall be responsible for the compliance with same, its employees, agents, customers and invitees. The failure of Landlord to enforce any of such Rules and Regulations against Tenant or any other tenant shall not be deemed to be a waiver or modification of any such Rule or Regulation.

Landlord shall have the right to restrict or close all or any portion of the Common Areas at such times and for such periods as may, in the opinion of the Landlord, be necessary to prevent a dedication thereof, or to preserve the status thereof as private property, or to prevent the accrual of any rights in any person; and Landlord may also close said Common Areas for purposes of maintenance and repair as may be required from time to time. The Tenant acknowledges that such activities may result in an occasional inconvenience to Tenant.

That pursuant to the provisions of Section 6, Tenant is obligated to pay Landlord its proportionate share of any increase above the Base Year which Landlord may incur in the cost of maintaining the Common Areas.

8. Additional Space. Tenant shall have the option to add a space or more than one to the Premises at any time during the first year of the Initial Term of this Lease so long as such space is available for lease. A space shall be "available for lease" if:

- (i) the space is not already leased to a third party; or
- (ii) the space is due to become vacant because the tenant's lease has or will expire with no renewal provision, or renewal is not elected by such tenant.

In no event shall Tenant have the option to rent a portion of a space under this Section 8.

The option under this Section 8 shall be subject and subordinate to any rights of refusal, options to lease, other expansion rights, first rights to lease or any other rights or options, however designated, that may exist as of the date this Lease is executed. The option shall be exercised, if at all, by Tenant's written notice to Landlord at least fifteen (15) days in advance of the date Tenant desires to occupy the additional space. Should Tenant duly and timely exercise the option under this Section 8 the additional space ("Additional Space") shall be added to the Premises and this Lease from and after the date Landlord delivers the Additional Space to Tenant, or such earlier date to which Landlord and Tenant may mutually agree, through the last day of any term, hereunder as the same may be extended. Thereafter, the provisions of this Lease shall apply to such Additional Space.

9. Security Deposit. Tenant has this day deposited with Landlord the sum of (\$0) and 00/100ths Dollars (\$0) as security for the performance by Tenant of all the terms, covenants and conditions of this Lease upon Tenant's part to be performed which sum shall be returned to Tenant after the expiration of the term hereof, provided Tenant has fully performed hereunder. Landlord shall have the right to apply part of said deposit to cure any default of Tenant and if Landlord does so, Tenant shall upon demand deposit with Landlord the amount so applied so that Landlord shall have the full deposit on hand at all times during the term of this Lease. In the event of a sale of the Land subject to the Lease or an assignment of this Lease by Landlord, Landlord shall have the right to transfer the security deposit to its grantee or assignee, as the case may be, and Landlord shall thereupon be released from all liability for the return of such security deposit and Tenant shall look to the new landlord solely for the return of said security and this provision shall apply to every transfer or assignment of the security deposit to a new landlord. The security deposited under this Lease shall not be assigned or encumbered by Tenant and any such assignment or encumbrance shall be null and void.

THE SECURITY DEPOSIT UNDER THIS SECTION 9 SHALL BE HELD AND, UPON THE TERMINATION OF THE LEASE, BE APPLIED IN THE MANNER AND FOR THE PURPOSES SET FORTH HEREIN.

THE SECURITY DEPOSIT MAY, IN THE DISCRETION OF THE LANDLORD BE DEPOSITED IN AN INTEREST BEARING ACCOUNT WITH A BANK OF LANDLORD'S CHOICE. ANY INTEREST EARNED UPON THE TENANT'S SECURITY DEPOSIT SHALL ACCRUE FOR THE BENEFIT OF, AND SHALL BE PAID TO, THE LANDLORD, OR AS THE LANDLORD DIRECTS. SUCH INTEREST IF ANY, MAY BE WITHDRAWN BY LANDLORD FROM SUCH ACCOUNTS AS IT ACCRUES AS OFTEN AS IS PERMITTED BY THE TERMS OF SUCH BANK ACCOUNT.

10. Receipt of Premises, Landlord Improvements. Tenant has examined the Premises, including, but not limited to, the furniture, furnishings, fixtures, appliances, equipment, windows, doors, plumbing facilities, electrical facilities, hot and cold water supply, and the building grounds and appurtenances, and, subject to completion of the Landlord Improvements (as defined below), accepts the same "AS IS", and acknowledges that the Premises is in good, clean, and sanitary order, condition and repair. The Landlord agrees, at its sole cost and expense, to make certain repairs to the Premises as more completely set out on Exhibit C attached hereto and made a part hereof (the "Landlord Improvements"). The Landlord Improvements shall be completed on or before the Commencement Date. The Tenant expressly acknowledges that the Landlord is not making any representation or warranty as to the fitness of the Premises, including the Landlord Improvements, for the Tenant's use. Further, the Tenant agrees to assume the risk to its electronic equipment that it intends to install within the Premises subject only to the Landlord's, its agents' and contractors', willful or intentional acts or gross negligence.

11. Maintenance and Repair; Alterations.

(a) Landlord's Repairs. The Landlord shall at its cost and expense, maintain and keep in good condition and repair the roof, exterior landscaping, and exterior and supporting walls of the Building and shall effect repairs necessary due to the structural defects, if any. Landlord shall also maintain and repair the Common Areas, provided however, the Landlord shall be responsible for such maintenance and repairs in the event the same are required as a result of the negligence or willful act of the Tenant or its clients, customers, licensees, assignees, agents, employees or invitees and further, in any such event the Tenant hereby indemnifies and agrees to hold harmless Landlord, Landlord's agents and the other tenants of the Building from any and all

losses and damages suffered as the result of Tenant's or Tenant's clients, customers, licensees, assignees, agents, employees, invitees negligence or intentional misconduct.

(b) Tenant's Repairs; Alterations. Tenant shall maintain the Premises in a good, safe and clean manner. The Tenant shall submit to the Landlord for Landlord's prior written approval all of the plans and specifications for any alterations, additions or improvements in and to the Premises which Tenant may deem desirable or necessary in its use and occupancy thereof. Such alterations, additions or improvements shall not be made without the prior written approval of Landlord. All such alterations, additions or improvements shall be made in accordance with the applicable city, county, state and federal laws and ordinances, and building and zoning rules and regulations and all present and future governmental regulations relating to the Americans with Disabilities Act (ADA). Landlord's approval hereunder shall not be deemed as a warranty that Tenant's alterations meet such ADA regulations, however, such consent shall carry a requirement that such alterations will be constructed by Tenant, at its own expense, in full compliance with all existing ADA governmental regulations. Maintenance and repairs for any or all alterations, additions or improvements made to the Premises by Tenant shall be the sole responsibility of the Tenant. Tenant shall be liable for all damages or injuries which may result to any person or property by reason of or resulting from any alterations, additions or improvements made by it to the Premises and shall hold the Landlord harmless with respect hereto. All additions and improvements made by the Tenant shall become a part of the Premises and shall, upon the termination or expiration of this Lease, belong to Landlord except as may be otherwise set forth in a letter agreement or other written instrument executed by the parties hereto and attached to this Lease as an amendment hereto and thereby made a part hereof.

In the event Tenant performs any alterations, additions or improvements to the Premises, Tenant agrees that it shall provide to Landlord a reproducible set of as-built plans for Landlord's file.

If Tenant fails to perform Tenant's obligations under this Section 11, Landlord may at its option enter upon the Premises after ten (10) days' prior written notice to Tenant, perform such obligations on Tenant's behalf, and the cost thereof together with interest thereon shall become due and payable as additional rental to Landlord together with Tenants next rental installment.

At Landlord's option, Landlord may require that Tenant remove any or all alterations or improvements at Tenant's expense upon termination of the Lease.

12. Insurance.

(a) Hazard Insurance. Tenant shall not occupy or use the Premises or permit them to be occupied or used for any business or purpose that would increase the premium for hazard insurance on the Premises over the normal rates applicable to the business for which the Premises are leased, and will not conduct the business in such a manner so as to increase the premium over the normal rate. Any hazard insurance deemed necessary by Tenant on its own personal property located on or about the Premises shall be obtained by Tenant at its sole cost and expense.

(b) General and Liability Insurance. Tenant shall at all times during the Term, carry and maintain, for the mutual benefit of Landlord, self-funded retention or adequate general public liability insurance issued by a company or companies licensed to do business in North Carolina and which are approved by Landlord (which approval shall not be unreasonably withheld) against claims for personal injury, sickness, or disease, including death and property damage in, on or about the Premises, such insurance to afford protection to the limit of not less than \$1,000,000 in respect to each person, and to the limit or not less than \$1,000,000 in respect to any one occurrence causing bodily injury or death, and to the limit of not less than \$250,000 in respect to property damage. Lessee shall furnish Lessor with a duplicate certificate or certificates of such insurance policy or policies.

13. Utilities. Landlord shall pay for the following utilities and services used by Tenant: gas, electricity, water and sewage. Tenant shall make all arrangements for telephone and facsimile service and all charges for the installation of such services or other services that are not provided by Landlord.

14. Damage and Destruction. In the event the Premises are damaged by any peril covered by standard policies of fire and extended coverage insurance to an extent which is less than fifty percent (50%) of the cost of replacement of the Premises, the Premises shall promptly be repaired by Landlord, but only to the extent of insurance proceeds received, and in no event shall Landlord be required to repair or replace Tenant's stock-in-trade, trade fixtures, furniture, furnishings, special equipment and other items of construction and personal property of Tenant. In the event of such damage and (a) Landlord is not required to repair as provided herein, or (b) the Premises are damaged to the extent of fifty percent (50%) or more of the cost of replacement of the Premises, or (c) the Building is damaged to the extent of fifty percent (50%) or more of the cost of replacement, or (d) such damage is twenty-five percent (25%) or more of the cost of replacement of the Premises and the same occurs during the last year of the initial term or any extensions or renewal terms of this Lease, then, in any such event (s), Landlord may elect either to repair or rebuild the Premises or the Building of which the Premises are a part, as the case may be, or to terminate this Lease upon giving notice of such election, in writing, to Tenant within ninety (90) days after the happening of the event causing such damage.

If such damage, repairing or rebuilding shall render the Premises untenable, in whole or in part, a proportionate abatement of the rent and additional rent stipulated herein shall be allowed from the date such damage occurred until the date Landlord completes the repairs or rebuilding, said proportion to be computed on the basis of the relation which the gross leasable area of the space rendered untenable bears to the gross leasable area of the Premises. If Landlord is required or elects to repair the Premises as provided herein, Landlord shall repair or replace its floor and wall coverings in a manner and to at least a condition equal to that prior to such damage or destruction; in addition, Tenant shall repair or replace its stock-in-trade, trade fixtures, furniture, furnishings, special equipment and other items of construction and personal property in a manner and to a condition Tenant deems appropriate and adequate for the conduct of its business within the Premises. In addition, Tenant is hereby given the sole option to terminate this Lease in the event repairing or rebuilding to be effected by Landlord and required hereunder cannot be completed within one hundred twenty (120) days from the date of the occurrence of the damage and destruction.

15. Condemnation. In the event the Premises or any part thereof shall be taken by condemnation or other similar proceedings, or acts of Federal, State, County or Municipal, or any Governmental, Public or Quasi-Public authority, for any Public or Quasi-Public purposes, then:

(a) if the whole of the Premises are taken or so much of the Premises are taken as to render the Premises untenable, the term hereby granted shall cease at the time possession thereof shall be taken for such purpose, and the payment of rent shall cease at such time.

(b) if a portion of the Premises is taken, future rentals will be adjusted on a prorata basis to reduce the total rental to the extent that the Premises have been taken by the partial condemnation.

Tenant shall have no claim to any condemnation award, however, nothing in this provision shall be construed to limit or effect the Tenant's right to an award of compensation for the taking of Tenant's leasehold interest hereunder, to the extent such action does not impair the rights of Landlord for the taking of or injury to the reversion.

16. Taxes. Landlord shall be responsible for the payment of real estate taxes except as provided in Section 6. Tenant shall be responsible for the payment of personal property taxes relating to all personal property and fixtures placed by Tenant in or on the Premises, the Building, or the Land.

17. Use. The Premises shall be used only for "Office" use purposes and only by those entities who have signed this Lease Agreement as Tenant. The Premises shall not be used for any unlawful or objectionable use. Tenant agrees to abide by any and all rules and regulations which Landlord, in its sole discretion, deems beneficial to the use and enjoyment of the Premises and the grounds and appurtenances thereto.

18. Prohibition Against Assignments/Subletting. This Lease shall not be assigned nor shall the Premises be sublet, without Landlord's prior written consent, which consent may be withheld at the sole discretion of Landlord; and if such consent is given, no subsequent assignment or subletting shall be made without Landlord's written consent. No consent by Landlord to any assignment or sublease shall be deemed to release Tenant or any guarantors of Tenant's obligations hereunder, from liability of Tenant's obligations hereunder.

19. Indemnity. Tenant shall protect, indemnify, defend and save harmless the Landlord from and against any and all claims, demands and causes of action of any nature whatsoever, for injury to or death of a person, or loss of or damage to property, occurring on the Premises, or in the Building, or in any manner growing out of or connected with Tenant's use and occupancy of the Premises except as may be caused by Landlord's gross negligence. Landlord shall not be liable for any damages, injury or loss to the persons, property, or affects of Tenant, or to any other person or persons suffered in, on or upon the Premises, or in the Building, or as a result of the use of the Premises by Tenant, and Tenant agrees to indemnify, defend and protect and save harmless the Landlord against any and all damages or claims therefor except as may be caused by Landlord's negligence. Landlord is specifically not responsible under any circumstances for any damages to any computer, computer component, or computer peripheral hardware or software damaged by any interruptions, usage or variation for whatever reason in the electrical distribution system of the Building. The Tenant shall indemnify and save harmless the Landlord from any and all liability,

claims, demands and causes of action arising from the use and occupancy of the premises by Tenant.

20. Liens. Tenant shall keep the Premises free and clear of all mechanics' liens resulting from materials supplied to or labor performed on the Premises by or for Tenant. Notice is hereby given that Landlord shall not be liable for any work performed on the Premises at Tenant's bequest, or for any materials furnished at the Premises at Tenant's bequest, and no such mechanic's or other liens for such work or material shall attach to the reversion or other interest of Landlord.

21. Environmental Indemnity. Tenant hereby indemnifies and agrees to defend, protect and hold the Landlord and any successor or successors to Landlord's interest in and to the Premises, harmless from and against any and all losses, liabilities, fines, charges, damages, injuries, penalties, response cost, expenses and claims of any and every kind whatsoever paid, incurred or suffered by, or asserted against, the Landlord including, without limitation:

- (i) all consequential damages;
- (ii) the costs of any required or necessary repair, cleanup or detoxification of the Premises, and the preparation and implementation of any closure, remedial or other required plans; and
- (iii) all reasonable costs and expenses incurred by Landlord in connection with clauses (i) and (ii), including, but not limited to, reasonable attorneys' fees for, with respect to, or as a direct or indirect result of the presence on or under, or the escape, seepage, leakage, spillage, discharge, emission, or actual threatened release of any Hazardous Material (as hereinafter defined) from the Premises by the Tenant (including, without limitation, any losses, liabilities, damages, injuries, costs, expenses or claims asserted or arising under any federal or state or local statute, law, ordinance, code, rule, regulation, order or decree regulating, relating to, or imposing liability or standards of conduct concerning any Hazardous Material) for which Tenant is solely responsible.

For purposes herein, the term "Hazardous Material" means and includes any flammable explosives, radioactive materials, or hazardous, toxic or dangerous waste, substances of related material including, but not limited to, substances defined as such in (or for purposes of) the Comprehensive Environmental Response, Compensation, and Liability Act, as amended, 42 U.S.C. § 9601 et seq.; the Hazardous Materials Transportation Act, 49 U.S.C. § 1801 et seq.; the Resource Conservation and Recovery Act, 42 U.S.C. § 6901 et seq.; those substances defined as hazardous or toxic under any other federal, state or local statute, law, ordinance, code, rule, regulation, order or decree regulating, relating to, or imposing liability or standards of conduct concerning, any hazardous, toxic and dangerous waste, substance or material, as now or at any time hereafter in effect. The warranties, representations and indemnities made by Tenant in this section are expressly agreed by Landlord and Tenant to survive the termination of this Lease Agreement.

Notwithstanding anything to the contrary herein, Lessee shall leave no liability or responsibility to Lessor with respect to any Hazardous Material which has its origin in, under or about the Premises prior to the Commencement Date.

22. Environmental Compliance. Tenant shall keep and maintain the Premises in compliance with, and shall not cause or permit the Premises to be in violation of, any federal, state or local laws, ordinances, statutes, or regulations relating to industrial hygiene or to the environmental conditions on, under, or about the Premises, including, but not limited to, soil and groundwater conditions. Tenant shall not use, generate, manufacture, store, or dispose of, on, under, or about the Premises, the Building or the Land, or transport to or from the Premises, the Building or the Land, any Hazardous Material. Tenant hereby agrees at all times to comply fully and in a timely manner with, and to cause all of its employees, agents, suppliers, contractors and subcontractors and any other persons occupying or present on the Premises to so comply with, all applicable federal, state and local laws, regulations, guidelines, codes, statutes, and ordinances applicable to the use, generation, handling, storage, treatment, transport and disposal of any Hazardous Material now or hereafter located or present on or under the Premises, the Building or the Land. Tenant shall not install, or allow to be installed, any underground storage tanks on the Premises without the prior written consent of Landlord. Tenant shall keep all such underground storage tanks properly registered with appropriate federal, state and local authorities and shall pay in a timely manner all fees required by such authorities in connection with any clean-up fund or other program relating to underground storage tanks. Tenant shall furnish evidence satisfactory to Landlord reflecting any and all such payments. Should Tenant fail to pay any such fees, Landlord may pay the same on Tenant's behalf and any amount, together with interest at the rate of twelve percent (12%) per annum from date paid by Landlord until paid by Tenant, so paid shall become additional rent due from Tenant.

23. Hazardous Materials Cleanup. Each party hereto shall immediately advise the other in writing of:

(a) any and all enforcement, cleanup, removal or other governmental or regulatory actions instituted, completed or threatened pursuant to any applicable federal, state or local laws, ordinances, or regulations relating to any Hazardous Material affecting the Premises ("Hazardous Material Laws");

(b) all claims made, threatened or reasonably anticipated by any third party against Tenant or Landlord or the Premises relating to damage, contribution, cost recovery compensation, loss or injury resulting from any Hazardous Material (the matters set forth in clauses (a) and (b) above are hereinafter referred to as "Hazardous Materials Claims"); and

(c) Tenant's or Landlord's discovery of any occurrence or condition on the Premises or any real property adjoining or in the vicinity of the Premises or to be otherwise subject to any restrictions on the ownership, occupancy, transferability or use of the Premises under any Hazardous Materials Laws. Each party shall have the right, but not the obligation, to join and participate in, as a party if it so elects, any legal proceedings or actions initiated in connection with any Hazardous Materials Claims and to have its reasonable attorneys' fees in connection therewith paid by Tenant.

Nothing herein shall be construed to require Tenant to pay Landlord's attorney's fees in connection with any legal proceeding or action arising with respect to the presence of any Hazardous Material which has its origin on, under or about the Premises, the Building or the Land, prior to the Commencement Date.

24. Hazardous Material Remedial Actions. Without Landlord's prior written consent, Tenant shall not take any remedial action in response to the presence of any Hazardous Materials on, under, or about the Premises, nor enter into any settlement agreement, consent decree, or other compromise with respect to any Hazardous Materials Claims, which remedial action, settlement, consent or compromise might, in Landlord's reasonable judgment, impair the value of Landlord's security hereunder or of Landlord's interest in the reversion; provided, however that Landlord's prior consent shall not be necessary in the event that the presence of any Hazardous Material on, under, or about the Premises either poses an immediate threat to the health, safety or welfare of any individual or is of such a nature that an immediate remedial response is necessary and it is not reasonably possible to obtain Landlord's consent before taking such action, provided that in such event Tenant shall notify Landlord as soon as practicable thereafter of any action so taken. Landlord agrees not to withhold its consent, where such consent is required hereunder, if either:

(a) a particular remedial action is ordered by a court of competent jurisdiction; or

(b) the remedial action is reasonable under the circumstances. Tenant establishes to the reasonable satisfaction of Landlord that there is no reasonable alternative to such remedial action which would result in less impairment of Landlord's security hereunder or of Landlord's interest in the reversion.

25. Default. The occurrence of any one of the following shall constitute a default by Tenant:

(a) Failure to pay rent when due;

(b) Abandonment or vacation of the Premises (it being agreed that absence from the Premises for six consecutive days after rent has become delinquent or the removal of substantially all of Tenant's possessions will create a conclusive presumption of abandonment);

(c) Voluntary or involuntary filing of bankruptcy, declaration of Tenant as incompetent or bankrupt, or an assignment made voluntarily by Tenant for the benefit of its creditors or the appointment of a receiver, guardian, or trustee for Tenant's property; or

(d) Failure to perform any other provision of this Lease if the failure to perform is not cured within ten (10) days after written notice thereof has been given to Tenant. Notice as given under this subparagraph (d) shall specify the alleged default and the applicable Lease provisions, and shall demand that Tenant shall perform the provisions of the Lease within the applicable period of time, or quit the Premises. No such notice shall be deemed a forfeiture or a termination of this Lease unless Landlord so elects in the notice.

26. Landlord's Remedies. Landlord shall have the following remedies if Tenant commits a default. These remedies are not exclusive; they are cumulative in addition to any remedies now or later allowed by law or equity:

(a) Landlord shall have the right to continue this Lease in full force and effect, and the Lease shall continue in effect as long as Landlord does not terminate this Lease and until such time Landlord shall have the right to collect rent when due. During any period Tenant shall be in default, Landlord shall have the right to enter the Premises without notice to vacate (any right to which is hereby waived by Tenant), remove the property of Tenant therefrom and relet the Premises, without prior notice or demand, using such reasonable force as may be necessary, changing any or all locks on the Premises all without being liable for forcible entry, trespass, or other tort. Tenant shall be liable immediately to Landlord for all costs Landlord shall incur in reletting the Premises including, without limitation, broker's commissions, attorney's fees, expenses for remodeling required by the reletting, and like costs. Reletting can be for a period shorter or longer than the remaining Term. During the period of reletting, Tenant shall pay to Landlord the rent due under this Lease on the date that the rent is due, less the rent Landlord actively receives from any reletting. No act by Landlord allowed by this paragraph shall terminate this Lease unless Landlord notifies tenant in writing that Landlord elects to terminate this Lease.

(b) Landlord shall have the right to terminate this Lease without notice to vacate (any right to which is hereby waived by Tenant) and Tenant's right to possession of the Premises at any time, and re-enter the Premises as described in subparagraph (a) of this Section 26. No act by Landlord other than the giving of notice of termination to Tenant shall terminate this Lease. Acts of maintenance, efforts to relet the Premises, or the appointment of a receiver on Landlord's initiative to protect Landlord's interest under this Lease shall not constitute a termination of Landlord's right to possession. Upon termination, Landlord shall have the right to pursue its remedies at law or in equity to recover of Tenant all amounts of rent then due or thereafter accruing and such other damages as are caused by Tenant's default.

Nothing in this section shall affect or limit any right of indemnity to which the Landlord is entitled herein.

If Tenant shall be in default in the performance of any covenant or section herein, then, after written notice and without waiving or releasing Tenant from the performance of such covenant, Landlord may, but is not obligated to, perform any such covenant, and in exercising any such right to pay all necessary and incidental costs and expenses in connection therewith. All sums so paid by Landlord, together with interest at the rate of eight percent (8%) per annum, shall be deemed additional rent and shall be payable to Landlord on the first day of the next month following the date Landlord pays such sums.

Rent not paid when due shall bear interest at the rate of eight percent (8%) per annum from the date due until paid.

27. Quiet Enjoyment. Provided Tenant performs all its covenants, agreements and obligations hereunder, Landlord will warrant and defend Tenant in the peaceful and quiet enjoyment of the Premises, but only against the lawful claims of all persons claiming by, through or under Landlord.

28. Right of Entry. Landlord and its authorized representatives shall have the right to enter the Premises at all reasonable times upon reasonable notice (except in emergencies, in which case the Landlord or such representative shall have the right to enter the Premises at any time without notice) to inspect the Premises, to maintain and make repairs to the Premises, and to exhibit the Premises to prospective tenants during the last sixty (60) days of the Term.

29. Property of Tenant. Tenant may, at the expiration of the Term or the earlier termination hereof, remove all furniture, equipment, and other personal property which Tenant shall have placed in the Premises; provided that Tenant shall repair any damages to the Premises caused by such removal. All such property shall, during the Term hereof, be at risk of Tenant only, and Landlord shall not be liable for any loss thereof or damage thereto resulting from any cause whatsoever, except for Landlord's negligence or a violation of the terms of this lease.

30. End of Term, Holding Over and Attorney's Fees. Upon the expiration of the Term or earlier termination hereof, Tenant shall quit and surrender to Landlord the Premises, broom clean and in as good order and condition as the Premises were at the time of Tenant's occupancy thereof, ordinary wear and tear only excepted and if not done Tenant agrees to pay the cost of returning the Premises to their condition when received, ordinary wear and tear only excepted, and further, Tenant shall remove from the Premises all of its property.

If Tenant shall hold over after the expiration of the Term or other termination of this Lease, such holding over shall not be deemed to be a renewal of this Lease but shall be deemed to create a tenancy from month-to-month and by such holding over Tenant shall be deemed to have agreed to be bound by all of the terms and conditions of this Lease except as to the term hereof. If any rent owing under this Lease is collected by or through an attorney-at-law, Tenant agrees to pay Landlord's reasonable attorneys' fees not in excess of fifteen percent (15%) (or if the statutes or other laws of the State of North Carolina in effect at the time of such collection limit the amount so payable as attorneys' fees, then the maximum percentage not in excess of fifteen percent (15%) allowed by such laws or statutes) of the amount so collected.

31. Subordination. This Lease is and shall remain subject and subordinate to and may be assigned as security for any present or future mortgage or deed of trust which may now or hereafter affect the Land and to and for all renewals, modifications, consolidations, replacements and extensions thereof. This clause shall be self-operative and no further instrument shall be necessary to effect such subordination, however, Tenant shall execute promptly and deliver to Landlord any such certificate or certificates as Landlord may request evidencing the subordination of this Lease to or the assignment of this Lease as security for any such mortgage or deed of trust.

32. Estoppel Certificates. Tenant agrees to furnish promptly, from time to time, upon request of Landlord or any mortgagee, an estoppel certificate to Landlord or to Landlord's successor or assign or to any mortgagee. Said estoppel certificate shall be in a form reasonably acceptable to Landlord.

33. Liability of Landlord Nonrecourse. Notwithstanding any other term or provision herein contained, it is specifically understood and agreed that there shall be no personal liability of Landlord (nor Landlord's agent, if any) in respect to any of the covenants, conditions or provisions of this Lease. In the event of a breach or default by Landlord of any of its obligations under this Lease, Tenant shall look solely to the equity of the Landlord in the Building for the satisfaction of Tenant's remedies.

34. Parking. Nine parking spaces will be made available to Tenant at no charge during the term of the lease. Tenant shall have the option to rent parking spaces at an additional monthly charge of \$55.00 so long as such parking spaces are available.

35. Federal Regulation and/or Prohibition of CFCs. Due to an environmental threat that the earth's ozone layer has deteriorated, there is international concern for the control of chlorofluorocarbons ("CFCs") and possible ban thereof. Future legislation could impose:

(a) New maintenance standards and procedure on HVAC equipment in order to reduce the amount of freon existing in the system; or

(b) Conversion of the equipment in order to accommodate the use of a substitute chemical; or

(c) Replacement of the equipment in the event the equipment does not comply with the required performance and maintenance standards.

Landlord and Tenant hereby acknowledge that any costs associated with the above shall be considered a maintenance item and included in common area maintenance charges.

36. Plate Glass Breakage. Notwithstanding anything herein to the contrary, except by negligence of Tenant, Landlord shall be solely responsible for repair and replacement in the event of plate glass damage or breakage.

37. Garbage Removal. Landlord will be responsible for providing a container for garbage and arrange for its systematic pickup.

38. Janitorial Services. Landlord shall provide janitorial services and supplies to the Premises.

39. Fire Extinguishers. In the event a fire extinguisher is provided by Landlord in the Premises, Tenant shall be responsible for the maintenance thereof.

40. Storing of Flammable Materials. The Tenant agrees that it shall not store nor shall it use any dangerous and/or flammable material(s) within or around the Premises in a manner which violates any law or which may cause the costs incurred by Landlord with respect to taxes and insurance regarding the Premises to increase in which case Tenant shall bear the cost of any such increase.

41. Replacement of Light Bulbs. The Landlord shall, at its sole cost and expense, replace all light bulbs within the Premises except for those bulbs in fixtures installed by Tenant.

42. Kitchen Appliances and Equipment. In the event of installation of a kitchen or kitchen equipment by either Landlord or Tenant, such maintenance and repair of all items contained within the area shall be at the sole cost and expense of Tenant, including, but not limited to: maintenance, repair and replacement of a microwave oven, refrigerator, stove, ice maker, coffee maker, garbage disposal, dishwasher, sink, faucet or any other item within the area. Tenant hereby acknowledges to Landlord that any fixtures described herein are to become a part of the Premises and upon Tenant's vacating the Premises, all fixtures shall remain the property of Landlord. The term fixtures does not include small appliances, i.e. microwave, small refrigerator, etc. which will remain the property of Lessee at the time of vacating the Premises.

43. Removal of Tenant's Personal Property. The Tenant shall have the privilege at any time, on or before vacating the Premises, of removing any or all of its personal property, and equipment, and Tenant shall repair any damage caused by the removal thereof and shall leave the Premises in good and clean condition and repair.

44. Compliance with Law. In addition to other provisions herein, Tenant shall promptly execute and comply with all laws, ordinances, rules, regulations and requirements of any or all federal, state and municipal authorities having jurisdiction over the manner in which the Tenant's business is conducted, but only insofar as these laws, ordinances, rules and regulations and requirements are violated by the conduct of Tenant's business.

45. Rules and Regulations. Tenant, its agents, servants and invitees, shall observe faithfully and comply strictly with the Rules and Regulations set forth on the schedule designated BUILDING RULES AND REGULATIONS, attached hereto as "Exhibit D" and by this reference made a part hereof. Landlord shall have the right, from time to time during the Term to make reasonable changes in, and additions to, said Rules and Regulations, provided such changes and additions do not unreasonably affect the conduct of Tenant's business in the Premises. Any failure by Landlord to enforce any said Rules and Regulations now or hereinafter effect, either against Tenant or any other tenant in the Building, shall not constitute a waiver of such Rules and Regulations. The defined words in this Lease, whenever used in said Rules and Regulations, shall have the same meanings as herein.

46. Effect of Exercise of or Failure to Exercise Rights by Landlord. Neither the exercise of nor failure to exercise any right, option, or privilege under this Lease by Landlord shall exclude Landlord from exercising any and all other rights, options or privileges under this Lease, nor shall exercise or nonexercise relieve Tenant from Tenant's obligations to perform each and every covenant and condition to be performed by Tenant under this Lease, or from damages or other remedy for failure to perform or meet the obligation of this Lease.

47. Notice. Except as otherwise provided in this Lease, all notices, covenants, requests and other communications to any party under or in connection with this Lease shall be in writing and shall be sent via personal delivery, via telephone facsimile transmission, via certified or registered mail, return receipt requested, or via express courier or delivery service, addressed to such party at such party's address or telephone facsimile number set forth below or at such other address or telephone facsimile number as shall be designated by such party in a written notice given to each other party complying as to delivery with the terms of this Section 47:

If to Landlord:

West Third Street, Inc.
P. O. Box 20425
Winston-Salem, NC 27120

With a copy to:

Ronald A. Matamoros
Blanco Tackabery Combs & Matamoros, P.A.
110 Stratford Rd., 5th Floor
Winston-Salem, NC 27103
P. O. Drawer 25008
Winston-Salem, NC 27114-5008
Facsimile: (910) 761-1530

If to Tenant:

Forsyth County
Hall of Justice
Suite 700
Winston-Salem, NC 27101 Attn: County Manager

48. Successors and Assigns. The provisions of this Lease shall bind and inure to the benefit of Landlord and Tenant and their respective successors, heirs, legal representatives and permitted assigns; it is understood and agreed, however, that the term "Landlord", as used in this Lease, means only the owner or the Landlord for the time being of the Land of which the Premises are a part, so that in the event of any sale or sales (including, without limitation, any judicial sale, any sale in foreclosure and any sale pursuant to a power of sale contained in a mortgage or deed of trust affecting all or any part of the Building or the Land or a leasehold interest in the Land or the Building) of said property or of any lease thereof, the Landlord named herein shall be and hereby is entirely freed and relieved of all covenants and obligations of Landlord hereunder accruing thereafter and it shall be deemed without further agreement that the grantee, assignee, or the lessee, as the case may be, has assumed and agreed to carry out any and all covenants and obligations of Landlord hereunder during the period such party has possession of the Land. Tenant shall be bound to any succeeding landlord for all the terms, covenants and conditions hereof and shall execute any attornment agreement not in conflict herewith at the request of any succeeding landlord.

49. Entire Agreement. The entire agreement, intent and understanding between Landlord and Tenant is contained in the provisions of this Lease and any stipulations, representations, promises or agreements, written or oral, made prior to or contemporaneously with this Lease shall have no legal or equitable effect or consequence unless reduced to writing herein. The terms "Landlord" and "Tenant" and all pronouns relating thereto shall be deemed to mean and include corporations, partnerships and individuals as may fit the context and the masculine gender shall be deemed to include the feminine and the neuter and the singular number the plural. All changes, additions, or deletions hereto must be in writing and signed by Tenant and Landlord.

50. Time is of the Essence. Time is of the essence of this Lease and each and all of the provisions herein.

51. Negation of Partnership. Landlord shall not become or be deemed a partner or joint venturer with Tenant by reason of the provisions herein.

52. Severability. The invalidity, illegality, or unenforceability of any provision of this Lease shall not render the other provisions hereof invalid, illegal or unenforceable.

53. Captions. The headings of the sections of this Lease Agreement are descriptive and for convenience only, are not a part of this Lease, and shall have no effect on the construction or interpretation of this Lease.

54. Governing Law. This agreement shall be governed by and construed pursuant to the laws of the State of North Carolina.

55. Certification by Tenant. Tenant certifies that Tenant has carefully read and understood every word in this Lease and by signing this Lease agrees to faithfully comply with its provisions.

56. Memorandum. Landlord and Tenant agree that this Lease shall not be recorded. Landlord and Tenant agree, upon request of either party, to execute a Memorandum of Lease to be recorded in the Forsyth County Registry.

57. Signs. Tenant shall not place any sign on or about the Premises, the Building or the Land without the express prior written approval of Landlord.

58. Relocation of Premises. Landlord reserves the right to substitute for the Premises other premises (herein referred to as the "new premises") in the Building, provided:

(i) the new premises shall be similar to the Premises in area;

(ii) Landlord shall give Tenant at least thirty (30) days' written notice before making such change, and the parties shall execute an amendment to the Lease confirming the change within thirty (30) days after either party shall request the same; and

(iii) if Tenant shall already have taken possession of the Premises:

(a) Landlord shall pay the direct, out-of-pocket, reasonable expenses to Tenant in moving from the Premises to the new premises and improving the new premises so that they are substantially similar to the Premises, and,

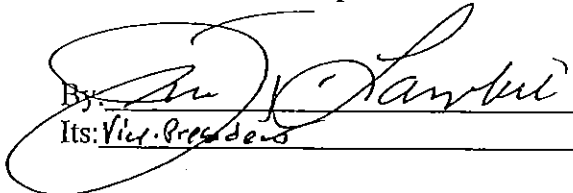
(b) such move shall be made during evenings, weekends, or otherwise so as to incur less inconvenience to Tenant.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hand and seals all as of the day and year first above written.

[See Following Page for Signatures]

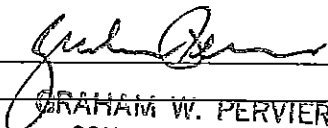
LANDLORD:

**WEST THIRD STREET, INC.,
a North Carolina corporation**

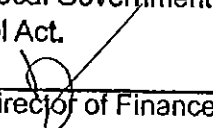
By: 
Its: Vice President

TENANT:

FORSYTH COUNTY

By: 
Its: GRAHAM W. PERVIER
COUNTY MANAGER
FORSYTH COUNTY, N.C.
DATE: 3-19-01

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

3/2/01
Date  Director of Finance

Approved as to form and legality

MAR 15 2001


FORSYTH COUNTY, N.C.
By: 
Assistant County Attorney

EXHIBIT "A"
Legal Description

Beginning at the northeast corner of an eight story brick office building located at the southwest intersection of the rights of way of North Main Street and West Third Street, having N.C. Grid Coordinates N=856,688.682 and E=1,632,395.688; running thence with the west right of way line of North Main Street south 07 19'14" East 115.12 feet to a cross on concrete, having N.C. Grid Coordinates N=856,574.500 and E=1,632,410.337; thence with north property line of property of Forsyth County South 83Ø 46'06" West 88.44 feet to the southwest corner of said eight story brick office building, having N.C. Grid Coordinates N=856,677.621 and E=1,632,308.134; thence with another line of property of Forsyth County North 07Ø 12'57" West 35.10 feet to the southeast corner of property of Standard Savings and Loan Association described in deed recorded in Book 918, Page 356; thence with the east line of the said property of Standard Savings and Loan Association North 07Ø 12'57" West 80.07 feet to the northwest corner of said eight story brick office building in the south right of way line of West Third Street, having N.C. Grid coordinates N=856,677.621 and E=1,632,308.134; thence with the south right of way line of West Third Street North 82Ø 47'55" East 88.23 feet to the point and place of Beginning, containing 10,171.169 square feet.

Being the same property as shown on plat of survey entitled "Barnhill and Poole Co." dated April 14, 1981, prepared by John G. Bank, Designated Job No. 7319.

Together with an easement appurtenant onto the property adjoining on the south as set forth in instrument recorded in Book 1331, Page 1172.

Together with any and all right, title and interest of party of the first part, without warranty, to those easements recorded in Books 1334, page 141; 1335, page 1232; that reservation of easement set forth in Deed Book 918, page 356; that assignment of easement in Book 1334, page 497; and those easements in Book 1423, page 1762, and Book 1423, page 1765, of the Forsyth County Registry; and all portions of the building, if any, located adjacent to the above described premises, above or below ground level.

EXHIBIT "B"
Additional Space

EXHIBIT "C"
Landlord's Improvements

EXHIBIT "D"

Rules and Regulations

1. No sign, placard, picture, advertisement, name or notice shall be installed or displayed on any part of the outside or inside of the Building without the prior written consent of Landlord. Landlord shall have the right to remove, at Tenant's expense and without notice, any sign installed or displayed in violation of this rule. All approved signs or lettering on doors and walls shall be printed, painted, affixed or inscribed at the expense of Tenant.
2. If Landlord objects in writing to any curtains, blinds, shades, screens or hanging plants or other similar objects attached to or used in connection with any window or door of the Premises, Tenant shall immediately discontinue such use. No awning shall be permitted on any part of the Premises. Tenant shall not place anything against or near glass partitions or doors or windows, which may appear unsightly from outside the Premises.
3. Tenant shall not obstruct any sidewalks, halls, passages, exits, entrances, elevators, escalators or stairways of the building tenants; provided that nothing herein contained shall be construed to prevent such access to persons with whom any tenant normally deals in the ordinary course of its business, unless such persons are engaged in illegal activities. No tenant and no employee or invitee of any tenant shall go upon the roof of the Building. Tenant shall not enter the mechanical rooms, air conditioning rooms, electrical closets, janitorial closets, or similar areas without the prior written consent of Landlord.
4. The directory of the Building will be provided exclusively for the display of the name and location of Tenants only and Landlord reserves the right to exclude any other names therefrom.
5. All cleaning and janitorial services for the Building and the Premises shall be provided exclusively through Landlord, and except with the written consent of Landlord, no person or persons other than those approved by Landlord shall be employed by Tenant or permitted to enter the Building for the purpose of cleaning the same. Tenant shall not cause any unnecessary labor by carelessness or indifference to the good order and cleanliness of the Premise. Landlord shall not in any way be responsible to any Tenant for any loss of property on the Premise, however occurring, or for any damage to any Tenant's property by the janitor or any other employee or any other person.
6. Landlord will furnish Tenant, free of charge, with two keys to each door lock in the Premise. Landlord may make reasonable charge for any additional keys. Tenant shall not make or have made additional keys, and Tenant shall not alter any lock or install a new additional lock or bolt on any door of its Premise. Tenant, upon the termination of its tenancy, shall deliver to Landlord the keys of all doors which have been furnished to Tenant, and in the event of loss of any keys so furnished, shall pay Landlord therefor.

7. If Tenant requires telegraphic, telephonic, burglar alarm or similar service, it shall first obtain, and comply with, Landlord's instructions in the installation.
8. Any freight elevator shall be available for use by all tenants in the Building, subject to such reasonable scheduling as Landlord in its discretion shall deem appropriate. No equipment, materials, furniture, packages, supplies, merchandise or other property will be received in the Building or carried in the elevators except between such hours and in such elevators as may be designated by Landlord.
9. Tenant shall not place a load upon any floor of the Premises, which exceeds the load per square foot, which such floor was designed to carry and which is allowed by law. Landlord shall have the right to prescribe the weight, size and position of all equipment; materials, furniture or other property brought into the Building. Heavy objects shall, if considered necessary by Tenant, stand on such platforms as determined by Landlord to be necessary to properly distribute the weight. Business machines and mechanical equipment belonging to Tenant, which cause noise or vibration that may be transmitted to the structure of the Building shall be placed and maintained by Tenant, at Tenant's expense, on vibration eliminators or other devices sufficient to eliminate noise or vibration. The persons employed to move such equipment in or out of the Building must be acceptable to Landlord. Landlord will not be responsible for loss of or damage done to the Building by maintaining or moving such equipment or other property shall be repaired at the expense of Tenant.
10. Tenant shall not use or keep in the premises any kerosene, gasoline or inflammable or combustible fluid or material other than those limited quantities necessary for the operation or maintenance of office equipment. Tenant shall not use or permit to be used in the Premises any foul or noxious gas or substance, or permit or allow the Premises to be occupied or used in a manner offensive or objectionable to Landlord or other occupants of the Building by reason of noise, odors, or vibrations, nor shall Tenant bring into or keep in or about the Premises any birds or animals.
11. Tenant shall not use any method of heating or air conditioning other than that supplied by Landlord.
12. Tenant shall not waste electricity, water or air conditioning and agrees to cooperate fully with Landlord to assure the most effective operation of the Building's heating and air conditioning and to comply with any governmental energy-saving rules, Laws or regulations of which Tenant has actual notice, and shall refrain from attempting to adjust controls other than room thermostats installed for Tenant's use. Tenant shall keep corridor doors closed, and shall close window coverings at the end of each business day. Subject to curtailment as required by governmental laws, rules or mandatory regulations, Landlord shall use its best efforts to maintain the following temperatures in all conditioned spaces in the Premises: 68 degrees to 74 degrees.

13. Landlord reserves the right, exercisable without liability to Tenant, to change the name and street address of the building. Landlord shall reimburse tenant for all direct, out-of-pocket, reasonable expenses associated with this Article 13.

14. Landlord reserves the right to exclude from the Building between the hours of 6 p.m. and 7 a.m. the following day, or such other hours as may be established from time to time by Landlord, and on Sundays and legal holidays, any person unless that person is known to the person or employee in charge of the Building and has a pass or is properly identified. Tenant shall be responsible for all persons for whom it requests passes and shall be Liable to landlord for all acts of such persons. Landlord shall not be liable for damages for any error with regard to the admission to or exclusion from the Building of any person. Landlord reserves the right to prevent access to the Building in case of invasion, mob, riot, public excitement or other commotion by closing the doors or by other appropriate action.

15. Tenant shall close and lock the doors of its Premises and entirely shut off all water faucets or other water apparatus, and electricity, gas or air outlets before Tenant and its employees leave the Premises. Tenant shall be responsible for any damage or injuries sustained by other tenants or occupants of the Building or by Landlord for noncompliance with this rule.

16. In the event the Premises include a balcony for use by Tenant, Tenant agrees not to allow the accessways to such balcony to remain open so as to cause an increase in utility charges as a result of increased heating or air conditioning use. Landlord shall have the right to enter the Premises to assure compliance with this provision.

17. The toilet rooms, toilets, urinals, wash bowls and other apparatus shall not be used for any purpose other than that for which they were constructed and no foreign substances of any kind whatsoever shall be thrown therein. The expense of any breakage, stoppage or damage resulting from the violation of this rule shall be borne by the tenant who, or whose employees or invitees shall have caused same.

18. Tenants shall not sell, or permit the sale at retail, of newspapers, magazines, periodicals, theater tickets or any other goods or merchandise to the general public in or on the Premises. Tenant shall not make any room-to-room solicitations of business from other tenants in the Building. Tenant shall not use the Premises for any business or activity other than that specifically provided for in Tenant's lease.

19. Tenant shall not install any radio or television antenna, loudspeaker or other device on the roof or exterior walls of the Building. Tenant shall not interfere with radio or television broadcasting or reception from or in the Building or elsewhere.

20. Tenant shall not mark, drive nails, screw or drill into the woodwork or plaster or in any way deface the Premises or any part thereof. Landlord reserves the right to direct electricians as to where and how telephone and telegraph wires are to be introduced to the Premises. Tenant shall not cut or bore holes for wires. Tenant shall not affix any floor covering to the floor of the

Premises in any manner except as approved by Landlord. Tenant shall repair any damage resulting from noncompliance with this rule.

21. Tenant shall not install, maintain or operate upon the Premises any vending machines without the written consent of Landlord. Canvassing, soliciting and distribution of handbills or any other written material, and peddling in the Building are prohibited, and each tenant shall cooperate to prevent same.

22. Landlord reserves the right to exclude or expel from the Building any person who, in Landlord's judgment, is intoxicated or under the influence of liquor or drugs or who is in violation of any of the Rules and Regulation of the Building.

23. Tenant shall store all its trash and garbage within its Premises. Tenant shall not place in any trash box or receptacle any material, which cannot be disposed of in the ordinary and customary manner of trash and garbage disposal. All garbage and refuse disposal shall be made in accordance with directions issued from time to time by Landlord.

24. The Premises shall not be used for the storage of merchandise held for sale to the general public or for lodging or for manufacturing of any kind, nor shall the Premises be used for any improper, immoral or objectionable purpose. No cooking shall be done or permitted by any Tenant on the Premises, except that used by Tenant of Underwriter's Laboratory-approved microwave and equipment for brewing coffee, tea, hot chocolate and similar beverages shall be permitted, provided that such equipment and use is in accordance with all applicable federal, state, county and city laws, codes, ordinances, rules and regulations.

25. Tenant shall not use in any space or in the public halls of the Building any hand trucks except those equipped with rubber tires and side guards or such other material-handling equipment as landlord may approve. Tenant shall not bring any other vehicles of any kind into the Building.

26. Without the written consent of landlord, Tenant shall not use the name of the Building in connection with or in promoting or advertising the business of Tenant except as Tenant's address.

27. Tenant shall comply with all safety, fire protection and evacuation procedures and regulations established by Landlord or any government agency.

28. Tenant assumes any and all responsibility for protecting its Premises from theft, robbery and pilferage, which includes keeping doors locked and other means of entry to the Premises closed.

29. Landlord reserves the right to modify and/or adopt such other reasonable and nondiscriminatory rules and regulations for the parking areas as it deems necessary for the operation of the parking area. Landlord may refuse to permit any person who violates the within rules to park in the parking areas, and any violation of the rules shall subject the car to removal. Landlord further reserves the right to institute a system of charging for parking on a nondiscriminatory basis.

30. Parking area hours shall be 6 a.m. to 1 a.m. Cars must be parked entirely within the stall lines painted on the floor. All directional signs and arrows must be observed. The speed limit shall be 5 miles per hour. Parking is prohibited: (a) in areas not striped for parking, (b) in aisles, (c) where "no parking" signs are posted, (d) on ramps, (e) in cross hatched areas, and (f) in such other areas as may be designated by Landlord as reserved for the exclusive use of others. Washing, waxing, cleaning or servicing of any vehicle by anyone is prohibited. Tenant shall acquaint all persons to whom Tenant assigns parking spaces with these Rules and Regulations.

31. Tenant shall not park its vehicles in any parking areas designated by Landlord as areas for parking by visitors to the building. Tenant shall not leave vehicles in the Building parking areas overnight nor park any vehicles in the Building parking areas other than automobiles, motorcycles, motor driven or non-motor driven bicycles or four-wheeler trucks.

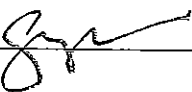
32. The requirements of Tenant will be attended to only upon appropriate application to the office of the Building by an authorized individual. Employees of Landlord shall not perform any work or do anything outside of their regular duties unless under special instructions from Landlord, and no employee of Landlord will admit any person (Tenant or otherwise) to any office without specific instructions from Landlord.

33. Landlord may waive any one or more of the Rules and Regulations for the benefit of Tenant or any other Tenant, but such waiver by Landlord shall not be construed as a waiver of such Rules and Regulations in favor of Tenant or any other Tenant, nor prevent Landlord from thereafter enforcing any such Rules and Regulations against any or all of the Tenants of the Building.

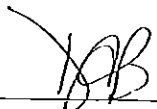
34. These Rules and Regulations are in addition to, and shall not be construed to in any way modify or amend, in whole or in part, the terms, covenants, agreements and conditions of any lease of Premises in the Building.

35. Landlord reserves the right to make such other reasonable Rules and Regulations, in its judgment, may from time to time be needed for safety and security, for care and cleanliness of the Building and for the preservation of good order therein. Tenant agrees to abide by all such Rules and Regulations herein above stated and any additional rules and regulations which are adopted.

36. Tenant shall be responsible for observance of all of the foregoing rules by Tenant's employees, agents, clients, customers, invitees and guests.



Tenant's Initials



Landlord's Initials

STATE OF NORTH CAROLINA)

COUNTY OF FORSYTH)

OFFICE SPACE LEASE AGREEMENT
AMENDMENT NUMBER ONE

This Office Space Lease Agreement Amendment Number One made and entered into this ____ day of November 2003, by and between West Third Street, Inc., a North Carolina corporation, hereinafter referred to as "Landlord" and Forsyth County, a political subdivision of the State of North Carolina, hereinafter referred to as "Tenant," hereby amends and extends the Office Space Lease Agreement entered into between Landlord and Tenant on March 1, 2001 for the purpose of providing office space for the North Carolina Probation and Parole employees.

The Landlord and Tenant hereby agree to amend or add the following provisions:

1. Reference Section 2, "Extended Term," is amended to state: "So long as this Lease is in full force and effect and Tenant is not then in default hereunder, the Tenant shall have the option to extend the term of this Lease for two (2) additional periods of five (5) years (the "Extended Term") upon giving notice to Landlord of its intent to exercise of such options to extend the Lease at least one hundred twenty (120) days prior to the expiration of the previous term, or as otherwise provided herein, (the Initial Term and Extended Term are together known as the "Term")."

The parties hereby agree that the term of the lease is hereby extended for a period of Five Years, beginning March 1, 2004, the Commencement Date and ending February 28, 2009, the Termination Date.

The parties further agree that at any time after the end of the third year of the First Extended Term, the Tenant may terminate this Lease with a six (6) month written notice to Landlord.

The Landlord further grants Tenant another Five Year Extension Option to continue the Lease past the first Extended Term. Tenant shall exercise this Additional Option with a six (6) month written notice to Landlord prior to the expiration of the First Five Year Extended Term. Tenant shall have the same termination provisions during this Second Extended Term as indicated herein during the First Extended Term. Landlord and Tenant shall mutually

agree to the new Rent amount for the Second Extended Term during the six month renewal notice period from Tenant. If the parties are unable to agree to the new Rent amount, the Tenant may withdraw its offer to exercise the option for a Second Extended Term.

2. Reference Section 3, "Base Rent," is amended to state: "Rent. A monthly rental in the amount set forth in the schedule below ("Rent") shall be payable at Landlord's address set forth in Section 47 shown below, in advance on the first day of the month following the Commencement Date of this Lease without offset or deduction, and on the first day of each succeeding month thereafter during the Term.

Initial Term:

Period: March 1, 2001 to February 28, 2004

Monthly Rent: \$8,281.25 (Initially) \$8,785 (Currently)

If Tenant shall exercise the option to renew this Lease pursuant to Section 2 hereof, the Rent for the Extended Term shall be in the amounts set forth in the Schedule below:

First Extended Term:

Period: March 1, 2004 to February 28, 2009

Monthly Rent: \$9,026.57 for Years One and Two, and \$9,297.37 for Years Three through Five

The last paragraph of Section 3 is hereby deleted.

3. Reference Section 4, "Additional Rent," is hereby deleted in its entirety, including all subparts thereof.
4. Reference Section 6, "Tenant To Pay Prorata Share of Real Estate Tax and Operating Expense Increase," Subsection 6(a), is amended to substitute the tax year 2004 for 2001 as the applicable Base Year for the First Five Year Extended Term.

All other terms and conditions as set forth in the original Lease Agreement, and any amendments thereto, shall remain in full force and effect for the duration of this Agreement and are incorporated herein by reference as if fully set forth herein.

This Amendment is hereby effective upon its full execution.

IN WITNESS WHEREOF, the parties hereto have executed this Office Space Lease Agreement Amendment Number One in triplicate originals, two to be retained by Tenant and one to be retained by Landlord.

LANDLORD: West Third Street, Inc.

TENANT: Forsyth County

By: _____

By: _____

Title: _____

Title: _____

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

Date

Director of Finance

4. Landlord agrees to re-paint and carpet the premises.

All other terms and conditions as set forth in the original Lease Agreement, and any amendments thereto, shall remain in full force and effect for the duration of this Agreement and are incorporated herein by reference as if fully set forth herein.

This Amendment is hereby effective upon its full execution.

IN WITNESS WHEREOF, the parties hereto have executed this Office Space Lease Agreement Amendment Number Two in triplicate originals, two to be retained by Tenant and one to be retained by Landlord.

LANDLORD: West Third Street, Inc.

TENANT: Forsyth County

By: Andrew VP

By: _____

Title: Vice President

Title: _____