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NORTH CAROLINA
HARNETT COUNTY

FILED
BOOK 944 PAGE 734-759

RELEASE, SATISFACTION AND
TERMINATION AGREEMENT

'91 SEP 5 AM 8 44

THIS AGREEMENT, made and entered into this 6th day of April, 1990 by and among CAROLINA LAKES CORPORATION, a North Carolina corporation with its principal place of business in Sanford, North Carolina, hereinafter referred to as "LAKES," CAROLINA LAKES PROPERTY OWNERS' ASSOCIATION, INC., a North Carolina not for profit corporation with its principal place of business at Carolina Lakes Subdivision, Harnett County, North Carolina, hereinafter referred to as the "ASSOCIATION," and PATTEN CORPORATION, a Massachusetts corporation and its wholly-owned subsidiary PATTEN OF CAROLINA LAKES CORPORATION, both collectively referred to as "PATTEN";

W I T N E S S E T H:

That whereas, Lakes and Association entered into an Agreement of Lease and Management dated January 10, 1984, and a subsequent Agreement dated January 10, 1984, which are attached hereto as Schedules 1 and 2, respectively (both hereinafter collectively referred to as the "Lease"), which said Lease provided that Lakes would lease to Association the following property (hereinafter referred to as the "Leased Property"):

"All lakes, access areas, clubhouse, tennis courts, swimming pools, security gates, streets, roads, and all other amenities, all as shown on maps of sections of Carolina Lakes now recorded or to be recorded in the future"; and,

Whereas, said Lease further provided that Lakes would serve as Managing Agent for Association for the purpose of maintaining the Leased Property; and,

Whereas, the Lease further provided that at the termination of same, the Leased Property was to be conveyed by Lakes to Association; and,

Whereas, by Agreement dated April 20, 1988, Lakes agreed to convey to Patten Corporation certain assets which it owned at Carolina



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Lakes Subdivision, including but not limited to all rights, title and interest of Lakes to all streets, roads, and avenues, opened or proposed, located on the land; and to all land, if any, lying in the bed of any street, road, or avenue, opened or proposed, subject to that certain Lease Agreement hereinabove referenced between Lakes and Association; and

Whereas, Lakes conveyed to Patten by Deed dated June 9, 1988, and recorded in Book 858, Page 982, Harnett County Registry, various properties including the following:

Subject to the Lease Agreement with Carolina Lakes Property Owners' Association, Inc., together with all rights, title and interest of Grantor in and to all streets, roads, and avenues, opened or proposed, and to all land, if any, lying in the bed of any street, road, or avenue, opened or proposed, as shown on various maps and plats of Carolina Lakes Subdivision as set forth in the description herein attached as Schedule 3; and

Whereas, the parties hereto wish to terminate the Lease between Lakes and Association and to provide for the early transfer of title to the properties hereinafter described to Association and to obtain from Association various assurances, releases, and acknowledgements, all as is more particularly set forth.

NOW, THEREFORE, in consideration of the mutual terms and conditions hereinafter set forth, the parties hereto agree as follows:

1. The information set forth in the preamble is herein incorporated by reference.
2. From and after the date of recordation of this Agreement in the Harnett County Registry, together with the recordation of the requisite instruments of transfer herein described, the Association and Lakes herewith terminate the Lease hereinabove referred to and attached hereto as Schedules 1 and 2, except that nothing herein shall affect in any manner the terms of the existing right of first refusal between Lakes and Association regarding the golf course at Carolina Lakes Subdivision.
3. Lakes and Association herewith mutually release and waive any and all claims now existing or hereinafter arising by either party against the other pursuant to the terms of said Lease hereinabove

referenced, whether or not such claims currently exist or are known to exist as of the date of execution of this Agreement.

4. In consideration of the release and waiver by Association herein given to Lakes, Lakes agrees to convey by Non-Warranty Deed to Association all rights, title, and interest in and to the Leased Property described in the Lease and the jogging trails, club dock and other amenities, a copy of which said Non-Warranty Deed is attached hereto as Schedule 4, and which shall be recorded simultaneously with the recordation of this Agreement; said Leased Property and other amenities are being conveyed in an "as is, where is" condition as of the date of transfer and are herewith accepted by Association in such condition.

5. As further consideration for the release and waiver given by Association to Lakes herein, Lakes agrees to pay to Association by official bank draft or certified funds simultaneously with the execution of this Agreement the sum of ^{F3577} ~~Thirty Six Thousand~~ and no/100 ^{50,000.00} ~~(\$36,000.00)~~ Dollars as full and complete satisfaction of any and all claims now existing or hereinafter arising, whether or not regarding any matters relating to Carolina Lakes Subdivision that would otherwise exist between Association and Lakes, including but not limited to matters arising under the Lease hereinabove referenced, the condition of the Leased Property or amenities and any maintenance not performed.

6. In consideration of the conveyance herein described, Association, to the extent same does not already exist, gives, grants, bargains, sells, and conveys unto Patten, its successors, assigns, licensees, guests, invitees, and other parties acquiring title to property owned by Patten in Carolina Lakes Subdivision, as same is constituted from time to time, subsequent to the date hereof or utilizing the property ^{in Book 858 Page 982 Harnett County Public Rec'd} hereinafter described, at the request or direction of Patten, the non-exclusive right and easement to utilize the property being conveyed by Lakes to Association set forth in paragraph 4. above; subject to the same rules and regulations including the payment of appropriate homeowners fees in the case of property owners

within Carolina Lakes Subdivision regarding the use and restriction on the use of those properties being conveyed by Lakes to Association herein referenced, a copy of said easement is attached hereto as Schedule 5.

7. In consideration of the granting of the non-exclusive easement set forth in paragraph 6. above from Association to Patten, Patten will quitclaim its rights, title, and interest in and to the properties being conveyed by Lakes to Association.

8. From and after the effective date of this Agreement and the conveyances described herein, the following shall exist:

a. The Lease set forth in Schedules 1 and 2 hereof shall be terminated.

b. All claims under such Lease shall be resolved and neither Lakes or Association shall attempt to prosecute any further claims on the other party.

c. The Leased Property and other amenities shall be owned by Association subject to Patten's non-exclusive right to use same as herein referenced; same having been transferred in an "as is, where is" condition and without any further maintenance obligations on the part of Lakes.

d. Lakes shall have been relieved of any and all liability now existing or hereinafter coming into existence for any matters involving the Association at Carolina Lakes Subdivision, including but not limited to Lease set forth in Schedules 1 and 2 hereof, and any maintenance otherwise described thereunder.

e. Patten shall have no interest other than a non-exclusive easement herein described in and to the Leased Property conveyed by Lakes to Association.

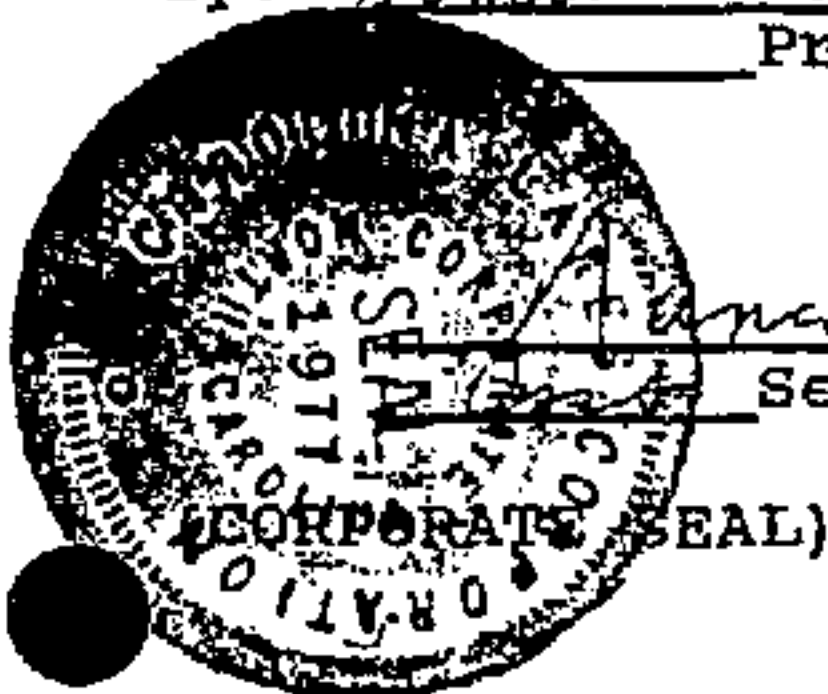
f. Lakes shall continue to own all easements, licenses, rights of way, and other property rights or interests necessary for the installation, maintenance and operation of utilities now existing or hereinafter established within Carolina Lakes Subdivision, including but not limited to water, sewer, electrical, cable television, and telephone utilities. Patten, to the extent it develops lots from the acreage conveyed to it by Lakes, will provide utility easements for such lots in a manner similar to the utility easements within the existing lots of Carolina Lake Subdivision. In the event Harnett County or some other governmental entity so require, Association and Patten, to the extent required, agree to modify such utility easements to correct deficiencies therein so long as such modifications do not involve monetary obligations regarding such easements to be paid by Association or Patten, and each agree to execute such documents incident to such modification.

9. This Agreement shall constitute the entire understanding between the parties and shall not be modified except in writing and signed by the parties. This Agreement shall be binding on the parties hereto and their respective successors in interest and shall be construed pursuant to the laws of the State of North Carolina. Each party verifies to the other that appropriate corporate resolutions and other relevant corporate approval has been obtained and that the execution hereof is with the full and complete authority of each party to this Agreement.

IN WITNESS WHEREOF, the parties have caused this instrument to be executed in their appropriate capacities, the day and year first above written.

CAROLINA LAKES CORPORATION

By: William J. Brown
President



Anna L. ...
Secretary

PROPERTY OWNERS' ASSOCIATION, INC.



... Treasurer
President

William E. ...
Secretary

(CORPORATE SEAL)

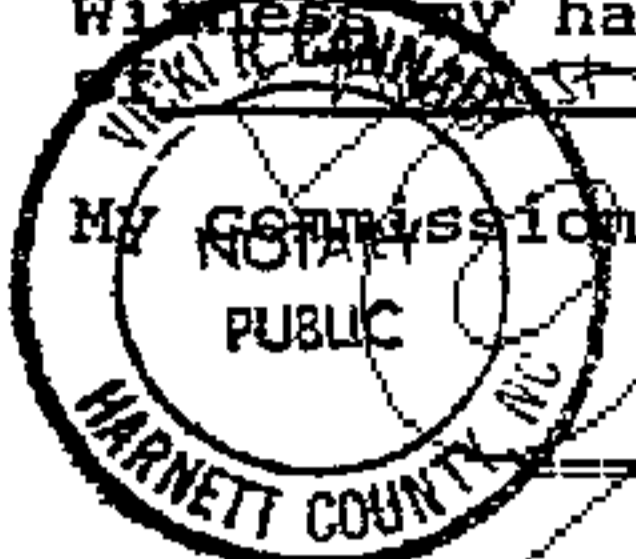
NORTH CAROLINA Harnett COUNTY

I, Notary Public of the County and State aforesaid, certify that William E. Buchanan personally came before me this day and acknowledged that he is Asst Secretary of CAROLINA LAKES CORPORATION, a North Carolina corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its President, sealed with its corporate seal and attested by her as its Asst Secretary.

Witness my hand and official stamp or seal, this 28th day of August, 1991.

My commission expires: 6/26/95

Vicki R. Cannady
Notary Public



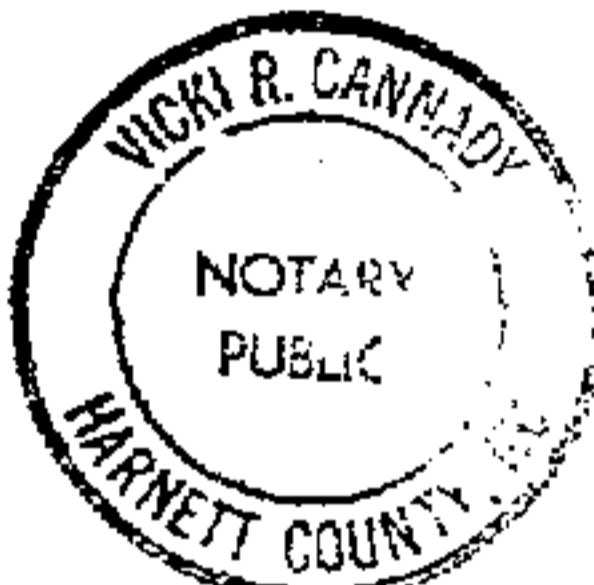
NORTH CAROLINA Harnett COUNTY

I, Notary Public of the County and State aforesaid, certify that William E. Buchanan personally came before me this day and acknowledged that he is Asst Secretary of CAROLINA LAKES PROPERTY OWNERS' ASSOCIATION, INC., a North Carolina corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its President, sealed with its corporate seal and attested by her as its Asst Secretary.

Witness my hand and official stamp or seal, this 28th day of August, 1991.

My commission expires: 6/26/95

Vicki R. Cannady
Notary Public



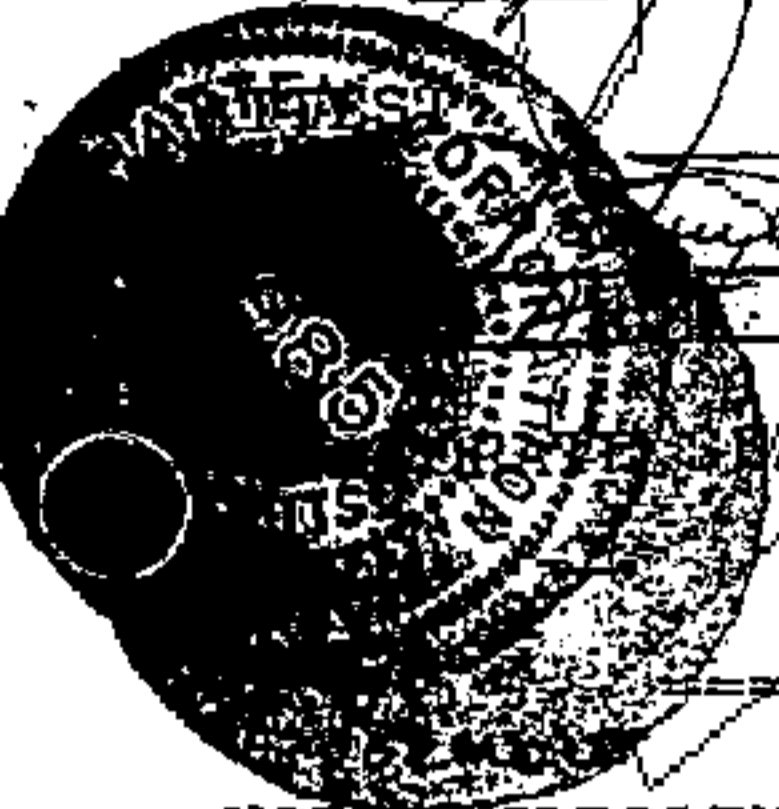
ORIGINAL

PATTEN CORPORATION

By:

[Signature]
President

[Signature]
Secretary



NORTH CAROLINA BENNINGTON COUNTY

I, Notary Public of the County and State aforesaid, certify that PATRICK E. ROUDEAU personally came before me this day and acknowledged that he is ASST Secretary of PATTEN CORPORATION, a North Carolina corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its VICE President, sealed with its corporate seal and at-
tested by him as its ASST Secretary.

Witness my hand and official stamp or seal, this 23rd day

AUGUST, 1991.

My commission expires: 2/10/95

[Signature]
Notary Public



RECORDED

PATTEN OF CAROLINA LAKES CORPORATION

By: [Signature]
President

[Signature]
Secretary



Notary Public of the County and State aforesaid, certify that

PATRICK E RONDEAU personally came before me this day and acknowledged that he is the Secretary of PATTEN OF CAROLINA LAKES CORPORATION, a North Carolina corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its VICE President, sealed with its corporate seal and attested by HIM as its 1 Secretary.

Witness my hand and official stamp or seal, this 23RD day

of AUGUST, 1991

[Signature]
Notary Public

RECORDED

NORTH CAROLINA

HARNETT COUNTY

THIS AGREEMENT made and entered into this 10th day of January, 1984, by and between CAROLINA LAKES CORPORATION, party of the first part, and CAROLINA LAKES PROPERTY OWNERS ASSOCIATION, INC., party of the second part;

WITNESSETH:

That subject to the terms and conditions herein set out and for valuable considerations moving between the parties, said parties have contracted and agreed between themselves as follows:

1. In the event party of the first part desires to sell the Carolina Lakes Golf Course at any time after this date, it shall give and grant to party of the second part a first right of refusal as to each offer. Party of the second part is to have ^{Sixty (60) days} ~~thirty (30) days~~ after receipt of notice of intent to sell, to purchase said Golf Course at the price offer parties of the first part by any third party. In the event that party of the second part does not elect to purchase it shall so advise the party of the second part during said ~~thirty day~~ period and thereafter the party of the first part shall be at liberty to sell to the party who made said offer at a price equal to or higher than the price made known to party of the second part.

2. The party of the first part has unsold lots in the Carolina Lakes Subdivision and the party of the second part agrees that annual homeowners dues shall not be assessed on unsold and undeeded lots owned by party of the first part. Dues shall become due to purchasers when lots are sold to said purchasers beginning at the annual billing date of June 1 of the year of sale.

3. Under a lease agreement entered into between the parties, all roads and other amenities have been leased to party of the second part for a period of five years, and with the further agreement that said roads and other amenities will be deeded to party of the second part at some future date. The party of the first part is the owner of the Carolina Lakes Golf Course, and also is the owner of water and sewer lines, other water and

sewer lines, other water and sewer and maintenance facilities in the Carolina Lakes Subdivision, and it is necessary that Carolina Lakes Corporation have access to said properties and facilities for construction, use and maintenance. The party of the second part gives and grants to party of the first part, its employees, guests, officers, agents and assigns a perpetual right of easement of ingress, egress and regress from all public and private roads to the Golf Course, sewer, water and maintenance facilities, and other properties owned by Carolina Lakes Corporation, or its assigns.

4. The option granted in paragraph 1 is to remain in existence for the length of time permitted by the rule against perpetuities as that term is defined from time to time by the North Carolina appellate courts or the laws of North Carolina.

IN WITNESS WHEREOF, the party of the first part and the party of the second part have executed this Agreement through their respective authorized officers.

CAROLINA LAKES CORPORATION

By: [Signature]
President

ATTEST:

[Signature]
Secretary

CAROLINA LAKES PROPERTY OWNERS ASSOCIATION, INC.

By: [Signature]
President

ATTEST:

[Signature]
Secretary

AGREEMENT OF LEASE AND MANAGEMENT

THIS AGREEMENT OF LEASE, made as of the 10th day of January, 1984, between CAROLINA LAKES CORPORATION, a North Carolina Corporation (Lessor) and CAROLINA LAKES PROPERTY OWNERS ASSOCIATION, INC., a North Carolina Corporation (Lessee);

WITNESSETH:

That Lessor in consideration of the payments and covenants hereby leases to Lessee the property hereinafter described, upon the terms and conditions herein set forth.

Article 1

THE LEASED PROPERTY FIXTURES AND EQUIPMENT

§ 101. The Leased Property. The leased property is described in Exhibit A, attached hereto and made a part hereof, and includes all easements, improvements, tenements, appurtenances, hereditaments, fixtures, rights and privileges thereto belonging or in any way appertaining, and subject to any restrictions, encumbrances, and encroachments, and to any zoning and governmental regulations now or hereafter in effect, relating to or affecting the leased property.

§ 102. "Leased Property" and "Improvements" Defined. "Leased Property" shall mean the property described in § 101 hereof, and shall include any and all improvements now or hereafter located or constructed thereon, including the fixtures and equipment therein which are the property of Lessor as above described. "Improvements" shall mean all buildings, roads, and other improvements now or hereafter located or constructed on the leased premises.

Article 2

TERM OF LEASE - POSSESSION

§ 201. Term-Possession. The term of this lease shall be the period commencing on _____, and ending thirty (30) years from such date, being _____, with the right of Lessor to renew thereafter at five (5) year intervals until all property for sale in Carolina Lakes has been sold; but no renewal of the lease shall extend beyond the period permitted by the rule against perpetuities as that rule is defined by the North Carolina laws and court decisions from time to time.

§ 202. "Lease Year" Defined. "Lease Year" shall mean the 12 months period beginning on the first day of the term or if such day is not the first day of a calendar month, on the first day of the next succeeding month, or on any anniversary thereof.

§ 203. Transfer of Title. Lessor and Lessee agree that upon the expiration of the thirty (30) year term or the final renewal term of the lease or before, at Lessor's discretion, Lessor shall convey title to the leased property to the Lessee without further consideration and Lessee agrees to operate, manage and maintain the leased properties after taking title. If title to the leased property is conveyed to the Lessee prior to the completion of the term of the lease, then the provisions of this lease are merged in the deed and no longer of force and effect.

Article 3

MANAGEMENT COSTS - TAXES - INSURANCE

§ 301. Management. Lessor shall serve as managing agent for lessee for all leased properties rendering services as set out under Article 7 of this agreement.

Lessee shall pay monthly to Lessor for its rental fees, services and expenses as managing agent such amounts as are billed by Lessor monthly, so long as said services rendered are necessary and reasonable, and the amounts charged are not excessive when compared to the charges for like and similar services in South Central North Carolina or a region inclusive of South Central North Carolina if adequate statistics are not available on charges in South Central North Carolina. (The term excessive shall mean greater than 110% of the customary charge in the region used for comparison.)

S 302. Taxes and Assessments. Lessee shall pay as they become due and payable and before they become delinquent, all taxes, assessments and other public charges levied upon or assessed against the leased property, or arising by reason of the occupancy, use or possession of the leased property, or the business carried on therein, which are or may become a lien during the term of this lease, all of which are hereinafter collectively referred to as "Taxes."

S 303. Fire Insurance. Lessee, at its expense, shall keep all buildings erected in and upon the leased premises insured against loss or damage by fire and against such other risks as are covered by endorsement commonly known as supplemental or extended coverage, in responsible insurance companies authorized and licensed to issue such policies in North Carolina and Lessee shall maintain and keep in force such insurance, at all times during the term of this lease, in amount not less than the full insurable value of said buildings. All such policies of insurance shall provide that the proceeds thereof shall be payable to Lessor.

S 304. Liability Insurance. Lessee, at its expense, shall provide and keep in force comprehensive general liability insurance with minimum limits of liability in respect to bodily injury of \$1,000,000.00 for each person and \$1,000,000.00 for each occurrence and in respect of property damage is all inclusive for each occurrence. Such policies shall cover the entire leased property.

S 305. Utility Charges. Lessee shall pay all charges for water, sewer, electricity, gas, telephone and other utility services furnished to the leased premises.

S 306. Lessee will collect all property owners assessments and this shall not be a responsibility of the Lessor as managing agent.

Article 4

TITLE, CONDITION AND USE OF PREMISES

S 401. Use-Compliance with Laws and Restrictions. Lessee shall have the peaceful and quiet use of the leased property for any lawful purpose without hindrance on the part of the Lessor and Lessor shall warrant and defend Lessee in such peaceful and quiet use against the lawful claims of all persons claiming by, through or under Lessor. Lessee shall not breach or suffer the breach of any of the conditions, agreements and restrictions of record affecting the leased property and shall hold Lessor harmless from all consequences of any such breach. Lessee shall comply with all present and future laws, ordinances and regulations of duly constituted public authorities now or hereafter in any manner affecting the leased property. Lessee shall have the right to contest the validity of any laws, ordinances or regulations adversely affecting its use of the leased property and shall hold Lessor harmless from the consequences of violation of any such law, ordinance or regulation.

Article 5

DESTRUCTION OR CONDEMNATION OF PREMISES

S 501. Fire Damage. Damage to or destruction of any portion of the improvements on the leased premises by fire or any other cause shall

not terminate this lease or entitle Lessee to surrender the leased premises or to any abatement of or reduction in rent payable by Lessee or otherwise affect the respective obligations of Lessor and Lessee. In the event of such damage or destruction, Lessor shall proceed with due diligence to collect the proceeds of any available insurance, and Lessor shall promptly restore the property to as good a condition as existed immediately prior to the casualty.

§ 502. Condemnation. In the event the leased premises or any part thereof shall be condemned and taken for a public or quasi-public use, any award made to compensate either Lessor or Lessee for its damages or loss shall be paid to Lessor.

Upon any total taking, Lessee's obligation to pay rent or to discharge any other obligation hereunder, other than the payment of money then due and damages arising out of any breach on the part of Lessee, shall cease.

In the event that only a part of the leased property is condemned and taken, there shall be such abatement in rent and such other adjustments as Lessor and Lessee may agree upon as being just and equitable. If they are unable to agree upon such adjustments, resort shall be had to arbitration as hereinafter provided.

§ 503. Arbitration on Condemnation Award. If Lessor and Lessee within 30 days after the determination of the condemnation award are unable to agree upon the adjustments to be made in the lease, the adjustments shall be determined by three disinterested arbitrators, one chosen by Lessor, one by Lessee and the third by the two so chosen. The decision of any two of the arbitrators shall be final and conclusive. The decision shall be in writing, and signed copies shall be delivered to Lessor and Lessee. The party desiring arbitration shall give written notice to the other naming therein the arbitrator selected by it. In the event that, within a 15-day period after the giving of such notice, the other party shall fail to give to the party requesting arbitration written notice of the arbitrator selected by it, or in the event that the two arbitrators chosen shall fail within 15 days after their selection to agree upon the third, then on request of the party not in default, or upon the request of either party if neither is in default, any court of general equity jurisdiction in the county in which the leased premises are situated may within 15 days after such request appoint an arbitrator or arbitrators to fill any places remaining vacant.

Article 6

ASSIGNMENT - SUBLEASES - SALES

§ 601. Assignment or Sublease by Lessee. Lessee may not assign or transfer this lease or sublease the whole or any part of the leased premises without the written consent of Lessor.

Article 7

MANAGING AGENT

§ 701. Managing Agent. Pursuant to the terms of this agreement of lease, Carolina Lakes Corporation shall serve as the exclusive Managing Agent (Agent) for the leased property, so long as Carolina Lakes Corporation is willing and able to serve as exclusive managing agent; in the event Lessor is unable to or unwilling to perform any necessary service or to cause it to be performed after due notice thereof, then Lessee may employ an agent to perform that particular service.

§ 702. The agent shall render services and perform duties as follows:

a. The Agent shall hire all managerial and service personnel necessary for the efficient discharge of the duties of the Agent hereunder. Compensation for the services of such employees shall be the responsibility

of the Agent, and shall be an expense which will be paid to Agent by Lessee as provided in paragraph S 301.

b. Cause the common areas, common facilities and roads which make up the leased property to be maintained in good repair and condition, allowance being made for ordinary wear and tear and obsolescence.

c. Take such action as may be necessary to comply promptly with any and all orders or requirements affecting the subdivision placed thereon by any Federal, State, County, or municipal authority having jurisdiction thereover.

d. Maintain a system of office records, books and accounts in a manner satisfactory to the Association, which shall be subject to examination by an agent or member of the Association upon reasonable notice.

S 703. The compensation which the Agent shall be entitled to receive from the Association for all services performed under this Agreement shall be the same as the amounts outlined under S 301 of this Agreement.

S 704. The Agent shall manage the leased properties for the Lessee during the entire term of the lease. At the time title to the common properties is conveyed to the Association, the Association may in its discretion select a new Agent.

S 705. And in general to provide those services important to the development and preservation of Carolina Lakes Subdivision, to promote health, safety and welfare of the property owners, including improvement, maintenance, administration and upkeep of the various areas reserved for use of property owners, such as private roads, lake basin, dam areas, security gates to include a gatehouse and gatehouse attendants to man the gates at hours to be agreed upon between the parties to this agreement, and irrespective of whether the privileges of using such areas are exercised or not.

Article 8

DEFAULT - BANKRUPTCY

S 801. Remedies of Lessor. In the event that during the term of this lease (regardless of the pendency of any bankruptcy, reorganization, receivership, insolvency, or other proceeding, in law, in equity, or before any administrative tribunal, which has prevented or might prevent compliance by Lessee with the term of this lease).

a. Lessee shall default in the payment of any sums herein specified to be paid by Lessee and such default shall continue for 30 days;

b. Lessee shall default in the observance or performance of any of Lessee's covenants, agreements or obligations hereunder, and such default shall not be cured within 30 days after Lessor shall have given to Lessee written notice specifying such default or defaults; or

c. Without further possibility of appeal or review,

i. Lessee is adjudicated a bankrupt or insolvent, or

ii. A receiver is appointed for all or substantially all of Lessee's business or assets on the ground of Lessee's insolvency, or

iii. A trustee is appointed for Lessee after a petition has been filed for Lessee's reorganization under the Bankruptcy Act of the United States, known as the Chandler Act, or any future law of the United States having the same general purpose, or

iv. Lessee shall make an assignment for the benefit of its creditors,

then in any such event Lessor shall have the right at its election, at any time thereafter while such default or defaults continue, to re-enter and take complete and peaceable possession of the leased property and any and all improvements then forming part of the leased property, and to declare the term of this lease ended, whereupon this lease and all the right, title and interest of Lessee hereunder shall terminate and be of no further force or effect. In the event of such declaration, Lessor shall have the right to sue for and recover all rents and other sums accrued up to the time of such termination including damages arising out of any breach on the part of Lessee. Lessor shall also have the right, without re-entering, the leased premises or terminating this lease, to sue for and recover all sums, including damages, at any time and from time to time accruing hereunder.

S 802. Cumulative Rights. No right or remedy herein conferred upon or reserved to Lessor is intended to be exclusive of any other right or remedy herein or by law provided, but each shall be cumulative and in addition to every other right or remedy given herein or now or hereafter existing at law or in equity or by statute.

S 803. Other Remedies of Lessor. If Lessee shall default in the performance of any covenant required to be performed by it under this lease, Lessor may perform the same for the account and at the expense of Lessee, after first giving notice to Lessee of such default and a reasonable time to cure such default. If Lessor at any time is compelled to pay any sum of money, or do any act which will require the payment of any sum of money, by reason of the failure of Lessee to comply with any provision hereof, after reasonable notice, or, if Lessor is compelled to incur any expense, including reasonable counsel fees in instituting, prosecuting or defending any action or proceeding instituted by reason of any default of Lessee hereunder, the sum or sums so paid by Lessor shall be due from Lessee to Lessor as additional sums on the next date following the incurring of such expenses upon which a regular monthly rental payment is due.

S 804. Effect of Waiver or Forbearance. No waiver by Lessor of any breach by Lessee of any of its obligations, agreements or covenants hereunder shall be a waiver of any subsequent breach or of any other obligation, agreement or covenant, nor shall any forbearance by Lessor to seek a remedy for any breach by Lessee be a waiver by Lessor of its rights and remedies with respect to such or any subsequent breach.

S 805. Waiver of Redemption. The Lessee hereby waives, surrenders and gives up all right or privilege which Lessee may or might have under or by reason of any applicable law, regulation or ruling now in effect, or any further law, regulation or ruling, to redeem, occupy or re-occupy, the leased premises or have a continuance of this lease for the term hereby demised after having been dispossessed or ejected therefrom by process of law.

Article 9

MISCELLANEOUS

S 901. Notices. Any notice provided for herein shall be given by registered mail addressed, if to Lessor as follows: Post Office Box 2250, Sanford, N. C. 27330; and if to Lessee as follows: _____

S 902. Change of Address. The persons and places to which notices are to be mailed may be changed from time to time by Lessor or Lessee upon written notice to the other.

S 903. Modification. This lease may be modified only by written agreement signed by Lessor and Lessee.

S 904. Descriptive Headings. The descriptive headings of this agreement are inserted for convenience in reference only and do not constitute a part of this agreement.

§ 905. Heirs, Executors, Administrators, Successors and Assigns.
This lease and the covenants, terms and conditions thereof shall be binding upon and inure to the benefit of the heirs, executors, administrators, successors and assigns of the parties hereto.

IN WITNESS WHEREOF, Lessor and Lessee have executed this agreement through their respective authorized officers.

CAROLINA LAKES CORPORATION

By: *William J. Brown*
President

ATTEST:

Edmund E. Brown
Secretary

CAROLINA LAKES PROPERTY OWNERS
ASSOCIATION, INC.

By: *Howard E. Baird*
President

ATTEST:

Edmund E. Brown
Secretary

EXHIBIT "A"

All lakes, access areas, clubhouse, tennis courts, swimming pools, security gates, streets, roads, and all other amenities, all as shown on maps of sections of Carolina Lakes now recorded or to be recorded in the future.

SCHEDULE 3
Maps of Carolina Lakes Subdivision

1. Book 23, Page 94, Harnett County Registry
2. Book 23, Page 97, Harnett County Registry.
3. Book 23, Page 98, Harnett County Registry.
4. Plat Cabinet 1, Slide 79, Harnett County Registry.
5. Plat Cabinet 1, Slide 80, Harnett County Registry.
6. Plat Cabinet 2, Slide 135, Harnett County Registry.
7. Plat Cabinet C, Slide 174-B, Harnett County Registry.
8. Plat Cabinet C, Slide 135-A, Harnett County Registry.
9. Plat Cabinet C, Slide 134-B, Harnett County Registry.
10. Plat Cabinet C, Slide 134-C, Harnett County Registry.
11. Plat Cabinet D, Slide 6-B(B).
12. Plat Cabinet D, Slide 6-B(C).
13. Plat Cabinet D, Slide 6-B(D).
14. Plat Cabinet D, Slide 31-A, Harnett County Registry.
15. Plat Cabinet D, Slide 31-B, Harnett County Registry.
16. Plat Cabinet D, Slide 31-C, Harnett County Registry.
17. Any other maps of the subdivision recorded in the Harnett County Registry showing lots conveyed by Carolina Lakes Corporation to third parties.

CLC
by WT
WAB

NORTH CAROLINA NON-WARRANTY DEED

THIS DEED made this 15th day of April, 1991, by and between, Carolina Lakes Corporation (hereinafter "Grantor"), of Harnett County, North Carolina, and Carolina Lakes Property Owners' Association, Inc., a not for profit North Carolina corporation (hereafter "Grantee"), of Harnett County, North Carolina.

W I T N E S S E T H:

The Grantor, for valuable consideration paid by the Grantee, the receipt of which is hereby acknowledged, has and by these presents does grant, bargain, sell and convey unto the Grantee in fee simple, all that certain lot or parcel of land situated in Barbeque Township, Harnett County, North Carolina and more particularly described as follows:

All lakes, access areas, clubhouse, tennis courts, swimming pools, security gates and gate house, streets, roads, jogging trails, club dock and all other amenities, all as shown on maps of sections of Carolina Lakes now recorded or to be recorded in the future, including without limitation to Phases 1. through 5. of said Carolina Lakes Subdivision.

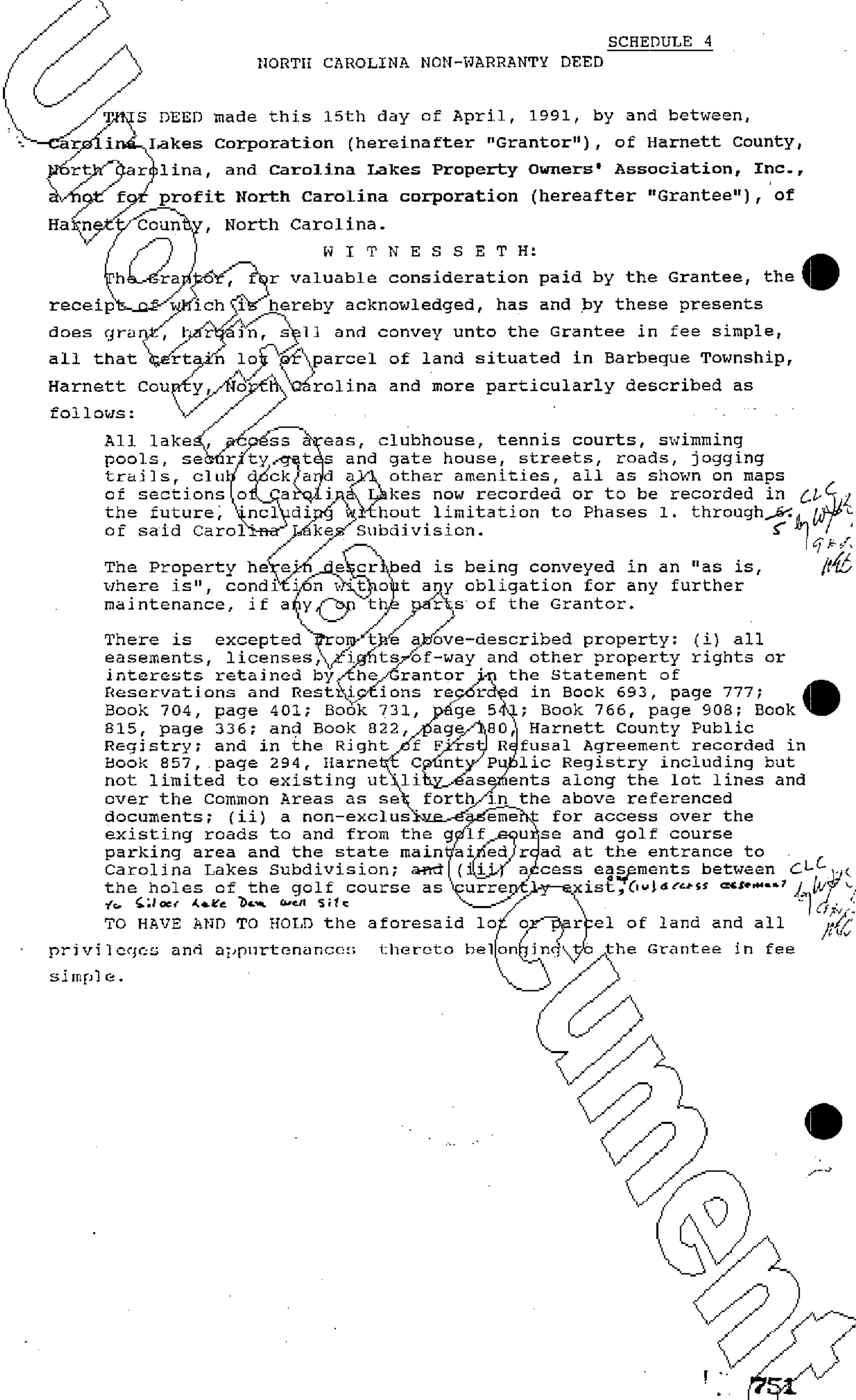
CLC
5 by WJH
9/8/91
MCC

The Property herein described is being conveyed in an "as is, where is", condition without any obligation for any further maintenance, if any, on the parts of the Grantor.

There is excepted from the above-described property: (i) all easements, licenses, rights-of-way and other property rights or interests retained by the Grantor in the Statement of Reservations and Restrictions recorded in Book 693, page 777; Book 704, page 401; Book 731, page 541; Book 766, page 908; Book 815, page 336; and Book 822, page 180, Harnett County Public Registry; and in the Right of First Refusal Agreement recorded in Book 857, page 294, Harnett County Public Registry including but not limited to existing utility easements along the lot lines and over the Common Areas as set forth in the above referenced documents; (ii) a non-exclusive easement for access over the existing roads to and from the golf course and golf course parking area and the state maintained road at the entrance to Carolina Lakes Subdivision; and (iii) access easements between the holes of the golf course as currently exist, (iv) access easement to Silver Lake Dam well site

CLC
by WJH
9/8/91
MCC

TO HAVE AND TO HOLD the aforesaid lot or parcel of land and all privileges and appurtenances thereto belonging to the Grantee in fee simple.



The Grantor makes no warranty, express or implied, as to title to the property hereinabove described.

The designation Grantor and Grantee as used herein shall include said parties, their heirs, successors, and assigns, and shall include singular, plural, masculine or neuter as required by context.

IN WITNESS WHEREOF, the Grantor has caused this instrument to be signed in the corporate name by its duly authorized officers and its seal or a reasonable facsimile thereof to be hereunto affixed or impressed by authority of its Board of Directors, the day and year first above written.

CAROLINA LAKES CORPORATION

By: William R. Brown
President

ATTEST: Lawyer
Secretary

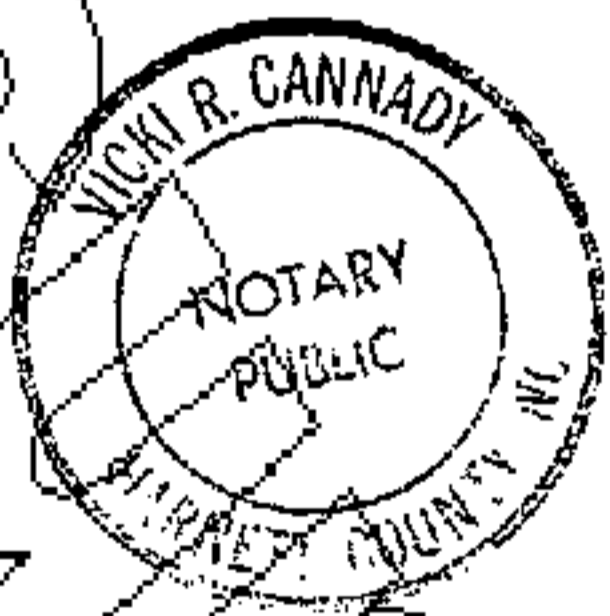


NOTARY'S ACKNOWLEDGMENT

NORTH CAROLINA Hunt COUNTY

I, Notary Public of the County and State aforesaid, certify that William R. Brown personally came before me this day and acknowledged that she is ASST Secretary of CAROLINA LAKES CORPORATION, a North Carolina corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its — President, sealed with its corporate seal and attested by her as its ASST Secretary. Witness my hand and official stamp or seal, this 28th day of August, 1991.

My commission expires: 6/26/95 Vicki R. Cannady
Notary Public



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NORTH CAROLINA
HARNETT

NON-EXCLUSIVE EASEMENT AGREEMENT

THIS EASEMENT, made this the 28 day of August, 1991,
by and between CAROLINA LAKES PROPERTY OWNERS' ASSOCIATION, INC., a
not for profit North Carolina corporation of Harnett County, North
Carolina, (hereafter "Grantor"), and PATTEN CORPORATION and PATTEN OF
CAROLINA LAKES CORPORATION, (hereafter "Grantee");

WITNESSETH:

That whereas, Grantor is the owner of property hereinafter
described and desires to convey to Grantee a non-exclusive right and
easement for ingress, egress and regress access to the property
hereinafter described subject to the same rules and regulations
(including in the payment of appropriate homeowners fees in the case
of property owners within Carolina Lakes Subdivision) regarding the
use and restrictions on the property herein described.

NOW, THEREFORE, Grantor, in consideration of the terms hereof and
other valuable consideration, the receipt and sufficiency of which is
hereby acknowledged, does hereby give, grant, bargain, sell and convey
to Grantee, a perpetual non-exclusive right and easement for egress,
ingress and regress over and upon those certain parcels of lands of
Grantor more particularly described as follows:

All lakes, access areas, clubhouse, tennis courts, swimming
pools, security gates, streets, roads, jogging trails, club dock
and all other amenities, all as shown on maps of sections of
Carolina Lakes now recorded or to be recorded in the future,
including without limitation to Phases 1, through 5 of said
Carolina Lakes Subdivision.

CLC
by W. H. B.
1991
W. H. B.

The conveyance of the easement herein described is subject to
the same rules and regulations regarding the use of such
easement as exist regarding other property owners in Carolina
Lakes Subdivision.

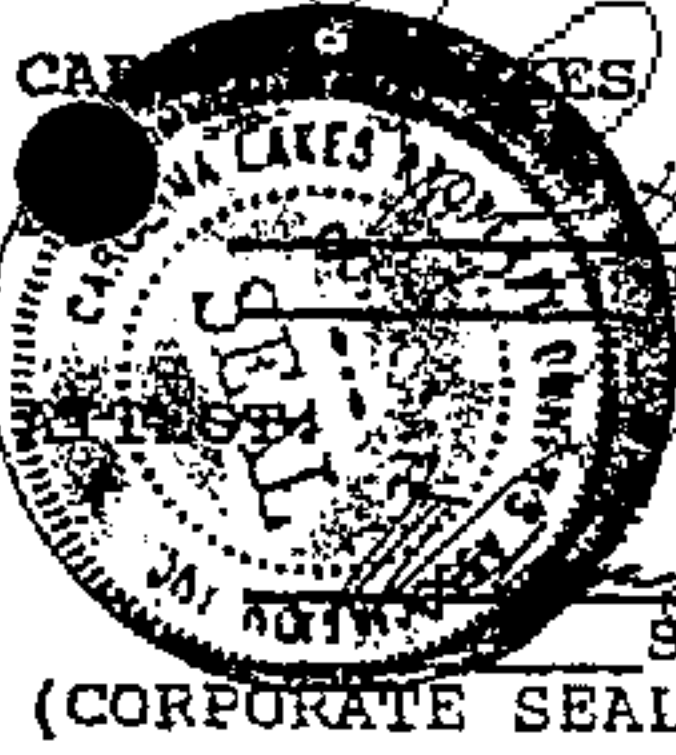
TO HAVE AND TO HOLD the rights and easements hereby granted to
the Grantee forever.

CAROLINA LAKES SUBDIVISION

The designation Grantor and Grantee as used herein shall include said parties, their heirs, successors, and assigns, and shall include singular, plural, masculine, feminine or neuter as required by context.

IN WITNESS WHEREOF, the Grantor has hereunto set his hand and seal, or if corporate, has caused this instrument to be signed in the corporate name by its duly authorized officers and its seal or a reasonable facsimile thereof to be hereunto affixed or impressed by authority of its Board of Directors, the day and year first above written.

CAROLINA LAKES PROPERTY OWNERS' ASSOCIATION



[Signature]
President

[Signature]
Secretary

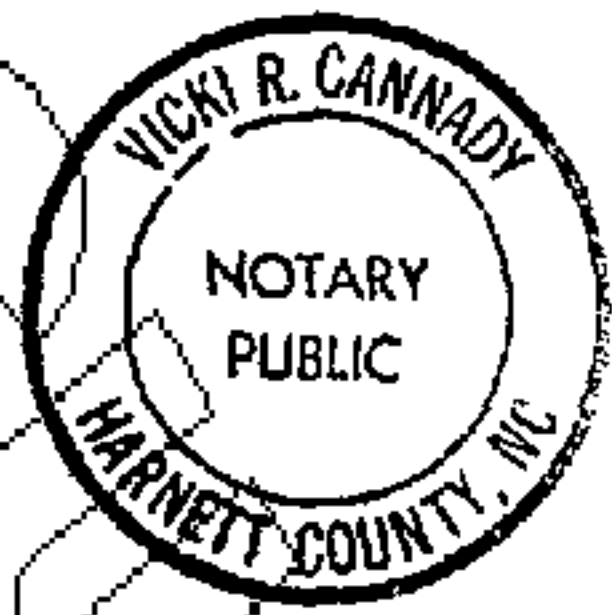
(CORPORATE SEAL)

NORTH CAROLINA Harnett COUNTY

I, Notary Public of the County and State aforesaid, certify that William E. Brokhafer personally came before me this day and acknowledged that he is Secretary of CAROLINA LAKES PROPERTY OWNERS' ASSOCIATION, a not for profit North Carolina corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its President, sealed with its corporate seal and attested by him as Secretary.

Witness my hand and official stamp or seal, this 28th day of August, 1991.

My commission expires: 6/26/95 Vicki R. Cannady
Notary Public



PATTEN CORPORATION

By: [Signature]
Vice President

ATTEST: [Signature]
Secretary



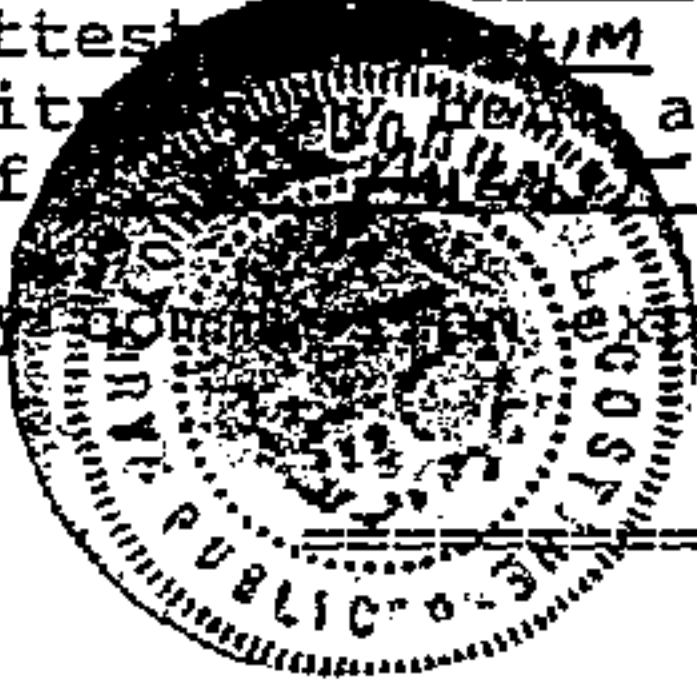
Sheriff's Department
Barnstable County

I, Bonnie L. Costine Notary Public of the County and State aforesaid, certify that
ERIC E. ROOSE personally came before me this day
and acknowledged that he is ASST Secretary of PATTEN CORPORATION
a Massachusetts corporation, and that by authority duly given and as
the act of the corporation, the foregoing instrument was signed in its
name by its VICE President, sealed with its corporate seal and
attested by KIM as its ASST Secretary.

With my hand and official stamp or seal, this 23rd day
of February, 1995

My commission expires: 12/31/95

Bonnie L. Costine
Notary Public



UNRECORDED

PATTEN OF CAROLINA LAKES CORPORATION

By: [Signature]
Vice President

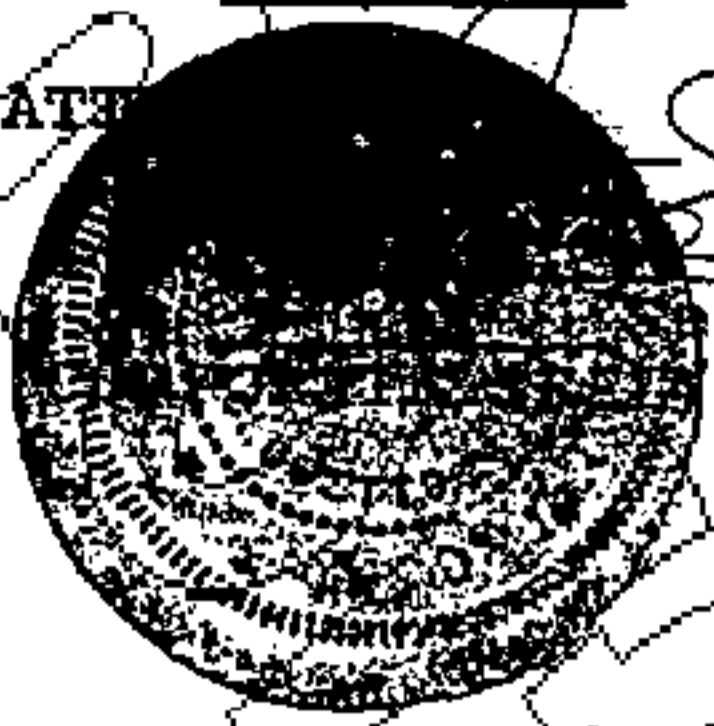
ATTEST: [Signature]
Secretary

~~VERMONT~~
~~NORTH CAROLINA~~ BENNINGTON COUNTY

I, Notary Public of the County and State aforesaid, certify that PATRICK E RONDEAU personally came before me this day and acknowledged that he is the Secretary of PATTEN OF CAROLINA LAKES CORPORATION a wholly owned subsidiary of the Patten Corporation a Massachusetts corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its VICE President, sealed with its corporate seal and attested by me as its Secretary.
Witness my hand and official stamp or seal, this 23rd day of August, 1991.

My commission expires: 2/10/95

[Signature]
Notary Public



DUPLICATE

NORTH CAROLINA NON-WARRANTY DEED

THIS DEED made this 6th day of April, 1990, by and between, PATTEN CORPORATION and PATTEN OF CAROLINA LAKES CORPORATION (hereafter "Grantor") and CAROLINA LAKES PROPERTY OWNERS' ASSOCIATION, INC., a not for profit North Carolina corporation, (hereafter "Grantee"), of Harnett County, North Carolina .

WITNESSETH:

The Grantor, for valuable consideration paid by the Grantee, the receipt of which is hereby acknowledged, has and by these presents does grant, bargain, sell and convey unto the Grantee in fee simple, all that certain lot or parcel of land situated in Barbeque Township, Harnett County, North Carolina and more particularly described as follows:

All lakes, access areas, clubhouse, tennis courts, swimming pools, security gates and golf house, streets, roads, jogging trails, club dock and all other amenities, all as shown on maps of sections of Carolina Lakes now recorded or to be recorded in the future, including without limitation to Phases 1. through 8. of said Carolina Lakes Subdivision. 5 9/17/90 PLS

The Property herein described is being conveyed in an "as is, where is", condition without any obligation for any further maintenance, if any, on the parts of the Grantor.

Subject to the non-exclusive easement described in a Release, Satisfaction and Termination Agreement dated the ____ day of _____ 1990, between the parties and including Carolina Lakes Corporation, reference to which is hereby made.

TO HAVE AND TO HOLD the aforesaid lot or parcel of land and all privileges and appurtenances thereto belonging to the Grantee in fee simple.

The Grantor makes no warranty, express or implied, as to title to the property hereinabove described.

The designation Grantor and Grantee as used herein shall include said parties, their heirs, successors, and assigns, and

SUBMITTED

shall include singular, plural, masculine, feminine or neuter as required by context.

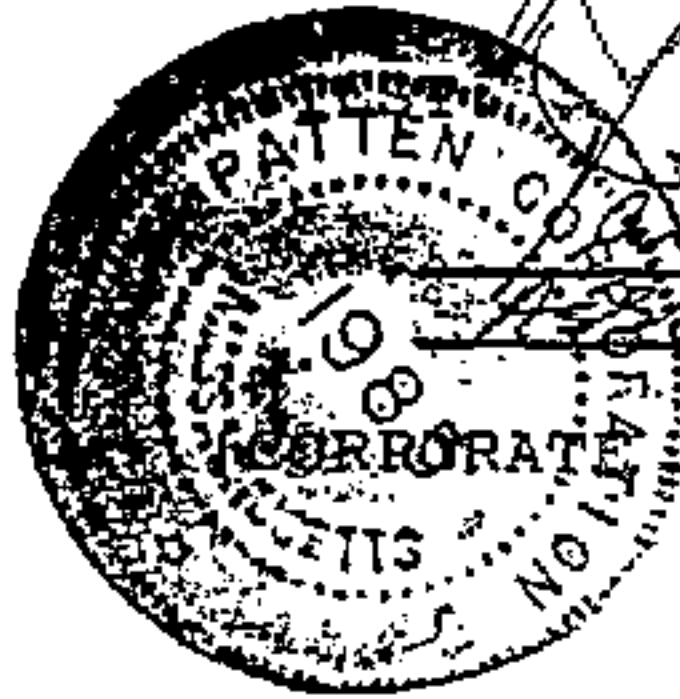
IN WITNESS WHEREOF, the Grantor has caused this instrument to be signed in the corporate name by its duly authorized officers and its seal or a reasonable facsimile thereof to be hereunto affixed or impressed by authority of its Board of Directors, the day and year first above written.

PATTEN CORPORATION

By:

[Signature]
President

[Signature]
Secretary



VERMONT
NORTH CAROLINA BENNINGTON COUNTY

I, Notary Public of the County and State aforesaid, certify that PATRICK E RONDEAU personally came before me this day and acknowledged that he is Asst Secretary of PATTEN CORPORATION, a ~~North Carolina~~ MASSACHUSETTS corporation, and that by authority duly given and as the ~~agent~~ VICE of the corporation, the foregoing instrument was signed in its name by its VICE President, sealed with its corporate seal and witnessed by HIM as its Asst Secretary.

Witness my hand and official stamp or seal, this 23RD day 1991

My commission expires: 2/10/95

[Signature]
Notary Public



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PATTEN OF CAROLINA LAKES CORPORATION

By: May Ann Chaffin
President

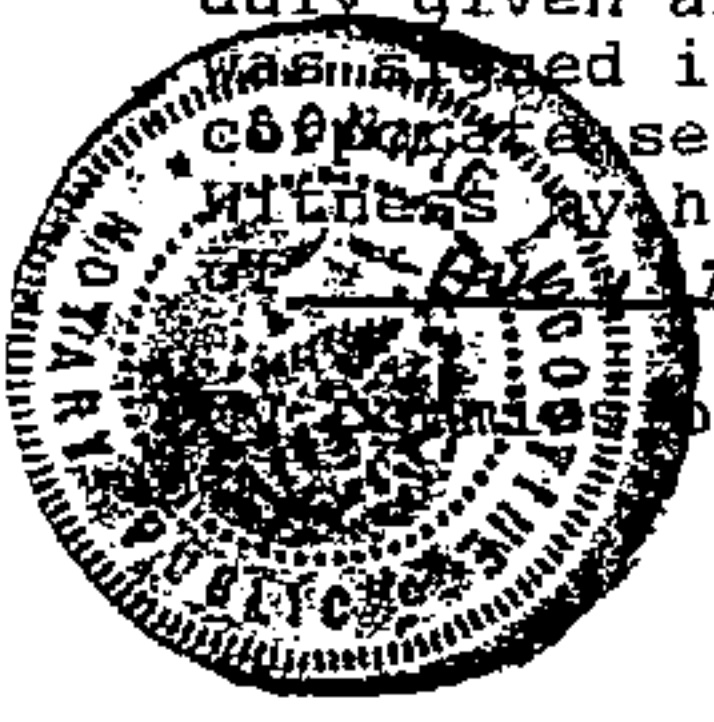
ATTEST: Patrick E. Rondeau
Secretary



(SEE SEAL)

~~VERMONT~~
~~NORTH CAROLINA~~ BENNINGTON COUNTY

I, Notary Public of the County and State aforesaid, certify that PATRICK E. RONDEAU, personally came before me this day and acknowledged that he is THE Secretary of PATTEN OF CAROLINA LAKES CORPORATION, a North Carolina corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its VICE President, sealed with its corporate seal and attested by MAJ as its SECRETARY.
Witness my hand and official stamp or seal, this 23RD day SEPTEMBER, 1991.



Commission expires: 2/10/95

Bonnie L. Costine
Notary Public

North Carolina — Harnett County.
The foregoing certificate(s) of Patrick E. Rondeau, Bonnie L. Costine, Notary & Loides Co.
Notary Public (Notaries Public) is(are) certified to be correct. This instrument was presented for registration and recorded in this office at Book 944 page 734-759
This 5 day of September, 1991 at 8:44 o'clock A. M.
Maude L. Holder By: Judith Hamilton
Register of Deeds — Asst. Deputy

RECORDED
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