

Contract to Purchase Real Estate

**CREEKSIDE OAKS NORTH  
(Woodshire Phase 8)**

Between

**WOODSHIRE HUFF, LLC**

Seller

and

**H&H CONSTRUCTORS OF FAYETTEVILLE, LLC**

Purchaser

**CONTRACT TO PURCHASE REAL ESTATE**  
**CREEKSIDE OAKS NORTH-WOODSHIRE PHASE 8**

THIS CONTRACT TO PURCHASE REAL ESTATE ("**Agreement**") is entered into effective as of the Effective Date (as defined below) between **WOODSHIRE HUFF, LLC**, a North Carolina limited liability company ("**Seller**"), and **H&H CONSTRUCTORS OF FAYETTEVILLE, LLC**, a North Carolina limited liability company ("**Purchaser**"), so long as the Purchaser has returned a fully executed Agreement to the Seller within the Acceptance Period (as defined below).

**RECITALS**

**A.** Seller represents to Purchaser that, as of the Effective Date, Seller has purchased certain real property containing approximately 41.96 acres and having Parcel Identification Numbers 0506-88-4099 located in the County of Harnett ("**County**"), North Carolina, consisting of all as more particularly described in the legal description attached hereto as Exhibit "A-1" (the "**Property**").

**B.** Seller intends to develop the Property into residential building lots in accordance with the Subdivision Plan attached hereto as Exhibit "A-2" and made a part hereof (the "**Subdivision**"). Purchaser wishes to purchase and Seller wishes to sell to Purchaser all Phase 8 lots hereinafter defined in the Subdivision as designated for Purchaser and which shall be a total of 68 lots consisting of 45 feet x 45 feet SFD lots, all fully cleared, graded, padded for monolithic slab foundations, and which shall be fully developed and ready for vertical construction within the Subdivision, which are hereinafter referred to as the "**Lots**", all as shown on the Subdivision Plan, pursuant to the terms and conditions and Seller's obligations hereinafter set forth.

**AGREEMENT**

**NOW, THEREFORE**, for One Dollar (\$1.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Purchaser does hereby agree to purchase and Seller does hereby agree to sell the developed single-family and multi-family residential building Lots pursuant to the following covenants, terms and conditions:

**1. Definitions.**

"**Acceptance Period**" shall mean the period of thirty (30) calendar days immediately following the delivery of this Agreement from the Seller to the Purchaser.

"**Amenities**" shall mean the amenities more particularly described on the preliminary amenity plan which Purchaser and Seller agree to diligently pursue and use commercially reasonable efforts to finalize thirty (30) calendar days after the effective date of this agreement (the "**Amenity Plan**") and attached hereto as Exhibit "A-3".

"**Completion**" shall mean fulfillment by Seller of the requirements and conditions in Section 6.

"**Completion Date**" shall mean the date Seller achieves Completion.

**“Completion Notice”** shall mean Seller's written notice to Purchaser, as provided in Section 3(c)(2)(a), that the Conditions Precedent to Settlement have been met as provided.

**“Conditions Precedent to Settlement”** shall be those conditions precedent to settlement provided in Section 7.

**“Declaration”** is defined as the Declaration of Covenants, Conditions and Restrictions for Seaside Palms Subdivision to be recorded in the County land records, including all amendments and supplements thereto, as referred to in Section 9.

**“Deposit”** shall mean an earnest money deposit in the total sum of Two Hundred Thirty Eight Thousand and 00/100 Dollars (\$238,000.00) tendered to Escrow Agent as provided in Section 3(a). References to the Deposit shall mean the amount paid to date or remaining after any credits provided in this Agreement.

**“Deposit Credit”** shall mean the credit given to Purchaser as provided in Section 3(b).

**“Development Standards”** shall mean the development standards for the Lots more particularly described on Exhibit “C” attached hereto.

**“Due Diligence Period”** shall mean the period provided in Section 2.

**“Effective Date”** shall mean the date of the last signature on this Agreement.

**“Environmental Assessment”** shall mean the Phase I Environmental Assessment as provided in Section 5.

**“Environmental Law”** shall mean any international, foreign, federal, state or local statute, regulation, rule, code, ordinance, common law or requirement of any governmental or quasi-governmental authority, judicial or administrative body regulating, relating to, or imposing obligations, liability, or standards of conduct concerning pollution, natural resources, protection of human health, protection of the environment, industrial hygiene, Hazardous Substances (as defined herein), the manufacture, production, processing, distribution, use, treatment, storage, discharge, disposal, transport or handling of Hazardous Substances or the environmental conditions on, under or about the Property. The term “Environmental Law” shall include, without limitation, any common law of nuisance or trespass, any law or regulation relating to emissions, discharges, releases or threatened releases of any Hazardous Substance into the environment (including without limitation, ambient air, indoor air, surface water, groundwater, land surface or subsurface strata).

**“Escrow Agent”** shall mean Hutchens Law

**“First Right of Refusal”** shall mean the right of Purchaser to accept or refuse to purchase future phases of the Subdivision.

**“Hazardous Substance”** shall individually mean and **“Hazardous Substances”** shall collectively mean (i) any substance, material, waste, solid, liquid, gas, odor or form of energy, from whatever source, that is subject to or regulated by any current or future Environmental Law; (ii) those substances included within the definitions of "hazardous substances," "hazardous materials," "toxic substances," "pollutant," "contaminant" or "solid waste" in any Environmental

Law; (iii) mold, fungi or other similar substance, and (iv) more specifically, but not by way of limitation, (a) any substance now or in the future designated pursuant to Section 311(b)(2)(A) of the Clean Water Act, as amended, 33 U.S.C. 1321(b)(2)(A); (b) any toxic pollutant listed under Section 307(a) of the Clean Water Act, 33 U.S.C. 1317; (c) any "hazardous substance" or "pollutant or contaminant" as defined in Sections 101(14) and 101(33) of the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. 9601(14) & 9601(33); (d) any element, compound, mixture, solution or substance designated pursuant to Section 102 of the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. 9602; (e) petroleum, including crude oil or any fraction or byproducts thereof; (f) any hazardous waste having the characteristics identified under or listed pursuant to the Solid Waste Disposal Act, as amended, 42 U.S.C. 6921 et seq.; (g) any material defined as "hazardous waste" pursuant to 40 C.F.R. Part 260; (h) any hazardous air pollutant listed under Section 112 of the Clean Air Act, 42 U.S.C. 7412; (i) and any imminently hazardous chemical substance or mixture for which the Administrator of the Environmental Protection Agency has taken action pursuant to Section 7 of the Toxic Substances Control Act, 15 U.S.C. 2606; (j) any substance, the presence of which causes or threatens to cause a nuisance on the Property or a nuisance or trespass to real estate in the vicinity of the Property; (k) underground storage tanks; (m) asbestos and asbestos containing materials (whether friable or non-friable); (n) atmospheric radon at indoor concentrations exceeding 4 picocuries per cubic liter; (o) polychlorinated biphenyls ("PCBs"), and (m) urea formaldehyde and related substances.

**"Homeowners Association"** shall mean the association of Lot and homeowners in the Subdivision as referred to in Section 9.

**"Initial Closing"** shall mean the first takedown of Lots by Purchaser, also referred to as **"Takedown 1"**.

**"Initial Completion Date"** shall mean that date defined in Section 3(g).

**"Intended Use"** shall mean the Purchaser's construction of multi-family dwellings and detached single-family dwellings and improvements on each of the Lots in accordance with the Subdivision Plan and subject to this Agreement.

**"Lot Inspection Report"** shall mean the pre-settlement inspection report created by Seller and Purchaser per Section 8 and attached hereto as Exhibit "D-1".

**"Lot Completion Report"** shall mean the post-settlement inspection report created by Seller and Purchaser per Section 8 and attached hereto as Exhibit "D-2".

**"Lots"** shall mean the Lots designated by Purchaser and Seller in accordance with Section 3(e) of this Agreement, as shown on the Subdivision Plan, and shall further mean a single platted and subdivided portion of the Property, identified by unique lot or lot and block numbers upon which a single Home is to be constructed, together with all right, title, interest, and privileges of Purchaser in and to (A) all streets, ways, roads, alleys, easements, rights-of-way, licenses, rights of ingress and egress, vehicle parking rights and public places, existing or proposed, abutting, adjacent, used in connection with or pertaining to such real property or the interest therein; (B) any strips or gores of real property between such real property and abutting or adjacent properties; (C) all water and water rights, timber and crops pertaining to such real property; and (D) all appurtenances and all reversions and remainders in or to such real property, and (E) with all

required municipal approvals and utilities (including, without limitation, streets, alleys and sidewalks, potable water, storm and sanitary sewer, electricity, telephone and cable television facilities), fully completed and each connected to or available at the boundaries of such Lot.

“**Model Building Lot**” shall mean the model building lot described in Section 3(d) hereof.

“**Model Building Parking Lot**” shall mean the model building parking lot described in Section 3(d) hereof. “**Phase**” shall mean all Lots constructed as part of a single or multiple phases, identified as “Phase I”, , etc., as set forth in the Subdivision Plan.

“**Purchase Price**” shall mean that amount paid by Purchaser per Lot as provided in Section 4.

“**Settlement**” and “**Closing**” shall be used interchangeably herein and shall mean the purchase of the Lots hereunder, separately and together. A Settlement or Closing shall be deemed to have occurred when the complete execution of the closing documents has taken place and Settlement Agent is in possession of the original of each closing document, the title to the Lot or Lots being purchased has been updated favorably in the opinion of Settlement Agent and the Deed or Title to Real Estate conveying fee simple absolute title to the Lot or Lots to Purchaser has been recorded in the applicable county records.

“**Settlement Agent**” shall mean Costner Law Firm.

“**Subdivision**” shall mean the Property located in the County of Hoke, State of North Carolina, as more particularly described in the Subdivision Plan.

“**Subdivision Plan**” shall mean the Preliminary Development Plan, attached hereto as Exhibit “A-2”, the Final Subdivision Plan, and the construction drawings for grading, water, sewer, storm drainage, curbing, paving, parking areas, sidewalks, entrance monuments, amenities, landscaping, signage, and other plans and specifications for improvements required by this Agreement or by applicable governmental authorities, as such may be revised from time to time. Seller agrees to notify Purchaser of any material changes to the Subdivision Plan related to the Lots Purchaser pursuant to this Agreement. If Purchaser determines in its reasonable discretion that such change alters any Lot in a manner that materially and adversely effects Purchaser’s construction of its intended detached single-family dwelling on such Lot, Purchaser may either (i) waive such change and purchase the Lot in accordance with this Agreement or (ii) elect by written notice to Seller not to purchase such Lot but this Agreement shall otherwise remain in full force and effect.

“**Takedown Period**” shall mean the time frame between the completion of one “Takedown” or “Closing” and the deadline for the completion of the next “Takedown” or “Closing”, as more particularly described in Section 3(c) and shown on Exhibit “B”.

**2. Due Diligence Period.** Purchaser shall have until the expiration of 45 calendar days after the Effective Date (the “**Due Diligence Period**”) to undertake such engineering, development, marketing and other studies as Purchaser may desire and to determine in its sole and absolute discretion whether or not the Property is acceptable to Purchaser. If Purchaser elects to proceed with the purchase of the Property, Purchaser will give written notice to Seller and Escrow Agent of such election (“**Feasibility Notice**”) prior to the expiration of the Due Diligence Period.

In the event Purchaser does not deliver a Feasibility Notice prior to the expiration of Due Diligence Period, then this Agreement and the escrow shall be automatically deemed terminated. In the event this Agreement is terminated in accordance with this section, then Escrow Agent is hereby authorized to, and shall, immediately release and return the Deposit to Purchaser, without any separate authorization from Seller. Prior to any entry on the Property by Purchaser, Purchaser shall secure and maintain a comprehensive general liability insurance policy against claims for bodily injury, death or property damage in an amount of not less than \$1,000,000.00, that will cover the activities of Purchaser and those acting on Purchaser's behalf in the performance of Purchaser's ongoing operations on the Property. The liability policy shall name Seller, HH Multi, LLC, and RHH Land Investors, LLC, as additional insured but only with respect to liability caused in whole or in part by Purchaser's acts or omissions, or the acts or omissions of those acting on Purchaser's behalf in the performance of Purchaser's ongoing operations on the Property. Prior to any entry on the Property by Purchaser before the Initial Closing, Purchaser shall also secure and maintain employer's liability insurance and workers' compensation in accordance with the provisions of North Carolina. On request by Seller, Purchaser shall provide a certificate of insurance to Seller evidencing the insurance required herein. Purchaser shall indemnify Seller for any and all claims of bodily injury or damage to property (including the Property itself) arising out of Purchaser's inspections of the Property, excluding, however, claims arising out of (i) any loss, liability, cost or expense to the extent arising from or relating to the acts or omissions of Seller and those acting on Seller's behalf, (ii) any diminution in value of the Property arising from or relating to matters discovered by Purchaser during its inspections, (iii) any latent defects in the Property discovered by Purchaser, or (iv) the discovery of, or the non-negligent or inadvertent spread or release of, any Hazardous Substance resulting from Purchaser's investigations, unless the Hazardous Substance are brought onto the Property by Purchaser or those acting on Purchaser's behalf in the performance of Purchaser's ongoing operations on the Property. Purchaser shall also indemnify Seller for liens which may be filed against the Property by persons or entities employed or contracted by Purchaser to perform inspections of the Property. Purchaser shall remedy any damage caused by any such tests or surveys and return the Property to its state prior to any tests and surveys.

**3. Purchase of Lots.** Seller shall sell and Purchaser agrees to purchase the Lots in accordance with the terms and schedule described more particularly below:

(a) The Deposit shall be delivered by Purchaser to Escrow Agent in accordance with the following schedule:

1. \$25,000 Initial deposit shall be delivered within 5 calendar days of the Effective Date and, provided Purchaser delivers the Feasibility Notice,
2. Remaining Deposit balance of Two Hundred Thirteen Thousand Dollars (\$213,000), shall be tendered to Seller upon the expiration of the Due Diligence Period subject to the terms of this Agreement.

Upon execution and recordation of a mortgage or deed of trust substantially similar to Exhibit E attached hereto and satisfactory to Purchaser and Seller, the terms of which shall be agreed to during the Inspection Period (hereinafter defined) (the "**Deposit Deed of Trust**"), the Deposit shall be eligible to be released to Seller, provided Seller shall only use the Deposit for costs associated with the acquisition

and development of the Lots. In the event this Agreement terminates and Seller is entitled to retain the Deposit, the Deposit Deed of Trust shall be deemed satisfied, and the Purchaser and Trustee of the Deposit Deed of Trust agree to execute any and all documents necessary to release the Property from the Deposit Deed of Trust; provided, however, Purchaser's obligation to execute such documents shall only exist in the event there is no dispute that Seller is entitled to the Deposit and shall in no event apply where Purchaser disputes Seller's entitlement to the Deposit within ten (10) days of receipt of Notice of Default pursuant to Section 14(a). The Deposit Deed of Trust shall be subordinated to Seller's development financing. In the event Seller's development lender requires an intercreditor agreement with Purchaser for its Deposit Deed of Trust, Purchaser and Seller shall execute a Subordination Agreement substantially similar to Exhibit F attached hereto and shall be obligated to negotiate such agreement with the lender in good faith.

(b) In consideration of the Deposit with Seller, Purchaser shall receive a credit on the Purchase Price to be paid for the Lots at Closing, commencing on Lots closed after the First takedown. Said credit will be equal to the Deposit divided by the remaining number of Lots, (as defined below) (each, a “**Deposit Credit**”).

(c) Lot Takedowns.

(1) Lot Pricing and Takedown Schedule. Purchaser shall, subject to the terms of this Section 3 and Section 4, purchase the Lots in accordance with the Lot Pricing and Takedown Schedule set forth on Exhibit “B” (the “**Lot Pricing and Takedown Schedule**”), attached hereto and made a part hereof.

(2) Initial Closing: The “**Initial Closing**” (also referred to as “**Takedown 1**”) will take place within 30 days of the later of the following:

- a. Purchaser's receipt from Seller, in the manner set forth herein, of Seller's Completion Notice of the Lots stating that the Lots are ready for the Intended Use;
- b. the issuance of and receipt by Purchaser of the permits to operate the water and sewer systems of the Subdivision;
- c. the full and complete satisfaction and completion of all conditions and requirements to close pursuant to the provisions of this Agreement;
- d. the then current ability and intention of the appropriate governmental body to issue residential building permits for residences to be constructed on the Lots without subjection to limits or moratoriums of any kind;
- e. expiration of the Due Diligence Period; and
- f. the recordation of the Subdivision plat in the County register of deeds.

(3) Subsequent Closings or Takedowns. Purchaser shall, subject to the rights granted Purchaser in Section 3(f), purchase the minimum number of Lots as indicated on the Lot Pricing and Takedown Schedule.

(d) Purchaser shall have the right to place marketing signs on the Lots as well as at or near the entry to the Property such that said signs are visible from the street in a location that is approved by Seller. Purchaser shall have the right to purchase the model building lot shown on Exhibit "A-2" (the "**Model Building Lot**") for the sole purpose of constructing a model home prior to issuance of the Completion Notice for the Lots in Phase I. The location of the Model Building Lot shall be mutually agreed upon by the Seller and Purchaser. Purchaser shall apply for, and in good faith obtain, a building permit for construction of the Model Building Lot. Seller shall provide a graded Lot next to the Model Building Lot to be used for parking for the Model Building Lot (the "**Model Building Parking Lot**"), at no cost to Purchaser, in a mutually agreed upon location, until such time that the Lot provided be the last Lot available to purchase in accordance with the Lot Pricing and Takedown Schedule. Purchaser shall be responsible for all permits, improvements, and maintenance required by the governing jurisdiction required for the Model Building Lot and Model Building Parking Lot.

(e) Prior to any and all scheduled Closings, Seller shall meet the Conditions Precedent to Settlement in accordance with the agreed upon phasing of development work for no fewer than the number of Lots equal to the minimum number of Lots Purchaser is required to purchase over the next Takedown Period (the "**Available Lots**"). Each Completion Notice shall identify the location of the Available Lots and Purchaser and Seller shall mutually agree upon the Lots Purchaser will purchase. Should Seller not meet the Available Lot offering, Purchaser may defer the Lot purchase schedule as provided in Section 3(c) the same number of days Seller fails to meet the Available Lot requirement, said deferral commencing when Purchaser receives a Completion Notice from Seller that Seller has returned to performing status. Should Seller fail to perform any of Seller's obligations under this Agreement, Purchaser's obligation to perform any of its obligations hereunder shall be suspended until such time as Seller returns to performing status.

(f) Purchaser shall have the right but not the obligation in any Takedown Period to purchase more than the minimum number of Lots required to be purchased in such Takedown Period at the Purchase Price then in effect, provided Seller delivers and Purchaser receives a Completion Notice for such Lots. Seller shall have the right but not the obligation to deliver a Completion Notice for such additional Lots. Purchaser shall receive cumulative credits toward the minimum number of Lots required to be purchased in a succeeding Takedown Period for Lots purchased in a prior Takedown Period in excess of the minimum required.

(g) Seller shall develop the Lots in phases according to the phasing plan set forth on Exhibit "A-2". Seller shall meet the Conditions Precedent to Settlement for the Initial Closing on or before TBD (the "**Initial Completion Date**"). In the event the Conditions Precedent to Settlement for the Initial Closing have not been met by Seller by the Initial Completion Date, Purchaser shall have the right, in its sole and absolute discretion, to either (i) provide Seller until TBD in which to satisfy and meet all Conditions Precedent to Settlement (the "**Extended Initial Completion Date**"), or (ii) terminate this Agreement, at which point Purchaser shall be entitled to an immediate return of the Deposit. In the event Seller has not met or satisfied all Conditions Precedent to Settlement by the Extended Initial Completion Date, this Agreement shall automatically terminated, at which point Purchaser shall be entitled to an immediate return of the Deposit, unless Purchaser provides Seller written notice prior to the Extended Initial Completion Date that Purchaser is either (i) affording Seller additional time to satisfy the Conditions Precedent to Settlement for the Initial Closing or (ii) waiving the unsatisfied Conditions Precedent to Settlement for the Initial Closing and proceeding to the Initial Closing. Seller shall meet the



Conditions Precedent to Settlement for all other remaining Lots on, or before, the date that is twenty-four (24) months following the date on which Takedown 1 occurs (the "**Outside Completion Date**"). Should Seller fail to meet all Conditions Precedent to Settlement for all remaining Lots by the Outside Completion Date, Purchaser shall have the right to terminate this Agreement as to any Lots not yet purchased by Purchaser, at which point Purchaser shall be entitled to an immediate refund of the remaining Deposit.

(h) Purchaser's option to purchase Lots hereunder shall remain in full force and effect so long as Purchaser fulfills its obligations hereunder.

4. **Purchase Price.** The purchase price for each Lot shall be as indicated on the Lot Pricing and Takedown Schedule for the Takedown Period, attached hereto as **Exhibit "B"**, in which such Lot is purchased (the "**Purchase Price**").

5. **Environmental Assessment.** Within ten (10) business days of the Effective Date, Seller shall deliver to Purchaser a Phase I Environmental Assessment of the Property, which is currently in possession of Seller (the "**Environmental Study**"). In the event the Environmental Study reflects results which are not acceptable to Purchaser in its sole discretion, Purchaser may terminate this Agreement during the Due Diligence Period, in which event the Deposit must be promptly refunded or returned, as the case may be, to Purchaser, and the parties hereto shall be relieved of further liability for performing hereunder, terminating this Agreement.

6. **Seller's Obligations to Prepare Lots.** Seller shall, in accordance with the Subdivision Plan, all applicable subdivision regulations, zoning regulations, wetlands regulations, erosion control ordinances and other requirements of the state and local governments; and in accordance with construction drawings, plans and specifications supplied to Purchaser; and as required herein, at its own cost and expense, promptly and diligently develop and improve the Subdivision into single-family residential building lots which, in size, location and configuration, shall be in conformity with the Subdivision Plan, and which when completed shall allow for the unconditional issuance of residential building permits for the individual dwellings upon proper application and payment by Purchaser. Seller shall, among other things, perform the following:

(a) **Streets.**

(1) Seller shall construct and pave all streets and roads, construct all parking areas, curbs and gutters, and erect all street signs in accordance with the Subdivision Plan. Seller shall construct all sidewalks in the common areas. Purchaser shall construct all sidewalks along the street frontage of its Lots. Seller shall cause the rights of way to be graded to the satisfaction of the applicable governmental authorities. Seller shall install the base coat of paving during its initial construction.

(2) Seller shall cause all streets, roads, parking areas (all top coated) and other improvements (including storm drainage facilities) to be completed and dedicated to public use or the Homeowners Association, as applicable, in accordance with all applicable subdivision regulations.

(3) Seller shall maintain and repair all streets, roads, parking areas and other improvements until such time as those improvements are accepted for maintenance by the applicable governmental authorities or the Homeowners Association, except for

damages caused by Purchaser's employees, Purchaser's sub-contractors or their employees and vendors. Purchaser shall repair all damages caused by Purchaser's employees, Purchaser's sub-contractors or their employees and vendors. Seller shall use commercially reasonable efforts to cause such improvements to be accepted for maintenance by such applicable governmental authorities or the Homeowners Association, as applicable, at the earliest date possible under applicable regulations; but in no event later than 12 months after the date of conveyance of the last Lot hereunder.

(4) Purchaser shall be responsible for the removal of dirt, mud and debris from the street segments fronting the Lots that are owned by Purchaser on a regular basis, and will be responsible for any damage resulting from these items. Seller shall be responsible for performing these tasks on a regular basis on all other street segments in the Subdivision as well as any access roads connecting to the roads in the Subdivision.

(b) Drainage, Erosion Control.

(1) Seller shall cause to be prepared and approved a plan or plans designed to manage (i) construction period erosion and sediment control ("**E&S Plan**") and (ii) post construction storm water management ("**PCSWM Plan**"), which approved plans shall comply with all applicable federal, state and local laws and regulations relating to storm water management and control (the "**SWM Plans**"). Seller shall construct and complete all necessary storm drainage structures, pipes, facilities and sediment control devices related to its land development activities in accordance with the SWM Plans and shall obtain and comply with all federal, state and local permits that are required and regulations related thereto including any National Pollutant Discharge Elimination System Permit or state or local equivalent ("**NPDES Permit**", together with the SWM Plans, the Clean Water Act and all relevant EPA, state, federal and municipal storm water statutes and regulations with respect to the Property, the "**Storm Water Regulations**"). Seller shall provide a complete set of signed and stamped copies of the SWM Plans and the NPDES Permit for the Property to Purchaser no later than 30 days prior to the Initial Closing. Seller shall further obtain and record proper instruments establishing easements and rights-of-way needed for off-site storm drainage and other utilities, the same to be unencumbered if so required by the local municipal authority. Seller is responsible for the maintenance of all storm water structures, pipes and all sediment control devices and facilities per the approved, or to be approved, construction drawings, unless damage is caused by Purchaser, its employees, agents or subcontractors. Seller is responsible for the removal of temporary sediment traps or storm water management facilities as required under the SWM Plans and NPDES Permit, whether such facilities are located on or off Lot. Additionally, the responsibility and liability for the retention facilities rests with Seller. Further, Seller shall keep any permits and applications required under the Storm Water Regulations in good standing and current during the term of this Agreement. Seller, at its own expense, shall grade and seed all areas within the street rights-of-way and all other areas within the Subdivision, except as to Purchaser's Lots. If damage is caused due to or by the Purchaser's Lots, responsibility of addressing and correcting these issues will be assigned to the Purchaser by the Seller. These tasks shall be performed as often as required to prevent soil erosion within the limits of the Subdivision.

(2) Seller shall grant any and all easements as may be reasonably required by Purchaser across, over and through the Property for control of on-site storm

water relating to the Lot. Said easements shall be free from liens and shall allow for the construction, maintenance and use of drainage facilities and all uses incidental thereto, including silt ponds, swales, and riprap. Purchaser shall have the right to dedicate any and all of said easements to public use and to have same accepted for maintenance by the applicable governmental agencies. Upon request, Seller (and all other parties having an interest in such easement) will join in the dedication and execution of such instruments as may be reasonably required to affect same. Said easements may be used by Purchaser, its agents, customers, invitees, designees, successors and assigns. Said provisions shall be set forth in full in deeds of easement and shall be deemed covenants running with the Lot. Title to said easements and Purchaser's rights therein shall be fully insurable under the same requirements with respect to title as are applicable to the Lot. Seller, at its own expense, shall grade and seed all areas within the street rights-of-way and all other areas within the Subdivision disturbed by Seller. Purchaser, at its own expense, shall grade and seed all areas within the street rights-of-way and all other areas within the Subdivision disturbed by the Purchaser. These tasks shall be performed as often as required to prevent soil erosion within the limits of the Subdivision.

(3) Beginning upon the purchase of a Lot, Purchaser shall be responsible for the installation and maintenance of on-lot erosion and sediment control facilities pertaining to Purchaser's house construction activities, proper maintenance of such facilities with respect to such Lot and for ensuring compliance with the NPDES Permit insofar as it pertains to such Lot. Purchaser's responsibility for such on lot controls shall continue until final or temporary stabilization of such Lot and Purchaser transfers the Lot to a homebuyer. Purchaser shall be responsible for the removal of on lot erosion and sediment control facilities (specifically excluding temporary traps and storm water management ponds) at the time of stabilization of such Lot.

(c) Water and Sewer Lines. Seller shall provide water and sewer lines, with laterals extended to the Lot lines, both sized to meet existing subdivision codes and sufficient for Purchaser to obtain a building permit for each Lot in accordance with the Subdivision Plan. Seller shall be responsible for paying all construction and development fees, if so required by the applicable governmental agencies, associated with constructing the water and sewer lines to the Lot lines. Purchaser shall be allowed to tap on to each such water and sewer line. Purchaser shall be obligated to pay the water and sewer tap fees, and impact fees (if any), in connection with the water and sewer lines.

(d) Lots Within Flood Plain or Low Lying Area. Each Lot shall contain an area extending from the street to at least 70' behind the minimum building setback line as shown on the Subdivision Plan upon which to locate and construct a house completely outside a flood plain, natural water way, or other low lying area which may create a flooding or surface water problem or which may not allow surface water to drain away from the house. No Lot shall be located within a designated flood plain. Without exception, all building footprints shall be located completely outside a flood plain or other low lying area which may create a flooding or surface water problem so that flood insurance will not be required by any lender in connection with permanent loan financing for the Purchaser's customers. If any fill is necessary in order to raise the grade of a building envelope above the base flood elevation, the fill shall be installed by the Seller.

(e) Wetlands. The Lots shall not contain wetlands under the jurisdiction of the U.S. Army Corps of Engineers (“USCOE”) and/or hazardous waste deposits or any form of ground water contamination and/or environmental conditions which would affect Purchaser’s ability to market said Lot with single family residences built thereon. Seller shall provide Purchaser, upon Purchaser’s request, with a letter from the appropriate governmental authority stating whether USCOE Jurisdictional Wetlands exist on the Lots. In the event such letter provides that USCOE Jurisdictional Wetlands exist on any Lots, Seller shall have 180 days after the date of such letter to cure such affected Lot(s). In the event Seller fails to cure any affected Lot(s) within the time period provided herein, Purchaser shall have the right, in its sole and absolute discretion, to terminate this Agreement as to the affected Lots, in which case Seller shall return the Deposit Credit applicable to said Lots and thereafter the parties shall be relieved of all obligations as to said Lots.

(f) Development Standards. The Lots shall be developed in accordance with the Development Standards.

(g) Utilities. Seller shall work diligently to obtain underground telephone and cable within 90 days after the Closing for each Lot. Seller shall work with the Purchaser and South River Electric Membership Cooperative (SREMC) regarding the installation of electrical services to the Lots. Seller shall be responsible for the installation of the electrical services including without limitation, paying all fees, filing all applications, and performing all necessary engineering work. Seller shall insure that required conduits to serve these utilities are installed at all street crossings. In the event required utility installation may be delayed beyond the 90 day period, Seller shall reserve \$10,000 per closed Lot, to be held in Escrow, until such time as required Utility installation is complete.

(h) Entrance Monument and Landscaping. Seller recognizes that an attractive, well-designed, and properly scaled subdivision entry is critical to Purchaser’s success and agrees to work diligently to produce a high-quality entry that gives the Subdivision a distinctive sense of arrival. Seller shall construct, to the extent evidenced in Exhibit “A-2” (the “**Subdivision Plan**”) and in Exhibit “A-3” (the “**Amenity Plan**”), the entrance monuments and related improvements (the “**Entry Feature**”) substantially the same as the entry feature design shown in Exhibit “A-3” (the “**Amenity Plan**”), to be delivered to Purchaser within 30 days of the Effective Date. The design for the Entry Feature shall include as a minimum: (i) distinctive community identification signs properly scaled and positioned for the site conditions at the entrances; (ii) professionally designed plantings of high quality; (iii) all planting beds and turf areas shall be irrigated; and (iv) the entrance monuments shall be illuminated by lights controlled by timers. Seller shall share the Entry Feature with Purchaser and all related landscape improvement plans prior to commencing construction on same. Seller shall commence construction and installation of the Entry Feature prior to the Initial Closing. Seller shall complete landscaping within 30 days of Phase 1 plat recordation. Seller shall complete the installation of the Entry Feature within 45 days after the Takedown 1 is completed. Seller shall also be responsible for meeting any state or local requirements for tree conservation or reforestation. Purchaser shall be responsible for street trees along the frontage of the lots they purchase.

(i) Subdivision Road Frontage. Seller, at Seller’s expense shall provide berms, landscape screens and/or solid fencing for privacy and sound attenuation along all public road frontage if required by governmental regulation. Natural landscape screens shall be maintained

wherever practical. Improvements to the Subdivision road frontage shall be maintained by the Homeowners Association or Seller.

(j) Maintenance of Entrance and Common Areas. The maintenance of landscaping at the entrance to the Subdivision, and the common areas shall be done by a professional landscape maintenance company to ensure a quality, consistent appearance and shall include as a minimum: (i) regular grass cutting; (ii) bi-annual re-mulching of all planting beds; (iii) bi-annual installation of seasonal flowers to maintain color at the Entry Feature, if applicable; and (iv) seasonal irrigation system service and maintenance. The cost of maintaining these common areas shall be paid by the Homeowners Association or Seller.

(k) Debris and General Maintenance. Seller shall remove all existing debris and all construction debris resulting from Seller's obligations hereunder from the site or bury the same pursuant to the applicable county code, or if no such code exists, then according to plans and specifications supplied to the Purchaser, in a recorded burial pit location mutually agreed upon with the Purchaser. Seller shall also be responsible for the periodic bush-hogging and regular grass cutting to a minimum depth of twenty feet (20') from the back of curb along all street frontage of all unfinished common areas and vacant Lots not owned by Purchaser. This task shall be performed as often as necessary to ensure a well-maintained appearance for the Subdivision and its environs, but no less than 3 times per year. In the event that Seller fails to comply with the foregoing, Purchaser shall have the right, in its sole election, after notice to Seller of its failure to comply and Seller's failure to cure within 15 days, to perform same and to receive reimbursement from Seller within the earlier of 5 days of demand therefore or the next Settlement. The notice and cure provisions provided in Section 14(b) shall not apply to this Section 6(l). Notwithstanding the terms of this subsection, Purchaser shall (i) use commercially reasonable efforts to maintain a clean construction site and shall remove all existing debris and all construction debris resulting from Purchaser's construction from the site; (ii) be responsible for maintenance and compliance during Purchaser's period of ownership of its Lots for issues caused by Purchaser; (iii) take all required steps to ensure that Lots under its control are maintained and kept free of sedimentation, dirt, and debris, including without limitation as required by applicable permits and law; (iv) erect and maintain silt fence around their construction sites and insure that disturbed areas associated with their construction activities are maintained on a daily basis and in accordance with best management practices for site management and sediment control.

(l) Permanent Lot Corner Markers. Seller shall install all permanent Lot corner markers at the earliest practical time after final grading in accordance with County code or place a performance bond to cover the future installation cost as may be required by County code.

(m) Performance Bonds, Fees and Assessments. Seller shall post and maintain street, sedimentation, storm drainage, sewer maintenance and other forms of surety (performance) bonds as may be required by the applicable governmental authorities for development of the Lots and the drainage facilities contemplated by this Agreement, whether such facilities are on or off the Lots.

(n) Recorded Plats. Seller shall obtain all necessary governmental approvals, record a bonded or final plat or plats for each Phase of the Lots and provide Purchaser with an electronic version of each such recorded plat. Such plat or plats shall conform to the Subdivision Plan supplied to Purchaser. The parties agree that Lots may be conveyed to Purchaser by either

bonded or final plat, pursuant to County subdivision regulations, provided that Seller shall complete all improvements necessary for Purchaser to obtain building permits and occupancy permits, as applicable. Seller may bond only those improvements that are not necessary for the issuance of building permits and/or occupancy permits.

(o) Completion of Work. In the event Seller shall fail to make repairs or to otherwise complete any improvements to the Property following 30 days written notice from Purchaser (i) relative to storm water management or erosion and sediment control that impact the Lots, or (ii) which prevent Purchaser from obtaining permits for construction of a dwelling unit on the Lot or effect Purchaser's intended construction on the Lots, Purchaser shall have the right (but not the obligation) to make such repairs and to either (y) setoff its costs incurred from the Purchase Price of any Lots remaining to be purchased, or (z) receive reimbursement from Seller for its costs incurred within 5 days of demand therefore.

(p) Seller Warranties. The foregoing representations and warranties shall be true and correct from the date hereof to the Closing, shall be true and correct and in full force and effect, as the case may be, and deemed to have been reaffirmed and restated by Seller as of the date and time of the Closing, and shall survive the Closing for a period of six months and shall not be merged upon delivery of the Deed, and shall inure to the benefit of and be enforceable by Purchaser, its successors and assigns. In the event Seller becomes aware that any representation or warranty is untrue, inaccurate or incorrect or that any covenant of Seller has been breached, Seller shall deliver written notice to Purchaser thereof within 48 hours of obtaining such knowledge (but, in any event, prior to the Closing). Seller agrees to reimburse and indemnify, defend and hold harmless the Purchaser and their respective successors and assigns, from and against all liability, damages and losses whatsoever, including reasonable attorneys' fees, resulting from any breach of warranty or covenant or misrepresentation made by Seller herein or in any document, certificate or exhibit given or delivered in connection herewith. This indemnification is in addition to any remedies set forth in Section 14.

**7. Conditions Precedent to Settlement.** Subject to all of the terms and conditions of this Agreement, the obligation of Purchaser to purchase the Property shall be conditioned upon satisfaction of the following any of which may be waived by Purchaser in its sole and absolute discretion:

(a) a Final recorded Subdivision plat for the Phase in which Lots are being purchased, with all Lots clearly identified, and a full set of construction documents have been delivered to Purchaser provided that Seller has completed or bonded all improvements necessary for Purchaser to obtain building permits and occupancy permits, as applicable.

(b) a building permit for the construction of a single-family or multi-family dwelling can be obtained upon application therefor, all utilities are available as evidenced by the designated providers, and, if applicable, soil compaction test reports have been delivered to Purchaser.

(c) Seller has completed its improvements to the Lots necessary for Purchaser to obtain building permits and occupancy permits, as applicable, including, but not limited to, base paving, such other matters as described in Section 6 and correction of the deficiencies listed on the Lot Inspection Report, except deficiencies that the parties have mutually agreed to be completed post-Settlement which shall be completed by Seller so as to not delay Purchaser in obtaining occupancy

permits, provided that Seller may bond improvements that are not necessary for the issuance of building permits and/or occupancy permits.

- (d) all conditions of title have been met pursuant to Section 10(b).
- (e) Seller is not in default of this Agreement.
- (f) Seller's representations and warranties are true, correct and valid.
- (g) the Homeowners Association has been incorporated and the Declaration and the by-laws have been delivered to Purchaser; and the budget and annual assessment have been established.
- (h) the Amenities and related landscape improvements have been completed no later than 365 days following the Initial Closing, or as otherwise agreed by parties and submitted to Purchaser.
- (i) any outstanding actions recommended in the Phase I Environmental Assessment shall be complete and a No Further Action letter ("NFA") shall have been provided by the engineer performing the assessment and a copy forwarded to Purchaser.
- (j) Seller has provided Purchaser with copies of the NPDES Permit and SWM Plans pursuant to Section 6(b)(1).
- (k) Intentionally deleted.
- (l) use and occupancy permits for finished residences on previously settled Lots shall be available to Purchaser upon completion of the residences on such Lots.
- (m) Seller has provided Purchaser with a listing of Street Addresses for recorded Lots.

**8. Inspections.** Within 10 days of receipt of the applicable Completion Notice, representatives of Seller and Purchaser shall inspect the improvements relating to this Agreement and establish a list of deficiencies in the "**Lot Inspection Report**" (Exhibit "D-1"). Seller shall repair all deficiencies (except final paving) within 30 days of said Lot Inspection Report, weather permitting, or at such other time as shall be agreed upon between Purchaser and Seller and as noted on the Lot Inspection Report to ensure issuance of occupancy permits. Subsequent to Settlement, Purchaser shall be responsible for damages to the improvements serving Lots that were caused by Purchaser, its employees, agents or Subcontractors. Upon completion of home construction activity in a given Phase or section, Purchaser and Seller, upon notification of the other, shall meet to complete the "**Lot Completion Report**" (Exhibit "D-2") to list all deficiencies for which Purchaser is responsible to repair. Upon request, Purchaser shall repair all deficiencies listed on the Lot Completion Report within 30 days of notification, weather permitting, or at such other time as shall be agreed upon between Purchaser and Seller. In the event Purchaser shall fail to make repairs, then Seller shall make such repairs and receive reimbursement from Purchaser for its actual out-of-pocket costs incurred. If Purchaser fails to pay any amounts due pursuant to this Section 8, Seller's sole and exclusive remedy for same shall be the right to institute collection proceedings against Purchaser for the actual cost to Seller to make the repairs. Purchaser's obligations under this Section 8 shall cease upon the first to

occur of completion of its repairs or reimbursement of Seller's costs. Nothing herein shall be understood or construed to limit Seller's warranties and representations as set forth in Section 11 of this Agreement or otherwise limit in any way Purchaser's remedies under Section 11 of this Agreement.

**9. Declaration and Homeowners Association.**

(a) Seller shall prepare, at Seller's expense, the Declaration and by-laws of the Homeowner's Association and shall record the same in the land records of the County. Seller shall further establish and incorporate a Homeowners Association for the Subdivision, at Seller's expense. All the foregoing documents shall be reasonably acceptable in form and content to Purchaser. Seller shall cause the Homeowners Association to approve of Purchaser's intended house types, said approval shall be compliant with all governmental requirements. Seller shall pay any operating expense shortfall of the Homeowners Association in accordance with the Declaration. Purchaser shall pay a \$250 (subject to change) initial capital contribution to the Homeowners Association at the time of each lot purchase. Beginning on the date 12 months after Settlement, Purchaser shall pay the monthly Homeowner Association dues, or the prorata portion thereof, for the Lots purchased in accordance with the terms of the Declaration.

(b) Seller shall, at Seller's expense, be responsible for the proper annexation of any Lots purchased pursuant to this Agreement into the Homeowners Association, if applicable, and to subject any Lots purchased hereunder to any protective covenants and declarations as requested by Purchaser pursuant to this Agreement.

(c) Seller, through its designees, shall administer the affairs of the Homeowners Association until such time as control is assumed by the collective members of the Homeowners Association in accordance with the terms of the Declaration. Seller shall employ a reputable professional management company licensed to do business in North Carolina for budget preparation and management of the Homeowners Association.

(d) Seller shall convey the common areas to the Homeowners Association. The common areas shall not be subdivided into Lots and shall be free and clear of any mortgages, deeds of trust, judgment liens or similar liens or encumbrances. The conveyance shall be subject to rights of ingress and egress and common usage of each Lot owner in the Homeowners Association's common area. Purchaser agrees that the purchaser of each Lot shall be required to become a member of the Homeowners Association. Seller shall bear the cost of preparing and recording the deed conveying all common areas to the Homeowners Association.

(e) Seller shall grant Purchaser and Purchaser's assignees full membership into the Homeowners Association, granting full access to all benefits and use of all amenities therewith.

**10. Settlements.**

(a) Payment. The Purchase Price for each Lot purchased hereunder shall be payable by check or wire transfer of funds from Purchaser in full at the time of Settlement.

(b) Title. Within seven business days of the Effective Date of this Agreement, Seller shall deliver to Purchaser, without cost, copies of all title reports and title insurance policies previously issued to Seller on the Lots or the Property. Indefeasible marketable, fee simple titles to the Lots are to be conveyed hereunder, free of liens, encumbrances, judgments, tenancies,



reservations, easements, and rights-of-way, subject, however, to those easements and right of way required by public utilities and/or the local governmental authorities and any other easements, reservations and rights-of-way which do not have an adverse effect on the development and occupancy of the Lots for single-family dwellings of the type and size Purchaser intends to construct in the Subdivision. Title is to be marketable and insurable at standard rates by a recognized title insurance company of Purchaser's choice licensed to do business in North Carolina without exceptions except as aforesaid. Seller shall execute the necessary affidavits and indemnification agreements required by Purchaser's, or Purchaser's customer's, title insurance company to eliminate from their title policies any exceptions to unfilled mechanic's liens arising from Seller's development of the Lots and shall supply Purchaser or Purchaser's title insurance company with copies of all documents affecting the Lots or any portion thereof.

Within forty-five (45) days after the Effective Date, Purchaser shall obtain a written title insurance commitment (the "**Title Commitment**") issued by a title insurance company licensed to do business in North Carolina (the "**Title Company**"), agreeing to issue to Purchaser, upon recording of each Deed to Purchaser, an owner's policy of title insurance in the amount of the Purchase Price. Purchaser shall cause the Title Commitment to be updated no later than ten (10) days before Closing. If the title to the Property under the Title Commitment is subject to any matter which is objectionable to Purchaser, Purchaser shall give Seller written notice of the title exception(s) to which Purchaser objects (the "**Title Defect(s)**") by the later of either (i) expiration of the Due Diligence Period or (ii) ten (10) days after Purchaser's receipt of the Title Commitment. Seller shall provide a written response to Purchaser's notice of Title Defect(s) within a reasonable time. Seller shall, at its sole cost and expense, promptly undertake and use its best efforts to eliminate or modify all Title Defects to the reasonable satisfaction of Purchaser. Seller shall have a period of thirty (30) days from Seller's receipt of Purchaser's notice of Title Defects to cure such Title Defects. If Seller is unable or unwilling to satisfy said Title Defects within the time permitted, Purchaser, at its option may elect to (i) take title to the Lots Seller can convey without Title Defects and terminate the Agreement with respect to the Lots having Title Defects; or (ii) accept title to the Lots with the Title Defects and proceed to close on the Lots in accordance with the terms of this Agreement without reduction of the Purchase Price; or (iii) terminate this Agreement in its entirety, at which point Purchaser would be entitled to an immediate refund of the Deposit. Notwithstanding anything to the contrary herein and regardless of whether Purchaser provides any written objections to the Title Commitment pursuant to the terms of this Agreement. Purchaser shall be deemed to have timely objected to, and Seller shall remove and/or satisfy (or cause to be removed and/or satisfied), as applicable, from title to the Property (i) mortgages, liens or deeds of trust affecting the Property whether recorded or unrecorded, (ii) past due and delinquent taxes, bond payments or assessments (including, without limitation, general and special assessments), (iii) notices of commencement, (iv) taxes or special assessments not shown in the public record, (v) recorded or unrecorded leases and tenants in possession, (vi) rights, interests or claims of any parties in possession of the Property not shown in the public records, (vii) all Schedule B-I requirements set forth in the Title Commitment applicable to Seller, (viii) any recorded or unrecorded covenants or restrictions prohibiting the Intended Improvements or the transaction contemplated by this Agreement, and (ix) any of the foregoing arising after the date of the Title Commitment through Closing (collectively, the "**Purchaser's Objections**"). To the extent prior to Closing, the Title Commitment is updated pursuant to this Agreement and new Title Defects are identified thereon, Purchaser shall have five (5) days to provide Seller of its written notice of such new Title Defects, at which point Seller shall, at its sole cost and expense, promptly undertake and use its best efforts to eliminate or modify all Title Defects to the reasonable satisfaction of Purchaser. Notwithstanding anything

to the contrary herein, no Purchaser Objections shall be subject to waiver or deemed acceptable Title Defect(s) to Purchaser.

(c) Settlement Costs. Examination of title, title insurance, title opinions and individual Lot surveys are to be the sole cost of Purchaser. Seller shall be responsible for the preparation of the deed and the revenue stamps thereon and Purchaser shall be responsible for the deed recording fees and all electronic recording surcharges if Purchaser elects to electronically record.

(d) Releases and Waivers. Seller shall be responsible for preparing or obtaining any releases or satisfactions of any mortgages, deeds of trust or other security interests secured by the Subdivision and for the recording fees of same.

(e) Taxes and Assessments. General ad valorem real estate taxes for the Lots shall be prorated as of the Settlement Date based on either the tax bill for the current year or, if such bill has not been issued, the application of the preceding year's rates to the latest assessed valuation or statement issued to Seller for the current year's assessment, if available. For those Lots that are, during the year of Settlement, taxed separately from the larger parcel of real property from which they were subdivided, a credit for Seller's period of ownership during the tax year shall be given to Purchaser, and Purchaser shall pay the taxes as levied on such Lots at the end of the tax year. For those Lots that are not, during the year of Settlement, taxed separately from the larger parcel of real property from which they were subdivided (on account of the fact that such Lots were created during that tax year or for any other reason), the credit for Purchaser's period of possession during the tax year shall be given to Seller, and Seller shall pay the taxes as levied on such Lots at the end of the tax year, as such Lots are taxed as a portion of a larger parcel of real property owned by Seller. If the actual real estate taxes are later determined to be higher or lower than those that are apportioned, Seller and Purchaser shall promptly make the appropriate adjustment. Seller shall be responsible for any taxes which result from subsequent assessments for prior years due to a change in land usage or ownership ("**Roll-Back Taxes**").

(f) Deed Form. Title shall be conveyed by special warranty deed, containing full covenants of title in proper form for recording in the land records of the County. At Purchaser's option, Lots may be conveyed to Purchaser's assigns, agents or other parties as Purchaser may request.

(g) Possession. Exclusive, actual possession of the Lots shall be given to Purchaser or its agents and assigns at the time of Settlement, free from any parties in possession.

(h) Judgments. All notices of violations of local ordinances or requirements issued by the applicable governmental authorities, prosecutions or civil actions in any court on account thereof affecting or against any of the Lots, except for violations by the Purchaser, shall be defended and complied with by the Seller prior to the time of Settlement hereunder and the Lots conveyed free thereof.

(i) Non-Foreign Status. On the Settlement Date, Seller shall deliver to Purchaser in accordance with Section 1445 of the Internal Revenue Code and regulations promulgated thereunder, affidavits stating, under penalty of perjury, its United States taxpayer identification number and that Seller is not a foreign person as defined by I.R.C. 1445(f)(3).

In the event that Seller is unable to provide the affidavits at Settlement, Purchaser shall deduct and withhold 15% of the amount realized by Seller, as applicable, on the sale of the Lots as required by I.R.C. 1445 and remit same to the Department of Treasury.

(j) Settlement Statement. On the Settlement Date, Purchaser and Seller shall execute a mutually approved closing statement setting forth the amounts paid by or on behalf of and credited to each of Purchaser and Seller pursuant to this Agreement.

## 11. Liability.

(a) Quality of Work. Seller warrants that all work, materials and improvements performed or to be performed under this Agreement shall be of good and workmanlike quality, free of defects, and compliant with all applicable plans, specifications, specific conditions, and this Agreement, and shall be in accordance with and acceptable under the rules, regulations, laws and ordinances of the applicable governmental authorities. Seller shall use all due diligence and commercially reasonable good faith efforts to promptly complete all work and improvements required by Seller under this Agreement. At Closing, Seller shall assign to Purchaser, to the extent assignable, all its right, title and interest in and to any warranties for the work, materials and improvements performed under this Agreement for the Lots purchased by Purchaser.

(b) Claims by Purchaser. To the full extent permitted by law, Seller hereby agrees to save, indemnify and keep harmless Purchaser, and its affiliates, agents and employees, against all demands, claims, causes of actions, damages, liabilities, penalties, and expenses (including fees and disbursements of counsel) arising out of or resulting from Seller's performance of (and/or failure to perform) this Agreement and/or the work described in this Agreement, and/or the materials, supplies, or goods provided by Seller, and for or on account of injury to or death of persons, including Seller's employees, Seller's sub-contractors or their employees, or damage to or destruction of any property (including, without limitation, any of Purchaser's homeowner's property), any issues with adverse Environmental Conditions, or any bond obtained for same, caused, in whole or in part, by any act or omission, or alleged act or omission, of Seller, its employees, or agents, whether caused in part by a party indemnified hereunder ("**Purchaser's Claim**").

(c) Claims by Seller. To the full extent permitted by law, Purchaser hereby agrees to save, indemnify and keep harmless Seller, and its affiliates, agents and employees, against all demands, claims, causes of actions, damages, liabilities, penalties, and expenses (including fees and disbursements of counsel) arising out of or resulting from Purchaser's performance of (and/or failure to perform) this Agreement and/or the work described in this Agreement, and/or the materials, supplies, or goods provided by Purchaser, and for or on account of injury to or death of persons, including Purchaser's employees, Purchaser's sub-contractors or their employees, or damage to or destruction of any property (including, without limitation, any of Purchaser's homeowner's property), or any bond obtained for same, caused, in whole or in part, by any act or omission, or alleged act or omission, of Purchaser, its employees, or agents, whether caused in part by a party indemnified hereunder ("**Seller's Claim**").

(d) Brokerage Fees. All negotiations relative to this Agreement and the purchase and sale of the Lots as contemplated by and provided for in this Agreement have been conducted by and between Seller and Purchaser without the intervention of any person or other party as agent or broker. Seller and Purchaser warrant and represent to each other that Seller and

Purchaser have not entered into any agreement or arrangement and have not received services from any broker or broker's employees or independent contractors, and there are and will be no broker's commissions or fees payable in connection with this Agreement or the purchase and sale of the Lots by reason of their respective dealings, negotiations or communications.

**12. Seller's Representations, Warranties and Covenants.** Seller hereby represents, warrants and covenants, as applicable, to Purchaser as follows:

(a) Seller represents and warrants it has not made and will not make any commitments or representations, such as but not limited to conditional zoning, to the applicable governmental authorities, or any adjoining or surrounding property owners or homeowners associations, which would in any manner be binding upon Purchaser or interfere with Purchaser's ability to improve the Lots with the construction thereon of residential dwellings built according to Purchaser's standard design for same and of the type and size Purchaser intends to construct in the Subdivision.

(b) Seller represents and warrants it has granted no person any contract right or other right to the use of any portion of the Lots, and Seller can enter into this Agreement without violating any other third parties contract entitlements and no other person or entity claims, has claimed and/or could justifiably claim any retained rights in the Lots under an earlier-in-time contractual right.

(c) Seller covenants that all contractors, subcontractors, laborers, and materialmen performing work upon or furnishing labor or materials to improve or benefit the Lots at Seller's request have been or will be paid in full by Seller and, accordingly, Seller shall indemnify and hold Purchaser harmless from any claims, liabilities, damages or expenses which Purchaser, its successors and assigns may incur by reason of any mechanic's or materialmen's liens and/or claims lodged against any of the Lots and/or Purchaser for work performed or materials furnished by or at the request of Seller in accordance with the provisions of this Agreement or otherwise.

(d) Seller covenants, during the term of this Agreement, to keep any mortgages against the Property current and not in default, and pay taxes, other public charges and/or any other assessments against the Property and no later than Closing to remove any monetary lien or encumbrance affecting the Property or any part thereof.

(e) Seller represents and warrants that prior to or at Settlement of each Lot that to the best of Seller's knowledge, all building, plumbing connection, and other permits required for the erection of a dwelling on that Lot will be available to Purchaser for immediate issuance, and electrical, water and sewer shall be available to Purchaser for immediate issuance without governmental prohibitions or moratoria or any other delay or, in the case of use and occupancy permits, the above listed to include cable/internet/telephone, upon completion of the residences on such Lots, without governmental prohibitions or moratoria.

(f) Seller represents and warrants that all necessary dedications to public use with respect to the Lots shown or implied from the Subdivision plat(s) or otherwise, have been, or will be made to the applicable governmental authorities, and Purchaser will incur no legal liability or expense whatsoever with respect to any such dedications.

(g) Seller represents and warrants that all of the public approvals (from applicable governmental authorities) and land entitlements required (*i.e.*, with building permit immediately available for construction of the designated house type and for lawful occupancy in the ordinary course following home construction) beyond any applicable appeal periods have been, or will be prior to the Initial Closing, lawfully procured by and/or on behalf of Seller (the “**Approvals**”), without any real or alleged claim by any governmental authority that any such Approvals were improperly procured (whether by fraud, mistake, corruption of the process, or other illegality or otherwise) and no governmental investigation of any kind has been threatened or actually initiated in regard to any of those Approvals.

(h) Seller represents and warrants that Seller is a duly organized and validly existing limited liability company organized under the laws of the State of Delaware, is in good standing and that Seller has the authority to execute and perform this Agreement; that all necessary consents and approvals from Seller have been obtained; and that the persons executing this Agreement on behalf of Seller are duly empowered to bind Seller to perform its obligations hereunder.

(i) Seller covenants to deliver to Purchaser within five business days of the Effective Date of this Agreement, and thereafter from time to time as same may become available, copies of surveys, controls, architectural and engineering data, now or hereafter in the possession of Seller, its agents, architects or engineers, relating to the Lots and shall also deliver a full set of the final “as-built” Subdivision Plans as soon as available. Seller shall also deliver within five business day of the Effective Date true and complete copies of any and all subdivision plans, plats and deeds, surveys, specifications, public works agreements, environmental reports and documentation relating to the Homeowners Association including Articles, by-laws, Declaration of Covenants, supplemental declarations and builder’s information package available as of the Effective Date. During the time that this Agreement remains in full force and effect, Seller agrees that Purchaser, its agents and representatives, may enter upon the Lots for the purpose of making surveys, test borings, soil analyses and engineering studies, and to perform all other activities as Purchaser may deem necessary.

(j) Seller represents and warrants that it is in compliance and shall take such necessary acts to remain in compliance with the Storm Water Regulations. Seller covenants and agrees to do any and all further acts and to execute, acknowledge, seal and deliver any and all other and further instruments and documents (not otherwise inconsistent herewith) in order to ensure both Seller’s and Purchaser’s compliance with the Storm Water Regulations. The parties hereto shall cooperate with each other in every reasonable manner, other than pecuniary, in order to fulfill each party’s obligations relative to the Storm Water Regulations.

(k) Seller and any entity or person that owns or controls Seller are not bankrupt or insolvent under any applicable Federal or state standard, have not filed for protection or relief under any applicable bankruptcy or creditor protection statute and have not been threatened by creditors with an involuntary application of any applicable bankruptcy or creditor protection statute.

(l) Seller covenants to deliver to Purchaser a copy of grading plans promptly upon completion of such plans.

(m) Seller represents and warrants that, to the best of Seller's actual knowledge, without investigation, no hazardous substances as defined by the Comprehensive Environmental

Response, Compensation, and Liability Act of 1980 ("**CERCLA**"), 42 U.S.C. 9601(14), pollutants or contaminants as defined by CERCLA, or hazardous wastes as defined by the Resource Conservation and Recovery Act, 42 U.S.C. 6903(5), or other similar applicable federal or state laws or regulations, including, but not limited to, asbestos, PCBs, and urea formaldehyde, have been generated, released, stored or deposited over, beneath, or on the Property in violation of applicable law.

(n) To the best of Seller's actual knowledge, there are no legal actions, suits or other legal proceedings, including bankruptcy proceedings pending against the Property which would adversely affect Purchaser's ability to construct the Intended Improvements.

Notwithstanding that certain of Seller's representations and warranties contained in this Section 12 may be limited to the extent of Seller's knowledge of the facts stated therein, the Condition Precedent to Settlement hereunder shall not be so limited, and the satisfaction of said condition shall depend upon the actual correctness as of the time of Closing and post-Closing of the facts stated in all such representations and warranties.

The warranties set forth herein will survive the conveyance of the Lots for six months from Settlement and will be for the benefit of Purchaser and its successors and assigns. In addition to the other remedies available to Purchaser at any time, Seller will indemnify Purchaser for, and will save it harmless from, all claims for damages, suits for injunctive relief, and other proceedings and costs of any kind which may be asserted or incurred at any time hereafter by reason of any allegation or occurrence which involves a breach or alleged breach of any of the warranties provided above.

**13. Purchaser's Representations and Warranties.** Purchaser hereby represents and warrants to Seller that:

(a) Purchaser is a duly organized and validly existing limited liability company formed in the state of North Carolina and is qualified to do business in the State of North Carolina, it has the authority to execute and perform this Agreement, all necessary consents and approvals from the Purchaser have been obtained and the person(s) executing this Agreement on behalf of Purchaser are duly empowered to bind Purchaser to perform its obligations hereunder.

(b) Purchaser and any entity or person that owns or controls Purchaser are not bankrupt or insolvent under any applicable Federal or state standard, have not filed for protection or relief under any applicable bankruptcy or creditor protection statute and have not been threatened by creditors with an involuntary application of any applicable bankruptcy or creditor protection statute.

(c) None of the funds to be used for payment of the Purchase Price will be subject to 18 U.S.C. § 1956-1957 (Laundering of Money Instruments), 18 U.S.C. § 981-986 (Federal Asset Forfeiture), 18 U.S.C. § 881 (Drug Property Seizure), Executive Order Number 13224 on Terrorism Financing, effective September 24, 2001, or the United and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, H.R. 3162, Public Law 107-56 (the "USA Patriot Act").

(e) There are no claims, actions, suits or proceedings pending or threatened against Purchaser which question the validity or enforceability of this Agreement or of any action taken by Purchaser under this Agreement.

(f) Except as expressly set forth in this Agreement, Purchaser acknowledges that no representations or warranties, express or implied, have been made by Seller or Seller's representatives.

Each of the representations and warranties made by Purchaser in this Agreement, shall be true and correct in all material respects on the date hereof, and shall be deemed to be made again as of each Settlement, and shall then be true and correct in all material respects. The truth and accuracy of each of the representations and warranties, and the performance of all covenants of Purchaser contained in this Agreement, are conditions precedent to each Settlement. Purchaser shall notify Seller immediately of any facts or circumstances that are contrary to the foregoing representations and warranties contained in this Section 13.

**13.1 Purchaser's Indemnifications.** Purchaser agrees to indemnify Seller from any actual liability, loss or damage to a third person's personal property or personal injury, including reasonable attorneys' fees and related costs and expenses arising out of, or resulting from Purchaser performing its construction activities under this Agreement, except that this indemnification shall not cover the negligence of the Seller or its subcontractors, employees and agents or apply to any violations issued by any governmental authority, which violations shall be governed by said authority. Purchaser shall maintain in full force and effect liability insurance covering damage to property and persons resulting from or connected with such activity. Purchaser shall provide Purchaser's Certificate of Insurance upon request.

#### **14. Default.**

(a) **Default by Purchaser.** In the event of any breach, failure or default by Purchaser under the terms of this Agreement (which breach, failure or default is not remedied or cured by Purchaser pursuant to any other provisions hereof), or in the event of any other claims that arise out of the transaction contemplated herein, which default is not cured within 15 calendar days, or another mutually agreed upon timeframe, after Seller's delivery of written notice to Purchaser, then Seller may terminate this transaction and escrow by giving written notice to Purchaser and Settlement Agent, whereupon the remaining Deposit shall be within 15 calendar days of the issuance by Seller of any notice of default released to Seller, and the parties shall have no further rights or obligations hereunder, except for those which expressly survive any such termination. Purchaser and Seller agree that Seller's damages would be difficult to quantify and have therefore agreed that a return of the Deposit shall constitute reasonable liquidated damages. Except for those rights, remedies or obligations that herein specifically survive the Closings or termination of this Agreement, the above shall be Seller's sole and exclusive remedy. The parties agree that such liquidated damages do not constitute a penalty.

(b) **Default by Seller.** In the event of any breach, failure or default by Seller under the terms of this Agreement (which breach, failure or default is not remedied or cured by Seller pursuant to any other provisions hereof), or in the event of any other claims that arise out of the transaction contemplated herein, which default is not cured within 30 days, or another mutually agreed upon timeframe, after Purchaser's delivery of written notice to Seller, then at Purchaser's option: (i) Purchaser may terminate this transaction and escrow by giving written notice to Seller

and Settlement Agent, whereupon the remaining Deposit shall be within 30 days of the issuance by Purchaser of any notice of default returned to Purchaser, and the parties shall have no further rights or obligations hereunder, except for those which expressly survive any such termination, or (ii) Purchaser shall be entitled to initiate a proceeding for specific performance of the terms and provisions of this Agreement and/or for damages and/or may pursue all other rights and remedies available at law or in equity.

(c) **Notice of Default.** Except as expressly provided otherwise in this Agreement, no failures or defaults by Purchaser or Seller, including failure to timely exercise options, shall result in the termination or limitation of any right hereunder or the exercise of any rights or remedies with respect to such failures or defaults unless and until Seller or Purchaser shall have been notified in writing by a document specifically entitled "Notice of Default" and shall have failed to remedy the specified failures or defaults within 15 days, or another mutually agreed upon timeframe, after the receipt of said written notice. The scope of the breach or default and of the required cure shall be limited to the failures or defaults specifically stated in the Notice of Default, and any right to claim or pursue a breach of or default under this Agreement following any such failure to cure shall be limited to the specific failures or defaults stated in such Notice of Default.

**15. Rule Against Perpetuities.** To avoid the rule against perpetuities, the final Settlement under this Agreement shall take place no later than 21 years from the Effective Date.

**16. Force Majeure.** In the event that either party hereto shall be delayed or hindered in or prevented from the performance of any act required hereunder by reason of labor difficulties, inability to procure materials, restrictive governmental laws or regulations, insurrection, war, acts of God, acts of terrorism, pandemics or other reason of like nature not the fault of the party delayed in performing work or doing acts required under the terms of this Agreement, then performance of such act shall be excused for the period of the delay, and thereafter the period for the performance of any such act and any Purchase Price increases shall be extended for the lesser of (i) a period equivalent to the period of such delay, or (ii) 12 months. If upon the expiration of the extension period the required act remains unperformed, Purchaser may either postpone said performance pursuant to Section 8 and forthwith continue to settle Lots as provided herein, or Purchaser may at its option terminate this Agreement, and in such event the remaining Deposit shall be returned to Purchaser within 30 days of such termination and there shall be no further liability on the part of either party to the other.

**17. Miscellaneous.**

(a) **Notices.** All notices and other communications hereunder shall be in writing and shall be deemed duly given, unless provided otherwise herein, the day such notice is received via email, or personally delivered or received by Federal Express or similar overnight carrier service or received by mail sent by certified mail, return receipt requested, postage prepaid.

If to Purchaser, to: Dream Finder Homes, LLC  
Attn: Batey McGraw  
14701 Philips Highway, Ste 300  
Jacksonville, FL 32256



Email: [Batey.McGraw@DreamFindersHomes.com](mailto:Batey.McGraw@DreamFindersHomes.com)

With a copy to: H&H Constructors of Fayetteville, LLC  
Attn: Leslie Groves, Division President  
3709 Raeford Road  
Fayetteville, NC 28304  
Email: [LeslieGroves@hvhhomes.com](mailto:LeslieGroves@hvhhomes.com)

With a copy to: H&H Constructors of Fayetteville, LLC  
Attn: Kerry Avant, Regional VP – Land Operations  
2163 Britton Rd, Suite 140  
Leland, NC 28451  
Email: [kerryavant@hvhhomes.com](mailto:kerryavant@hvhhomes.com)

With a copy to: Dream Finders Homes LLC  
Attn: Robert E. Riva, Jr., Esq., General Counsel  
14701 Philips Highway, Suite 300  
Jacksonville, Florida 32256  
Phone: 904-441-0829  
E-Mail: [robert.riva@dreamfindershomes.com](mailto:robert.riva@dreamfindershomes.com)

And if to Seller, to: Woodshire Huff, LLC  
Attn: D. Ralph Huff, III  
2919 Breezewood Ave, Ste 100  
Fayetteville, NC 28303  
Email: [DRHuff@HuffFamilyOffice.com](mailto:DRHuff@HuffFamilyOffice.com)

With a copy to: Hutchens Law  
Attn: Susan Benoit  
4317 Ramsey Street  
Fayetteville, NC 28311  
Email: [susan.benoit@hutchenslawfirm.com](mailto:susan.benoit@hutchenslawfirm.com)

The parties hereto shall be responsible for notifying each other of any change of address.

(b) Severability. If any term, covenant or condition of this Agreement or the application thereof to any party shall be invalid or unenforceable, the remaining terms, covenants or conditions of this Agreement shall not be affected thereby, and each term shall be valid and enforceable to the fullest extent permitted by law and there shall be substituted for such invalid provision a like, but legal and enforceable, provision which most nearly accomplishes the intention of the parties hereto, and if no such provision is available, the remainder of this Agreement shall be enforced. If such term, covenant, condition, agreement, provision or section of this Agreement is adjudged invalid due to its scope or breadth, such item shall be deemed valid to the extent of the scope or breadth permitted by law.

(c) Applicable Law. It is the intention of the parties hereto that all questions with respect to the construction of this Agreement and the rights or liabilities of the parties hereunder shall be determined in accordance with the laws of the State of North Carolina, without regard to conflict of laws principles. Time is hereby declared of the essence in the performance of each of Seller's and Purchaser's obligations hereunder.

(d) Dates. Any date specified in this Agreement which is a Saturday, Sunday or legal holiday, shall be extended to the first regular business day after such date which is not a Saturday, Sunday, or legal holiday.

(e) Entire Agreement. This Agreement, together with the Exhibits, contains the entire agreement among the parties hereto. The recitals set forth in the beginning of this Agreement are hereby incorporated herein as if restated in full. No change or modification of this Agreement, or any waiver of the provisions hereof, shall be valid unless same is in writing and signed by the parties hereto. Waiver from time to time of any provision hereunder will not be deemed to be a full waiver of such provision or waiver of any other provision hereunder. The terms of this Agreement are mutually agreed to be clear and unambiguous, shall be considered the workmanship of all the parties and shall not be construed against the drafting party.

(f) Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument. To facilitate execution of this Agreement, the parties may exchange executed counterparts of the signature pages by facsimile or portable document format (pdf). Electronic signatures (signed pages scanned and e-mailed or sent by facsimile) shall have the same effect as original signatures.

(g) Memorandum. Both Seller and Purchaser agree, upon request by either of them, to enter into a short form or memorandum of this Agreement, which memorandum shall be suitable for recording in the office of the County register of deeds, the cost of preparation and the recording expense thereof to be the responsibility of the party requesting the same.

(h) Assignment; Survival. A sale of the membership interests of Seller to an affiliate of Seller controlled by or under common control with Seller shall not require Purchaser's consent so long as such assignee has assumed, in a writing delivered to Purchaser, all of Seller's obligations under this Agreement and Seller continues to be jointly and severally liable for the obligations of the assignee affiliate hereunder. This Agreement shall be binding upon the parties hereto and each of their respective heirs, executors, administrators, successors and assigns. All of the provisions of this Agreement and the obligations of the parties shall survive each Settlement and the execution and delivery of the deeds executed hereunder and shall not be merged therein.

A sale of the membership interests of Purchaser to an affiliate of Purchaser controlled by or under common control with Purchaser shall not require Seller's consent so long as such assignee has assumed, in a writing delivered to Seller, all of Purchaser's obligations under this Agreement and Purchaser continues to be jointly and severally liable for the obligations of the assignee affiliate hereunder. This Agreement shall be binding upon the parties hereto and each of their respective heirs, executors, administrators, successors and assigns. All of the provisions of this Agreement and the obligations of the parties shall survive each Settlement and the execution and delivery of the deeds executed hereunder and shall not be merged therein.

(i) Waiver of Trial by Jury. **THE PARTIES WAIVE THEIR RESPECTIVE RIGHTS OF TRIAL BY JURY WITH RESPECT TO ANY CLAIM, COUNTERCLAIM, SETOFF, DEMAND, ACTION OR CAUSE OF ACTION ARISING OUT OF OR IN ANY WAY PERTAINING OR RELATING TO THIS AGREEMENT AND THE REMEDIES THEREUNDER, IN ALL OF THE FOREGOING CASES WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE. THE PARTIES HERETO AGREE THAT ANY PARTY MAY FILE A COPY OF THIS PARAGRAPH WITH ANY COURT AS WRITTEN EVIDENCE OF THE KNOWING, VOLUNTARY AND BARGAINED AGREEMENT OF THE PARTIES IRREVOCABLY TO WAIVE THEIR RIGHT TO TRIAL BY JURY.**

(j) 1031 Exchange. Seller and Purchaser acknowledge that both parties have the right to sell and purchase the Lots under the provisions of an Internal Revenue Service Section 1031 Tax Deferred Exchange. Seller and Purchaser hereby agree to cooperate in executing any document required by such an Exchange provided that each party incurs no additional cost or liability due to such an Exchange.

(k) Monetary Amounts. All monetary amounts expressed in “dollars” or designated by a “\$”, “USD” or “US\$” symbol or abbreviation refer to a monetary amount payable within the United States in the current lawful, dollar-denominated official currency of the United States of America.

**18. Attorneys’ Fees.** In addition to any other relief to which it may be entitled, the parties hereto shall be entitled to seek the recovery of reasonable attorneys’ fees and costs incurred in regard to any dispute or controversy.

**19. AS-IS, WHERE-IS SALE.** Except for Seller’s express covenants contained in this Agreement, and except for Seller’s express representations and warranties contained in this Agreement or as set forth in any documents delivered by Seller at Closing, Purchaser expressly acknowledges that the Property is being sold and accepted AS-IS, WHERE-IS, AND WITH ALL FAULTS, and Seller makes no representations or warranties with respect to the physical condition or any other aspect of the Property, including, without limitation, (a) the conformity of the Property to any past, current, or future applicable zoning or building code requirements or compliance with any other laws, rules, ordinances, or regulations of any government or other body, (b) the nature and effect of any easement, right-of-way, restrictions, reservations, or other encumbrances on, or appurtenances to, the Property or Purchaser’s contemplated use and enjoyment of the Property, (c) whether the Property is located wholly or partially in a flood plain or a flood hazard boundary or similar area, (d) except for actual knowledge, the existence or non-existence of Hazardous Substances or whether the Property is in compliance with applicable environmental laws, rules, and regulations, or (e) any other matter whatsoever affecting the Property (collectively, the “**Property Conditions**”), and, except for any representation or warranty of Seller expressly set forth in this Agreement or as set forth in any documents delivered by Seller at Closing, PURCHASER HEREBY UNCONDITIONALLY AND IRREVOCABLY WAIVES ANY AND ALL ACTUAL OR POTENTIAL RIGHTS PURCHASER MIGHT HAVE REGARDING ANY FORM OF WARRANTY, IMPLIED OR ARISING BY OPERATION OF LAW, INCLUDING, BUT IN NO WAY LIMITED TO, ANY WARRANTY OF CONDITION, HABITABILITY, MERCHANTABILITY, OR FITNESS FOR A PARTICULAR PURPOSE relating to the Property, its improvements or the Property Conditions, such waiver being

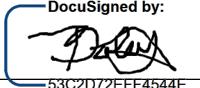
absolute, complete, total, and unlimited in any way. The provisions and waivers of this Section shall survive the Closing and passing of title.

[SIGNATURES FOLLOW ON NEXT PAGE]

**IN WITNESS WHEREOF**, this Agreement is executed as of Effective Date.

**PURCHASER**

**H&H CONSTRUCTORS OF FAYETTEVILLE, LLC,**  
a North Carolina limited liability company

By:  \_\_\_\_\_

Name: batey mcgraw

Title: VP

Date: 6/1/2023

**SELLER**

**WOODSHIRE HUFF, LLC,**  
A North Carolina limited liability company

By:  \_\_\_\_\_

Name: D Ralph Huff, III

Title: Manager

Date: March 22, 2023

## **LIST OF EXHIBITS**

Exhibit "A-1"	Legal Description of the Property
Exhibit "A-2"	Subdivision Plan
Exhibit "A-3"	Amenity Plan
Exhibit "B"	Lot Pricing and Takedown Schedule
Exhibit "C"	Development Standards
Exhibit "D-1"	Lot Inspection Report
Exhibit "D-2"	Lot Completion Report
Exhibit E	Deposit Deed of Trust
Exhibit F	Subordination Agreement

**EXHIBIT "A-1"**

**LEGAL DESCRIPTION OF THE PROPERTY**

The property consists of 41.96 undeveloped acres identified as Woodshire Phase 8 located in Spring Lake, Harnett County.

PIN 0508-88-4099.0000

Phase 8 to include lot numbers: 525 to 592





**EXHIBIT “A-3”**

**AMENITY PLAN**

Entrance Sign  
Mailbox Kiosk

**EXHIBIT “B”****PHASE 8 LOT PRICING AND TAKEDOWN SCHEDULE**

<b>Takedown</b>	<b>Deadline</b>	<b>Lot Count</b>	<b>Purchase Price</b>	<b>Total</b>	<b>After Credit</b>	<b>Lots Remaining</b>
<b>1</b>	Within 30 days following the recorded plat	15	\$70,000	\$1,050,000	\$997,500	53
<b>2</b>	On or before 180 days following Takedown 1	14	\$70,000	\$980,000	\$931,000	39
<b>3</b>	90 days following Takedown 2	14	\$70,000	\$980,000	\$931,000	25
<b>4</b>	90 days following Takedown 3	14	\$70,000	\$980,000	\$931,000	11
<b>5</b>	90 days following Takedown 4	11	\$70,000	\$770,000	\$731,500	0
		<b>68</b>		<b>\$4,760,000</b>	<b>\$4,522,000</b>	

## **EXHIBIT "C"**

### **SINGLE FAMILY DETACHED DEVELOPMENT STANDARDS**

#### **A. CLEARING AND GRUBBING**

1. NATURAL VEGETATION SHALL BE PRESERVED wherever possible throughout the site. Wooded home-sites will be reviewed on an individual basis.
2. All wood chips, used for temporary erosion control measures, to be removed from the site, by the developer, prior to purchase of lot. This area to be stabilized by the developer with local seed mixture.
3. All timber, logs, trees, stumps, bushes, rubbish and other debris will be removed and properly disposed of, and not pushed into the natural vegetation. Under no condition shall this material be buried on the building pad of the home-site. A bury pit will be allowed if mapped, acceptable to local authorities and not located within any recorded lot areas that will be deeded as a home-site.
4. All timber, logs and trees not fallen by natural causes, but falling in natural vegetation as a result of clearing and grubbing shall be removed and disposed of properly.

#### **B. GRADING**

1. All cut or fill slopes that are 3 feet horizontal to 1 foot vertical or steeper shall be seeded with crown vetch, or an approved local slope mix or erosion and sedimentation blankets, or other landscaping treatment as approved by local authorities. All remaining disturbed areas shall be seeded with the approved local seed mixture. Developer is responsible for achieving 90% vegetation growth on slopes.
2. All grading and excavation shall be accomplished in a manner that complies and conforms to local soil erosion and sedimentation protection standards. Developer shall be responsible for filling in all temporary sediment traps and erosion ditches upon completion of necessary vegetation. Developer shall be responsible for maintaining all erosion and sediment protection measures except "on lot" controls as specified by the local and Federal Environmental Protection Authorities (EPA). Removal, repair, and maintenance of silt fence in common areas will be the responsibility of the developer. Purchaser is responsible for maintaining Lots it owns and surrounding streets from sediment runoff from said Lots.
3. Should water be encountered during grading, the affected areas must be properly drained using accepted long term engineering practices. Developer will inform Purchaser as to the exact location and cause of water on the site.
4. All wetland areas must be clearly marked on the site and on plans per governmental regulations.
5. Building pad areas and any sediment traps located in building pad areas shall be properly prepared and established to allow Purchaser to install a standard footing at a minimum frost depth. Spreading lifts shall not exceed one (1) foot in depth and compacted at the specified moisture content until the maximum density attainable using ASTM test No. D1557 is 95% of maximum and be approved to allow for a foundation capable of supporting a structure that is a minimum of 2000 PSF. All fills must be compacted using vibratory or sheep's foot rollers only and documented by a registered engineer's correspondence. Developer will supply a copy of the engineer's compaction reports.

6. Pad sizes shall be as follows: Duplex lots – minimum of 35 feet by 70 feet, 50' SFD lots – minimum of 40 feet by 70 feet, 60' SFD lots – minimum of 50 feet by 70 feet.
7. Driveways not to exceed 8% grade from garage front to public walk or Back of Curb (BOC).

**C. SANITARY SEWERS**

1. A sanitary sewer wye shall be provided for each home site. The end of all sewer wyes or laterals shall be properly plugged.
2. As-built plans shall be submitted to Purchaser which clearly show and designate the locations of all wyes and laterals. As-builts shall be of sufficient detail and quality so as to satisfy specific municipal and/or sewer and water authority requirements.
3. The top of all manhole covers shall be constructed to an elevation that conforms to the proposed finished grade. In the case of manholes within the street R.O.W., the manhole tops shall conform to the finish grade at the top of the curb or the sidewalk elevation if applicable. Developer will make adjustments to manhole covers not properly installed.

**D. STORM SEWERS**

1. The top of all storm sewer manhole covers, end wall, or head wall structures shall be constructed to conform to the proposed finished grade. In the case of manholes within the street R.O.W., the manhole tops shall conform to the finish grade at the top of the curb or the sidewalk elevation, if applicable.
2. All permanent storm water systems will be complete, including detention ponds, retention ponds, access roads or other local requirements. Satisfaction of this covenant is not a condition of Settlement but the covenant will survive Settlement.

**E. UTILITIES**

1. Developer shall ensure that water, electric, phone and cable TV lines are installed in accordance with plans supplied to Purchaser.
2. All main utility trenches shall be filled with an approved, suitable material to avoid settlement.
3. All electrical transformers, CATV, and phone above ground boxes should be located on property lines or as shown on plans supplied to Purchaser. All utilities shall be constructed to an elevation that conforms to the proposed finished grade. In the case of utilities within the street R.O.W., all utilities shall conform to the finish grade at the top of the curb or the sidewalk elevation if applicable.

**F. MISCELLANEOUS**

1. Developer shall supply Purchaser with the following:
  - a. 1 complete set of electronic plans (plan of record, construction drawings, grading, soil and erosion, profiles and detail sheets). Plans are to be provided within seven days of completion from Engineer.
  - b. Lot corner irons within the current phase of development for the purpose of completing house stakeouts.
2. Developer shall be responsible for the installation of the Central Mail Facility.

**EXHIBIT "D-1"****LOT INSPECTION REPORT  
(Section 8)****Community:** Creekside Oaks North**Date:** \_\_\_\_\_, 202\_\_**Phase:** \_\_\_\_\_

<b>Item</b>	<b>Work Complete</b>	<b>Remarks</b>
A copy of the recorded plat is available		
A copy of the executed performance bond is available		
The common areas/amenities are deeded to the HOA		
Corner pins are set on all Lots		
The site for a sales trailer is graded and accessible (if applicable)		
A building permit can be obtained for the Model Lots		
The Covenants/Amendments/by-laws are complete and recorded		
Phase has been annexed into the HOA		
The HOA budget with reserves is complete		
The HOA incorporated and management company in place		
The Environmental Assessment and all related "NFA" letters are complete		
Common areas/Amenities deeded		
Entrance, signage and landscaping complete		
Storm drainage complete		
Curb, sidewalk and paving complete		
ROW have been seeded and stabilized by Seller		
As-built drawings complete		
Soil compaction reports complete		
Approved SWPPP, E&S and PCSWM Plans have been distributed to Purchaser		
Engineer certifications (plan compliance) complete		
Lot specific deficiencies (see attached list)		
Electric power complete		
Sewer complete and approved by appropriate government authority		
Water complete and approved by appropriate government authority		
Telephone complete		
Cable TV complete		
Streetlights complete		

Item	Work Complete	Remarks
Permanent Street/Traffic control signs complete		
Central mail facility complete		
Construction Equipment storage area identified with power and phone available		

REVIEWED and APPROVED by:

**SELLER**

WOODSHIRE HUFF, LLC,  
a North Carolina limited liability company

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**PURCHASER**

H&H CONSTRUCTORS OF FAYETTEVILLE, LLC,  
a North Carolina limited liability company

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT “D-2”**

**Lot Completion Report  
(Section 8)**

In accordance with the Contract to Purchase Real Estate dated \_\_\_\_\_ between WOODSHIRE HUFF, LLC, and H&H CONSTRUCTORS OF FAYETTEVILLE, LLC, an inspection was held on the \_\_\_\_ day of \_\_\_\_\_, 202\_\_.

All site work and house construction have been completed on the following Lots and all installed improvements including curbs, gutters, storm sewers and paved streets were found to be free of damages except as noted below.

Section	Lot Number	Remarks

APPROVED:

\_\_\_\_\_  
Representative, H&H CONSTRUCTORS OF FAYETTEVILLE, LLC

\_\_\_\_\_  
Representative, WOODSHIRE HUFF, LLC

Exhibit E

Deposit Deed of Trust

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(Space Above For Recorder's Use)

THIS DOCUMENT WAS DRAFTED BY  
Dream Finders Homes, LLC and Greg L. Hinshaw, Burns, Day & Presnell,  
P.A.

AND WHEN RECORDED RETURN TO:

Dream Finders Homes LLC  
14701 Philips Highway, Suite 300  
Jacksonville, Florida 32256  
Attn: Robert Riva, Esq., General Counsel

DEED OF TRUST, SECURITY AGREEMENT, ASSIGNMENT OF LEASES AND-RENTS AND  
FIXTURE FINANCING STATEMENT

THIS DEED OF TRUST, SECURITY AGREEMENT, ASSIGNMENT OF LEASES AND  
RENTS AND FIXTURE FINANCING STATEMENT (hereinafter referred to as "**Security Instrument**"),  
made as of [\_\_\_\_], is granted by [\_\_\_\_], LLC, a North Carolina limited liability  
company (the "**Grantor**"), to [\_\_\_\_] ("**Trustee**"), for the benefit of **H&H Constructors of  
Fayetteville, LLC**, a North Carolina limited liability company, its successors and/or assigns ("**Grantee**").

WHEREAS, Grantor and Grantee are parties to that certain Contract to Purchase Real Estate dated  
with an Effective Date of [\_\_\_\_] (as may be amended from time to time, the "**Agreement**")  
with respect to the real property located in [\_\_\_\_] **County**, North Carolina as more  
particularly described on Exhibit A attached hereto and incorporated herein (the "**Real Property**"); and

WHEREAS, capitalized terms not otherwise defined herein shall have the meaning ascribed to  
them in the Agreement; and

WHEREAS, Grantee deposited [\$\_\_\_\_] (the "**Deposit**" or "**Escrow Funds**")  
pursuant to the Agreement; and



WHEREAS, pursuant to **Section 3** of the Agreement, upon execution and recordation of this Security Instrument and the satisfaction of any other applicable terms of the Agreement, the Escrow Agent shall release the Deposit to Grantee for the purposes set forth in **Section 3** of the Agreement; and

WHEREAS, Grantor and Grantee desire to execute and record this Security Instrument to secure 22 Grantor's repayment of the Escrow Funds in the event of a Seller default under the Agreement.

#### Article 1

#### GRANT

1.1 **GRANT.** For the purposes of and upon the terms and conditions in this Security Instrument, Grantor irrevocably grants, bargains, conveys, warrants, mortgages, encumbers, transfers, hypothecates, pledges, sells, sets over, assigns and grants a security interest and assigns to Trustee, for the benefit of Grantees, its successors and assigns, in trust, **with power of sale and right of entry and possession** (the following to the extent the same are real property), all of Grantor's rights, title and interest in and to:

- (a) the Real Property;
- (b) together with the Collateral (as defined herein);
- (c) together with all buildings and other improvements, fixtures and equipment now or hereafter located on the Real Property and all right, title, interest, and privileges of Grantor now owned or hereafter acquired in and to all streets, ways, roads, and alleys used in connection with or pertaining to such Real Property, all proceeds refunds, rebates or credits in connection with reduction in real estate taxes and assessments charged against the Property (as defined below) as a result of tax certiorari or any applications or proceedings for reduction; all awards, compensation or settlement proceeds made by any governmental or other lawful authorities for the threatened or actual taking or damaging by eminent domain of the whole or any part of the Property, including any awards for a temporary taking, change of grade of streets or taking of access, together with all insurance proceeds resulting from a casualty to any portion of the Property; all rights and interests of Grantor against others, including adjoining property owners, arising out of damage to the Property including damage due to environmental injury or release of hazardous substances; all development rights or credits, licenses and permits, air rights, water, water rights and water stock related to the Real Property, and all minerals, oil and gas, and other hydrocarbon substances in, on or under the Real Property, and all appurtenances, easements, estates, tenements, hereditaments, privileges, rights and rights of way appurtenant or related thereto; all buildings and other improvements and fixtures now or hereafter located on the Real Property, all apparatus, equipment and appliances used in the operation or occupancy of the Real Property, it being intended by the parties that all such items shall be conclusively considered to be a part of the Real Property, whether or not attached or affixed to the Real Property ("**Improvements**");
- (d) together with all interest or estate which Grantor may hereafter acquire in the property described above, and all additions and accretions thereto, and the proceeds of any of the foregoing; (all of the foregoing being collectively referred to as the "**Property**"). The listing of specific rights or property shall not be interpreted as a limit of general terms.

1.2 **ADDRESS.** The address of the Property is [\_\_\_\_\_]. However, neither the failure to designate an address nor any inaccuracy in the address designated shall affect the validity or priority of the lien of this Security Instrument on the Property as described on Exhibit A.

- 1.3 **USE OF PROCEEDS.** Grantor represents and warrants to Grantee that Grantor shall use the Escrow Funds only for the purposes set forth in **Section 3** of the Agreement.

## **ARTICLE 2**

### **OBLIGATIONS SECURED**

- 2.1 **OBLIGATIONS SECURED.** Grantor makes this Security Instrument for the purpose of securing the payment and performance of the following obligations (collectively "**Secured Obligations**"):
- (a) Payment to Grantee of the Escrow Funds, or other payment or performance as demanded or elected by Purchaser, in the event of a Seller default under the Agreement.
  - (b) The performance of all other obligations of Grantor contained herein and in the Agreement.
- 2.2 **OBLIGATIONS.** The term "obligations" is used herein in its broadest and most comprehensive sense and shall be deemed to include, without limitation, all interest and charges, prepayment charges (if any), late charges and fees at any time accruing or assessed on any of the Secured Obligations together with all costs of collecting the Secured Obligations. All the covenants, conditions and agreements contained in the Agreement are hereby made a part of this Security Instrument to the same extent and with the same force as if fully set forth herein.
- 2.3 **INCORPORATION.** All terms of the Secured Obligations and the documents evidencing such obligations are incorporated herein by this reference. All persons who may have or acquire an interest in the Property shall be deemed to have notice of the terms of the Secured Obligations and to have notice.

Article 3  
reserved  
article 4

### **SECURITY AGREEMENT AND FIXTURE FILING**

- 4.1. **SECURITY INTEREST.** This Security Instrument shall constitute a security agreement as defined in the UCC (as defined below) and Grantor hereby grants, conveys, transfers, sets over, and assigns to Trustee, for the benefit of Grantor, a security interest, to secure payment and performance of all of the Secured Obligations, in all assets of Grantor, including, but not limited to the following described personal property in which Grantor now or at any time hereafter has any interest (collectively, the "**Collateral**"):

All goods, building and other materials, supplies, inventory, work in process, equipment, machinery, fixtures, furniture, furnishings, signs and other personal property and embedded software included therein and supporting information, wherever situated, which are or are to be incorporated into, used in connection with, or appropriated for use on the Property; together with all Payments and other rents and security deposits derived from the Property; together with all rents, income, leases, room charges, fees, issues, revenues, deposits, accounts, profits, receivables, credit card payables and receipts, and other payments paid or payable, accrued or accruing from the operation of the Property.

As to all of the above described personal property which is or which hereafter becomes a "fixture" under applicable law, it is intended by Grantor and Grantee that THIS SECURITY INSTRUMENT SHALL BE EFFECTIVE AS A FINANCING STATEMENT FILED AS A FIXTURE FILING with the real estate

records of [ ] **County**, North Carolina, under the Uniform Commercial Code, as amended or recodified from time to time, from the state wherein the Property is located ("**UCC**"). For purposes of this fixture filing, the "**Debtor**" is the Grantor and the "**Secured Party**" is the Grantee, for the benefit of Grantee . A description of the land which relates to the fixtures is set forth in Exhibit A attached hereto. Grantor is the record owner of such land. The filing of a financing statement covering the Collateral shall not be construed to derogate from or impair the lien or provisions of this Security Instrument with respect to any property described herein which is real property or which the parties have agreed to treat as real property. Similarly, nothing in any financing statement shall be construed to alter any of the rights of Grantee, for the benefit of Grantee , under this Security Instrument or the priority of Grantee's lien created hereby, and such financing statement is declared to be for the protection of Grantee, for the benefit of Grantee , in the event any court shall at any time hold that notice of Grantee's priority interest in any property or interests described in this Security Instrument must, in order to be effective against a particular class of persons, including but not limited to the Federal government and any subdivision, agency or entity of the Federal government, be filed in the UCC records.

- 4.2. **FIXTURE FILING.** This instrument shall be deemed to be a Fixture Filing within the meaning of the North Carolina Uniform Commercial Code, and for such purpose, the following information is given:

- (a) Name and Address of Debtor:

[ ]  
**2919 Breezewood Avenue, Suite 100**  
**Fayetteville, North Carolina 28303**

- (b) Name and Address of Secured Party:

**H&H Constructors of Fayetteville, LLC**  
**14701 Philips Highway, Suite 300**  
**Jacksonville, Florida 32256**

- (c) Description of the types of property covered by this Fixture Filing:

The Property and Collateral described above.

- (d) The real estate to which such fixtures are or are to be attached:

See Exhibit A attached hereto, the record owner of which is Debtor.

- 4.3. **REPRESENTATIONS AND WARRANTIES.** Grantor represents and warrants that: (a) Grantor has, or will have, good title to the Collateral; (b) Grantor has not previously assigned or encumbered the Collateral and no financing statement covering any of the Collateral has been delivered to any other person or entity that has not been terminated as of the date hereof; and (c) Grantor's principal place of business is located at the address set forth in Section 4.2(a) above.
- 4.4. **COVENANTS.** Grantor agrees: (a) to execute and deliver such documents as Grantee reasonably deems necessary to create, perfect and continue the security interests contemplated hereby; (b) not

to change its name, and as applicable, its chief executive office, its principal residence or the jurisdiction in which it is organized and/or registered without giving Grantee prior written notice thereof; (c) to cooperate with Grantee in perfecting all security interests granted herein and in obtaining such agreements from third parties as Grantee deems necessary, proper or convenient in connection with the preservation, perfection or enforcement of any of its rights hereunder; and (d) that Grantee is authorized to file financing statements in the name of Grantor to perfect Grantee's security interest in the Collateral.

- 4.5. **SEISIN AND WARRANTY.** Grantor hereby warrants that (a) Grantor is seized of an indefeasible estate in fee simple in, and warrants the title to, the Property; (b) Grantor has the right, full power and lawful authority to grant, convey and assign the same to Grantee in the manner and form set forth herein; and (c) this Security Instrument is a valid and enforceable first lien on and security title to the Property. Grantor hereby covenants that Grantor shall (a) preserve such title and the validity and priority of the lien of this Security Instrument and shall forever warrant and defend the same to Grantee against all lawful claims whatsoever, subject to the Permitted Exceptions; and (b) execute, acknowledge and deliver all such further documents or assurances as may at any time hereafter be required by Grantee to protect fully the lien of this Security Instrument

article 5

#### RIGHTS AND DUTIES OF THE PARTIES

- 5.1. **PERFORMANCE OF SECURED OBLIGATIONS.** Grantor shall promptly pay and perform each Secured Obligation for which it is responsible hereunder. If Grantor fails to timely pay or perform any portion of the Secured Obligations (including taxes, assessments and insurance premiums), or if a legal proceeding is commenced that may adversely affect Grantee's rights in the Property, then Grantee, for the benefit of Grantee, may (but is not obligated to), at Grantor's expense, take such action as it considers to be necessary to protect the value of the Property and Grantee's rights in the Property, including the retaining of counsel, and any amount so expended by Grantee, including attorney's fees, will be added to the Secured Obligations and will be payable by Grantor to Grantee on demand, together with interest thereon from the date of advance until paid at the Default Rate provided in the Note.
- 5.2. **TAXES AND ASSESSMENTS.** Grantor shall pay prior to delinquency all taxes, assessments, levies and charges imposed by any public or quasi-public authority or utility company which are or which may become a lien upon or cause a loss in value of the Property or any interest therein. Grantor shall also pay prior to delinquency all taxes, assessments, levies and charges imposed by any public authority upon Grantee by reason of its interest in any Secured Obligation or in the Property, or by reason of any payment made to Grantee pursuant to any Secured Obligation; provided, however, Grantor shall have no obligation to pay taxes which may be imposed from time to time upon Grantee and which are measured by and imposed upon Grantee's net income.
- 5.3. **INSURANCE.** Grantor shall obtain and maintain, or cause to be maintained, in full force and effect at all times insurance with respect to Grantor and the Property, which insurance must be reasonably acceptable to Grantee.
- 5.4. **MAINTENANCE OF THE PROPERTY.** Grantor shall (a) cause the Property to be maintained in a good and safe condition and repair; (b) make or cause to be made, as and when necessary, all repairs, replacements and additions, whether or not insurance proceeds are available therefor; and (c) not remove, demolish, materially alter, discontinue the use of, permit to become vacant or deserted, or otherwise dispose of all or any part of the Property (except for normal replacement of the fixtures, the equipment or the personal property and refurbishment of the

Improvements) without the consent of Grantee, except as expressly permitted under the terms of the Agreement. Subject to the terms of the Agreement, Grantor shall promptly repair, replace or rebuild any part of the Property which may be destroyed or become damaged, worn or dilapidated or which may be affected by any condemnation. All alterations, replacements, renewals or additions made pursuant hereto shall automatically become a part of the Property and shall be covered by the lien of this Security Instrument. Grantee, and any persons authorized by Grantee, shall have the right, but not the obligation, to enter upon the Property at any reasonable time to inspect and photograph its condition and state of repair. In the event any such inspection reveals, in the sole discretion of Grantee, the necessity for any repair, alteration, replacement, clean-up or maintenance, Grantor shall, at the discretion of Grantee, either: (i) cause such work to be effected immediately; or (ii) promptly establish an interest bearing reserve fund with Grantee in an amount determined by Grantee for the purpose of effecting such work.

- 5.5. **WASTE.** Except as otherwise required in connection with Grantor's development and construction activities on the Property, Grantor shall not commit or suffer any waste of the Property or make any change in the use of the Property which will in any way materially increase the risk of fire or other hazard arising out of the operation of the Property, or take any action that might invalidate or allow the cancellation of any insurance policy, or do or permit to be done thereon anything that may in any way materially impair the value of the Property or the security of this Security Instrument. Grantor will not, without the prior written consent of Grantee, permit any drilling or exploration for or extraction, removal, or production of any minerals from the surface or the subsurface of the Real Property, regardless of the depth thereof or the method of mining or extraction thereof.
- 5.6. **PAYMENT FOR LABOR AND MATERIALS.** Subject to Grantor's right to contest such amounts in good faith, Grantor will promptly pay when due all bills and costs for labor, materials, and specifically fabricated materials incurred in connection with the Property and never permit to exist beyond the due date thereof in respect of the Property or any part thereof any lien or security interest, even though inferior to the liens and the security interests created hereby, and in any event never permit to be created or exist in respect of the Property or any part thereof any other or additional lien or security interest other than the liens or security interests created hereby, except for the Permitted Exceptions.
- 5.7. **LIENS, ENCUMBRANCES AND CHARGES.** Grantor shall immediately discharge all liens, claims and encumbrances not approved by Grantee in writing that has or may attain priority over this Security Instrument. Grantor shall pay when due all obligations secured by, or which may become, liens and encumbrances which shall now or hereafter encumber or appear to encumber all or any part of the Property or Collateral, or any interest therein, whether senior or subordinate hereto. Notwithstanding anything to the contrary herein, in the event this Security Instrument is made subordinate to any other instrument or lien, Grantor shall timely perform all obligations (including payment) arising under any superior instruments or liens.
- 5.8. **DEFENSE OF TITLE.** Grantor warrants and agrees to defend title to the Real Property.

article 6

#### DEFAULT PROVISIONS

- 6.1. **DEFAULT.** For all purposes hereof, the term "**Default**" shall have the meaning given such term in **Section 14** of the Agreement.

6.2. **RIGHTS AND REMEDIES.** At any time after and during the continuance of a Default, Grantee, for the benefit of Grantee , shall have each and every one of the following rights and remedies in addition to -Grantee's rights at law, equity, or under the Agreement:

- (a) With or without notice, to declare all Secured Obligations payable.
- (b) To commence and maintain an action or actions in any court of competent jurisdiction to foreclose this instrument as a deed of trust or mortgage or to obtain specific enforcement of the covenants of Grantor hereunder, and Grantor agrees that such covenants shall be specifically enforceable by injunction or any other appropriate equitable remedy and that for the purposes of any suit brought under this subparagraph, Grantor waives the defense of laches and any applicable statute of limitations.
- (c) To demand the sale of the Property and, upon filing notice of such election and demand for sale with the Trustee, who shall upon receipt of such notice of election and demand for sale, cause a copy of the same to be recorded in the recorder's office of the county in which the Property are situated, it shall and may be lawful for the Trustee to foreclose this Security Instrument pursuant to the provisions of applicable law then in effect, and to sell and dispose of the Property (en masse or in separate parcels, as the Trustee may think best), and all the right, title and interest of the Grantor, its successors or assigns therein, at public auction in accordance with applicable law, with any required notice as provided for or required by applicable law. Said sale shall be conducted at any place authorized by law as specified in the notice of such sale, for the highest and best price the same will bring in cash. Four (4) weeks' public notice shall be given of the time and place of such sale, by advertisement, weekly, for five (5) successive weeks in some newspaper of general circulation at that time published in said county, a copy of which notice shall be mailed within ten (10) days from the date of the first publication thereof to the Grantor at the addresses herein given and to such person or persons appearing to have acquired a subsequent record interest in the Property at the address given in the recorded instrument; and/or the Trustee shall give such other and additional notices as shall be required by applicable law. The Trustee shall give to the purchaser or purchasers of the Property at such foreclosure sale a certificate or certificates in writing describing the Property purchased, and the sum or sums paid therefor, and the time when the purchaser or purchasers (or other person entitled thereto) shall be entitled to a deed or deeds therefor, unless the same shall be redeemed and containing all other information as is provided by law; and the Trustee shall, upon demand by the person or persons holding the said certificate or certificates of purchase, when said demand is made, or upon demand by the person entitled to a deed to and for the Property purchased at the time such demand is made, the time for redemption having expired, make and execute to such person or persons a deed or deeds to the Property purchased, which said deed or deeds shall be in the ordinary form of a conveyance, and shall be signed, acknowledged and delivered by the Trustee as Grantor, and shall convey and quitclaim to such person or persons entitled to such deed as grantee, the Property purchased as aforesaid, and all the right, title, interest, benefit and equity of redemption of the Grantor, its successors and assigns therein and shall otherwise be in the form then provided by law. The said Trustee shall, out of the proceeds or avails of such sale, after said sale, pay to the Grantee, for the benefit of Grantee , the principal and interest due to Grantee pursuant to the Agreement, this Security Instrument, and applicable law; which sale or sales and said deed or deeds so made shall be a perpetual bar, both in law and equity, against the Grantor, its successors or assigns, and all other persons claiming the Property, or any part thereof, by, from, through or under the Grantor. Grantee,

for the benefit of Grantee, may purchase the Property or any part thereof; and it shall not be obligatory upon the purchaser or purchasers at any such sale to see to the application of the purchase money. If a release deed is required, it is agreed that the Grantor, its successor or assigns, will pay the expense thereof. Reasonable attorneys' fees for services in the supervision of said foreclosure proceedings and all other expenses authorized by law shall be allowed by the Trustee as a part of the costs. When the Secured Obligations, or any part thereof, shall become due, whether by acceleration or otherwise, Administrative Agent shall also have the right, in Grantee's discretion, to foreclose the lien hereof as a mortgage for such indebtedness or part thereof. If foreclosure be made through the Court, attorneys' fees, in no event to exceed the maximum amount allowed by law, shall be allowed as part of the foreclosure costs. In the event of foreclosure of the lien hereof, whether through the Trustee or through the Court, there shall be allowed and included as additional Secured Obligations all expenditures and expenses which may be paid or incurred by or on behalf of Grantee including, but not limited to, attorneys' fees, appraisers' fees, outlays for documentary and expert evidence, stenographers' charges, publication costs and costs (which may be estimated as to items to be expended after foreclosure sale or entry of the decree) of procuring all such abstracts of title, title searches and examinations, title insurance policies, and similar data and assurances with respect to title as Grantee may deem reasonably necessary either to prosecute such suit or to evidence to bidders at any sale which may be had pursuant to such decree the true condition of the title to or the value of the Property. All expenditures and expenses of the nature in this Section mentioned, and such expenses and fees as may be incurred in the protection of said Property and the maintenance of the lien of this Security Instrument, including the fees of any attorney employed by Grantee in any litigation or proceeding affecting this Security Instrument, the Agreement or the Property, including probate and bankruptcy proceedings, or in preparation for the commencement or defense of any proceeding or threatened suit or proceeding shall be immediately due and payable by Grantor with interest thereon at the rate provided for in the Note. To the extent any of the above provisions are inconsistent with applicable law, the above provisions shall be modified to comply therewith.

- (d) To apply to a court of competent jurisdiction for and obtain appointment of a receiver of the Property as a matter of strict right and without regard to the adequacy of the security for the repayment of the Secured Obligations, the existence of a declaration that the Secured Obligations are immediately due and payable, or the filing of a notice of default, and Grantor hereby consents to such appointment and waives notice of any hearing or proceeding for such appointment-(which such receiver may be appointed ex parte, to the extent permitted by applicable law).
- (e) To enter upon, possess, control, lease, manage and operate the Property or any part thereof, to take and possess all documents, books, records, papers and accounts of Grantor or the then owner of the Property, to make, terminate, enforce or modify Leases of the Property upon such terms and conditions as Grantee deems proper, to make repairs, alterations and improvements to the Property as necessary, in Grantee's sole judgment, to protect or enhance the security hereof.
- (f) To resort to and realize upon the security hereunder and any other security now or later held by Grantee, for the benefit of Grantee, concurrently or successively and in one or several consolidated or independent judicial actions or lawfully taken non-judicial proceedings, or both, and to apply the proceeds received upon the Secured Obligations all in such order and manner as Grantee determines in its sole discretion.



- (g) Upon sale of the Property at any foreclosure sale, Grantee, for the benefit of Grantee, shall credit bid (as determined by Grantee in its sole and absolute discretion) all or any portion of the Secured Obligations. In determining such credit bid, to the extent permitted by law, Grantee may, but is not obligated to, take into account all or any of the following: (i) appraisals of the Property as such appraisals may be discounted or adjusted by Grantee in its sole and absolute underwriting discretion; (ii) expenses and costs incurred by Grantee with respect to the Property prior to foreclosure; (iii) expenses and costs which Grantee anticipates will be incurred with respect to the Property after foreclosure, but prior to resale, including, without limitation, costs of structural reports and other due diligence, costs to carry the Property prior to resale, costs of resale (e.g. commissions, attorneys' fees, and taxes), costs of any hazardous materials clean-up and monitoring, costs of deferred maintenance, repair, refurbishment and retrofit, costs of defending or settling litigation affecting the Property, and lost opportunity costs (if any), including the time value of money during any anticipated holding period by Grantee; (iv) declining trends in real property values generally and with respect to properties similar to the Property; (v) anticipated discounts upon resale of the Property as a distressed or foreclosed property; (vi) the fact of additional collateral (if any), for the Secured Obligations; and (vii) such other factors or matters that Grantee (in its sole and absolute discretion) deems appropriate. In regard to the above, Grantor acknowledges and agrees that: (w) Grantee is not required to use any or all of the foregoing factors to determine the amount of its credit bid; (x) this Section does not impose upon Grantee any additional obligations that are not imposed by law at the time the credit bid is made.
- (h) Upon the completion of any foreclosure of all or a portion of the Property, commence an action to recover any of the Secured Obligations that remains unpaid or unsatisfied, to the extent permitted by applicable law.
  - (i) Exercise any and all remedies at law, equity, or under the Agreement for such Default.

6.3. **WAIVER OF APPRAISEMENT, HOMESTEAD, REDEMPTION.** To the extent permitted by applicable law, the Grantor hereby covenants and agrees that it will not at any time insist or plead, or in any manner whatever claim or take any advantage of, any stay, exemption or extension law or any so-called "Moratorium Law" now or at any time hereafter in force, nor claim, take or insist upon any benefit of advantage of or from any law now or hereafter in force providing for the valuation or appraisal of the Property, or any part thereof, prior to any sale or sales thereof to be made pursuant to any provisions herein contained, or pursuant to decree, judgment or order of any court of competent jurisdiction; or after such sale or sales claim or exercise any rights under any statute now or hereafter in force to redeem the property so sold, or any part thereof, or relating to the marshaling thereof, upon foreclosure sale or other enforcement hereof. Grantor hereby specifically waives all rights of redemption from sale pursuant to any order or decree of foreclosure of this Security Instrument on its own behalf.

6.4. **ADDITIONAL WAIVER OF GRANTOR'S RIGHTS.** BY EXECUTION OF THIS SECURITY INSTRUMENT, AND EXCEPT AS REQUIRED BY THE LAWS OF THE STATE OF NORTH CAROLINA, GRANTOR EXPRESSLY: (a) ACKNOWLEDGES THE RIGHT OF GRANTEE TO ACCELERATE THE LIABILITIES SECURED BY THIS SECURITY INSTRUMENT AND TO FILE FORECLOSURE PROCEEDINGS UPON AN EVENT OF DEFAULT BY GRANTOR WITHOUT ANY NOTICE OTHER THAN SUCH NOTICE (IF ANY) AS IS SPECIFICALLY REQUIRED TO BE GIVEN UNDER THE



PROVISIONS OF THIS SECURITY INSTRUMENT; (b) WAIVES ANY AND ALL RIGHTS WHICH GRANTOR MAY HAVE UNDER THE CONSTITUTION OF THE UNITED STATES OF AMERICA (INCLUDING, WITHOUT LIMITATION, THE FIFTH AND FOURTEENTH AMENDMENTS THEREOF), THE VARIOUS PROVISIONS OF THE CONSTITUTIONS FOR THE SEVERAL STATES, OR BY REASON OF ANY OTHER APPLICABLE LAW, (i) TO NOTICE AND TO JUDICIAL HEARING PRIOR TO THE EXERCISE BY GRANTEE OF ANY RIGHT OR REMEDY HEREIN PROVIDED TO GRANTEE, EXCEPT SUCH NOTICE (IF ANY) AS IS SPECIFICALLY REQUIRED TO BE GIVEN UNDER THE PROVISIONS OF THIS SECURITY INSTRUMENT AND (ii) CONCERNING THE APPLICATION, RIGHTS OR BENEFITS OF ANY STATUTE OF LIMITATION OR ANY MORATORIUM, REINSTATEMENT, MARSHALLING, FORBEARANCE, APPRAISEMENT, VALUATION, STAY, EXTENSION, HOMESTEAD, EXEMPTION OR REDEMPTION LAWS; (c) ACKNOWLEDGES THAT GRANTOR HAS READ THIS SECURITY INSTRUMENT AND ANY AND ALL QUESTIONS OF GRANTOR REGARDING THE LEGAL EFFECT OF THIS SECURITY INSTRUMENT AND ITS PROVISIONS HAVE BEEN EXPLAINED FULLY TO GRANTOR, AND GRANTOR HAS CONSULTED WITH COUNSEL OF GRANTOR'S CHOICE PRIOR TO EXECUTING THIS SECURITY INSTRUMENT; AND (d) ACKNOWLEDGES THAT ALL WAIVERS OF THE AFORESAID RIGHTS OF GRANTOR HAVE BEEN MADE KNOWINGLY, INTENTIONALLY AND WILLINGLY BY GRANTOR AS PART OF A BARGAINED FOR TRANSACTION AND THAT THIS SECURITY INSTRUMENT IS VALID AND ENFORCEABLE BY GRANTEE AGAINST GRANTOR IN ACCORDANCE WITH ALL THE TERMS AND CONDITIONS HEREOF. GRANTOR EXPRESSLY WAIVES THE FOLLOWING: ALL HOMESTEAD EXEMPTION RIGHTS, IF ANY, WHICH GRANTOR OR GRANTOR'S FAMILY MAY HAVE PURSUANT TO THE CONSTITUTION AND LAWS OF THE UNITED STATES, THE STATE OF NORTH CAROLINA OR ANY OTHER STATE OF THE UNITED STATES, IN AND TO THE PROPERTY AS AGAINST THE COLLECTION OF THE DEPOSIT, OR ANY PART THEREOF. ALL WAIVERS BY GRANTOR IN THIS PARAGRAPH HAVE BEEN MADE VOLUNTARILY, INTELLIGENTLY AND KNOWINGLY BY GRANTOR, AFTER GRANTOR HAS BEEN AFFORDED AN OPPORTUNITY TO BE INFORMED BY COUNSEL OF GRANTOR'S CHOICE AS TO POSSIBLE ALTERNATIVE RIGHTS. GRANTOR'S EXECUTION OF THIS SECURITY INSTRUMENT SHALL BE CONCLUSIVE EVIDENCE OF THE MAKING OF SUCH WAIVERS AND THAT SUCH WAIVERS HAVE BEEN VOLUNTARILY, INTELLIGENTLY AND KNOWINGLY MADE.

- 6.5. **APPLICATION OF FORECLOSURE SALE PROCEEDS.** Except as may be otherwise required by applicable law, after deducting all costs, fees and expenses of Trustee and Grantee, including, without limitation, cost of evidence of title and attorneys' fees in connection with any foreclosure sale and costs and expenses of any foreclosure sale and of any judicial proceeding wherein such foreclosure sale may be made, all proceeds of any foreclosure sale shall be applied: (a) to payment of all sums expended by Grantee, or Trustee on behalf of Grantee under the terms hereof and not then repaid, with accrued interest at the rate of interest specified in the Note to be applicable on or after maturity or acceleration of the Note; (b) to payment of all other Secured Obligations; and (c) the remainder, if any, to the person or persons legally entitled thereto.
- 6.6. **APPLICATION OF OTHER SUMS.** All sums received by Grantee under this Security Instrument other than those described in that certain Section hereof entitled Rights and Remedies or that certain Section hereof entitled Grant of License, less all costs and expenses incurred by Grantee or any receiver, including, without limitation, attorneys' fees, shall be applied in payment

of the Secured Obligations in such order as Grantee shall determine in its sole discretion; provided, however, Grantee shall have no liability for funds not actually received by Grantee.

- 6.7. **NO CURE OR WAIVER.** Neither Grantee's nor any receiver's entry upon and taking possession of all or any part of the Property and Collateral, nor any collection of rents, issues, profits, insurance proceeds, condemnation proceeds or damages, other security or proceeds of other security, or other sums, nor the application of any collected sum to any Secured Obligation, nor the exercise or failure to exercise of any other right or remedy by Grantee or any receiver shall cure or waive any breach, Default or notice of default under this Security Instrument, or nullify the effect of any notice of default or sale (unless all Secured Obligations then due have been paid and performed and Grantor has cured all other defaults), or limit or impair the status of the security, or prejudice Grantee in the exercise of any right or remedy, or be construed as an affirmation by Grantee of any tenancy, lease or option or a subordination of the lien of or security interests created by this Security Instrument.
- 6.8. **PAYMENT OF COSTS, EXPENSES AND ATTORNEYS' FEES.** Grantor agrees to pay to Grantee immediately and without demand all costs and expenses of any kind incurred by Grantee pursuant to this Article (including, without limitation, court costs and attorneys' fees, whether incurred in litigation or not, including, without limitation, at trial, on appeal or in any bankruptcy or other proceeding, or not and the costs of any appraisals obtained in connection with a determination of the fair value of the Property) with interest from the date of expenditure until said sums have been paid at the rate of interest then applicable to the principal balance of the Note as specified therein or as allowed by applicable law. In addition, Grantor will pay the costs and fees for title searches, sale guarantees, publication costs, appraisal reports or environmental assessments made in preparation for and in the conduct of any such proceedings or suit. All of the foregoing amounts must be paid to Grantee, for the benefit of Grantee, as part of any reinstatement tendered hereunder. In the event of any legal proceedings, court costs and attorneys' fees shall be set by the court and not by jury and shall be included in any judgment obtained by Grantee.
- 6.9. **POWER TO FILE NOTICES AND CURE DEFAULTS.** Grantor hereby irrevocably appoints Grantee, for the benefit of Grantee, as its attorney-in-fact, which agency is coupled with an interest, to prepare, execute and file or record any document necessary to create, perfect or preserve Grantee's security interests and rights in or to any of the Property and Collateral, and during the continuance of a Default, Grantee may perform any obligation of Grantor hereunder. Furthermore, the Grantor hereby authorizes Grantee and its agents or counsel to file financing statements that indicate the collateral (i) as all assets of the Grantor or words of similar effect or (ii) as being of an equal, greater or lesser scope, or with greater or lesser detail, than as set forth in this Security Agreement and/or this Security Instrument, on behalf of the Grantor.
- 6.10. **REMEDIES CUMULATIVE.** All rights and remedies of Grantee, for the benefit of Grantee, provided hereunder are cumulative and are in addition to all rights and remedies provided by applicable law (including specifically that of foreclosure of this instrument as though it were a mortgage) or in any other agreements between Grantor and Grantee. No failure on the part of Grantee to exercise any of its rights hereunder arising upon any Default shall be construed to prejudice its rights upon the occurrence of any other or subsequent Default. No delay on the part of Grantee in exercising any such rights shall be construed to preclude it from the exercise thereof at any time while that Default is continuing. Grantee may enforce any one or more remedies or rights hereunder successively or concurrently. By accepting payment or performance of any of the Secured Obligations after its due date, Grantee shall not waive the agreement contained herein that time is of the essence, nor shall Grantee waive either its right to require prompt payment or

performance when due of the remainder of the Secured Obligations or its right to consider the failure to so pay or perform a Default.

article 7

#### MISCELLANEOUS PROVISIONS

- 7.1. **NOTICES.** All notices, demands, or other communications under this Security Instrument shall be in writing and shall be delivered pursuant to the terms of the Agreement, provided the address for notice to the Trustee is as follows:

Trustee:	[ ]
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Any party shall have the right to change its address for notice hereunder to any other location within the continental United States by the giving of thirty (30) days' notice to the other party in the manner set forth hereinabove.

Grantee, at its sole option and with or without cause, may at any time and from time to time appoint one or more substitute trustees to serve as the Trustee under this Security Instrument. Each appointment of one or more substitute trustees shall be effective upon a designation in writing by the Grantee, without any other formality.

- 7.2. **ATTORNEYS' FEES AND EXPENSES; ENFORCEMENT.** Upon and during the continuance of a Default, if the Note is placed with an attorney for collection or if an attorney is engaged by Grantee or any Lender to exercise rights or remedies or otherwise take actions to collect thereunder, or if suit be instituted for collection, reinforcement of rights and remedies, then in all events, Grantor agrees to pay to Grantee, for the benefit of Grantee, all reasonable costs of collection, exercise of remedies or rights or other assertion of claims, including, but not limited to, attorneys' fees, whether or not court proceedings are instituted, and, where instituted, whether in district court, appellate court, or bankruptcy court. In the event of any legal proceedings, court costs and attorneys' fees shall be set by the court and not by jury and shall be included in any judgment obtained by Grantee, for the benefit of Grantee.
- 7.3. **NO WAIVER.** No previous waiver and no failure or delay by Grantee in acting with respect to the terms of the Agreement or this Security Instrument shall constitute a waiver of any breach, default, or failure of condition under the Agreement, this Security Instrument or the obligations secured thereby. A waiver of any term of the Agreement, this Security Instrument or of any of the obligations secured thereby must be made in writing and shall be limited to the express written terms of such waiver.
- 7.4. **SEVERABILITY.** If any provision or obligation under this Security Instrument shall be determined by a court of competent jurisdiction to be invalid, illegal or unenforceable, that provision shall be deemed severed from this Security Instrument and the validity, legality and enforceability of the remaining provisions or obligations shall remain in full force as though the invalid, illegal, or unenforceable provision had never been a part of this Security Instrument.
- 7.5. **HEIRS, SUCCESSORS AND ASSIGNS.** Except as otherwise expressly provided under the terms and conditions herein, the terms of this Security Instrument shall bind and inure to the benefit of the heirs, executors, administrators, nominees, successors and assigns of the parties hereto, including, without limitation, subsequent owners of the Property or any part thereof; provided, however, that this Section does not waive or modify the provisions of that certain Section entitled Due on Sale or Encumbrance.

- 7.6. **ATTORNEY-IN-FACT.** Grantor hereby irrevocably appoints and authorizes Grantee, for the benefit of Grantee, as Grantor's attorney-in-fact, which agency is coupled with an interest, and as such attorney-in-fact Grantee may, without the obligation to do so, execute and/or record in Grantee's or Grantor's name any notices, instruments or documents that Grantee deems appropriate to protect Grantee's, for the benefit of Grantee.
- 7.7. **TIME.** Time is of the essence of each and every term herein.
- 7.8. **RESERVED.**
- 7.9. **GOVERNING LAW; WAIVER OF JURY TRIAL; AND CONSENT TO JURISDICTION.** IN ALL RESPECTS, INCLUDING, WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, THIS SECURITY INSTRUMENT AND THE OBLIGATIONS ARISING HEREUNDER WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF NORTH CAROLINA, APPLICABLE TO CONTRACTS MADE AND PERFORMED IN SUCH STATE (WITHOUT REGARD TO PRINCIPLES OF CONFLICT LAWS) AND ANY APPLICABLE LAW OF THE UNITED STATES OF AMERICA. TO THE FULLEST EXTENT PERMITTED BY LAW, GRANTOR HEREBY UNCONDITIONALLY AND IRREVOCABLY WAIVES ANY CLAIM TO ASSERT THAT THE LAW OF ANY OTHER JURISDICTION GOVERNS THIS SECURITY INSTRUMENT AND THE NOTE, AND THIS SECURITY INSTRUMENT AND THE NOTE WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF NORTH CAROLINA. TO THE FULLEST EXTENT PERMITTED BY LAW, GRANTOR AND BANK HEREBY WAIVE ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION RELATING TO THE THIS SECURITY INSTRUMENT. GRANTOR, TO THE FULLEST EXTENT PERMITTED BY LAW, HEREBY KNOWINGLY, INTENTIONALLY AND VOLUNTARILY, WITH AND UPON THE ADVICE OF COMPETENT COUNSEL, (A) SUBMIT TO PERSONAL JURISDICTION IN NORTH CAROLINA OVER ANY SUIT, ACTION OR PROCEEDING BY ANY PERSON ARISING FROM OR RELATING TO THIS SECURITY INSTRUMENT, (B) AGREE THAT ANY SUCH ACTION, SUIT OR PROCEEDING MAY BE BROUGHT IN ANY STATE OR FEDERAL COURT OF COMPETENT JURISDICTION IN NORTH CAROLINA, (C) SUBMIT TO THE JURISDICTION AND VENUE OF SUCH COURTS AND WAIVES ANY ARGUMENT THAT VENUE IN SUCH FORUMS IS NOT CONVENIENT, AND (D) AGREE THAT IT WILL NOT BRING ANY ACTION, SUIT OR PROCEEDING IN ANY OTHER FORUM (BUT NOTHING HEREIN WILL AFFECT THE RIGHT OF GRANTEE TO BRING ANY ACTION, SUIT OR PROCEEDING IN ANY OTHER FORUM).
- 7.10. **HEADINGS.** All article, section or other headings appearing in this Security Instrument are for convenience of reference only and shall be disregarded in construing this Security Instrument.
- 7.11. **COUNTERPARTS.** To facilitate execution, this document may be executed in as many counterparts as may be convenient or required. It shall not be necessary that the signature of, or on behalf of, each party, or that the signature of all persons required to bind any party, appear on each counterpart. All counterparts shall collectively constitute a single document. It shall not be necessary in making proof of this document to produce or account for more than a single counterpart containing the respective signatures of, or on behalf of, each of the parties hereto. Any signature page to any counterpart may be detached from such counterpart without impairing the legal effect of the signatures thereon and thereafter attached to another counterpart identical thereto except having attached to it additional signature pages.

- 7.12. **POWERS OF ATTORNEY.** The powers of attorney granted by Grantor to Grantee, for the benefit of Grantee, in this Security Instrument shall be unaffected by the disability of the principal. Grantee shall have no obligation to exercise any of the foregoing rights and powers in any event. Grantee hereby discloses that it may exercise the foregoing powers of attorney for Grantee's benefit, and such authority need not be exercised for Grantor's best interest.
- 7.13. **DEFINED TERMS.** Unless otherwise defined herein, capitalized terms used in this Security Instrument shall have the meanings attributed to such terms in the Agreement.
- 7.14. **PROVISIONS SUBJECT TO APPLICABLE LAW.** All rights, powers and remedies provided in this Security Instrument may be exercised only to the extent that the exercise thereof does not violate any applicable provisions of law and are intended to be limited to the extent necessary so that they will not render this Security Instrument invalid, unenforceable or not entitled to be recorded, registered or filed under the provisions of any applicable law. If any term of this Security Instrument or any application thereof will be invalid or unenforceable, the remainder of this Security Instrument and any other application of the term will not be affected thereby.
- 7.15. **USE OF SINGULAR AND PLURAL; GENDER.** When the identity of the parties or other circumstances make it appropriate, the singular number includes the plural, and the masculine gender includes the feminine and/or neuter.
- 7.16. **EXHIBITS, SCHEDULES AND RIDERS.** All exhibits, schedules, riders and other items attached hereto are incorporated into this Security Instrument by such attachment for all purposes.
- 7.17. **MERGER.** No merger shall occur as a result of Grantee's acquiring any other estate in, or any other lien on, the Property.
- 7.18. **WAIVER OF MARSHALLING RIGHTS.** To the extent permitted by applicable law, Grantor hereby waives the benefit of all appraisal, valuation, stay, extension, reinstatement and redemption laws now or hereafter in force and all rights of marshalling in the event of any sale hereunder of the Property or any part thereof or any interest therein. Further, Grantor hereby expressly waives any and all rights of redemption from sale under any order or decree of foreclosure of this Security Instrument on behalf of Grantor, and on behalf of each and every Person acquiring any interest in or title to the Property subsequent to the date of this Security Instrument and on behalf of all other Persons to the extent permitted by applicable law.

[Signature page(s) to follow]

[SEAL]

**EXHIBIT A**

**Legal Description**

(To be added)

Exhibit F

Subordination Agreement

\_\_\_\_\_ Space Above Line for Processing Data \_\_\_\_\_

**Prepared By and Return To:**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Attn: \_\_\_\_\_  
Email: \_\_\_\_\_

**SUBORDINATION AGREEMENT**

**THIS SUBORDINATION AGREEMENT** made as of the [ ] day of [ ], 202[ ], by and among [ ], a [ ] banking corporation (the “Lender”), **H&H CONSTRUCTORS OF FAYETTEVILLE, LLC**, a North Carolina limited liability company (“Purchaser”), and [ ]. a [ ] limited liability company (“Seller”).

**Recitals**

Pursuant to a Construction Loan Agreement dated October [ ], 2022 (as may be amended, supplemented, restated or otherwise modified or replaced from time to time, the “Loan Agreement”), Lender has made or agreed to make one or more loans to Seller and/or provide letters of credit for the account of Seller in an aggregate principal amount of \$[ ] (collectively, the “Loans”).

The Loans are evidenced by one or more promissory notes, applications for letter of credit or other instruments (collectively, the “Notes,” including all extensions, renewals, amendments, restatements or other replacements or modifications thereof).

The security for the Loans includes a Deed of Trust, Assignment of Rents and Security Agreement dated [ ], 202[ ], and recorded in the Register of Deeds in [ ] County, North Carolina (“Registry”) in Book [ ] at Page [ ], from Seller to a trustee for the benefit of Lender (as the same may be amended, supplemented, extended, restated or otherwise modified from time to time, the “Lender Deed of Trust”), granting to Lender a lien on certain real property located in Hoke County, North Carolina, as more particularly described therein (“Property”).



The Loan Agreement, the Notes, the Lender Deed of Trust and all other documents executed in connection with the Loans are collectively called the “Loan Documents,” including in each case all amendments, supplements, renewals, extensions, restatements or other modifications or replacements thereof.

The Loans and any other advances, costs, expenses, or indebtedness secured by the Lender Deed of Trust and any partial or total extensions, renewals, modifications, amendments, restatements or substitutions thereof or therefor are collectively called the “Senior Debt.”

F. Seller has agreed to sell to Purchaser finished single-family detached residential building lots located on approximately [ ] acres of land on [ ] in [ ], [ ] County, North Carolina, with Seller agreeing to sell to Purchaser up to \_\_\_\_\_ of such lots within the Property (each, a “Lot”), all in accordance with that certain [Contract to Purchase Real Estate dated \_\_\_\_\_] (as amended, the “Purchase Contract”).

In accordance with the terms of the Purchase Contract, Purchaser has delivered or will deliver, as provided in the Purchase Contract, an earnest money deposit in the total sum of [\$ ] (together with any interest thereon, the “Deposit”). Seller’s obligations with regard to the Deposit as set forth in the Purchase Contract are collectively called the “Deposit Obligations.”

The Deposit Obligations are secured by that certain [Deed of Trust, Security Agreement, Assignment of Leases and Rents and Fixture Financing Statement dated [ ], 2022 from Seller to a trustee for the benefit of Purchaser and recorded in the Registry in Book \_\_\_\_ at Page \_\_\_\_] (“Purchaser Deed of Trust”), granting to Purchaser a lien on the Property more particularly described in Exhibit A attached hereto.

The Purchase Contract, the Purchaser Deed of Trust, and all other documents executed in connection with Purchaser’s purchase of any portion of the Property and the Deposit Obligations are collectively called the “Purchaser Documents.”

Lender and Purchaser want to establish their respective rights with respect to the Property and the indebtedness of Seller to Lender and Purchaser.

### **Agreements**

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

**Incorporation of Recitals.** The statements set forth in the Recitals of this Agreement are true and correct and are incorporated herein and made a part hereof.

**Consents and Acknowledgments.** Purchaser consents to the execution and delivery by Seller to Lender of the Notes and Lender Deed of Trust and to the consummation of the transaction contemplated by the Loan Documents. Purchaser further certifies to Lender the following facts with respect to the Purchase Contract and the other Purchaser Documents:

The Purchase Contract is in full force and effect in accordance with its terms and provisions and has not been modified, amended, supplemented, extended, renewed or terminated except as otherwise expressly set forth in the Recitals of this Agreement.

To the actual knowledge of Purchaser, no default exists on the part of Seller or Purchaser under the Purchaser Documents, nor has any event occurred which, with the giving of notice, the passage of time, or both would constitute a default under the Purchaser Documents.

**Subordination.** All right, title and interest of Purchaser in and to the Property, if any, together with all privileges, hereditaments, easements and appurtenances, all rents, leases, issues and profits, all awards and payments made as the result of the exercise of the right of eminent domain and all existing and future improvements, if any, granted to Purchaser by the Purchase Contract, the Purchaser Deed of Trust or any of the other Purchaser Documents

shall be and hereby are made subordinate, junior and inferior and postponed in priority, operation and effect to the Lender Deed of Trust, irrespective of the dates of execution, delivery or recording of any of them. Without limiting the generality of the foregoing:

Purchaser hereby acknowledges that the Purchaser Deed of Trust and its lien position and security interest in and on the Property is subordinate to the Lender Deed of Trust and its lien position and security interest in and on the Property. This priority shall apply regardless of the perfection, non-perfection, cessation of perfection or order of perfection of the parties' respective interests.

Purchaser agrees that each and every financing statement heretofore or hereafter filed by Purchaser in connection with the Purchaser Deed of Trust or the other Purchaser Documents are subordinated to any and all financing statements heretofore or hereafter filed by Lender in connection with the Senior Debt.

Purchaser hereby acknowledges and agrees that i. the Lender Deed of Trust is and shall constitute a first, prior and superior lien on and against the Property, and ii. the Purchaser Deed of Trust is and shall be subject, subordinate and inferior to the Lender Deed of Trust.

Lender agrees, for itself, its successors and assigns, that so long as Purchaser is not in default of any of its obligations under the Purchase Contract or the Purchaser Documents beyond the giving of any required notice and the expiration of any applicable cure period provided for therein, iii. Lender will not terminate or interfere with Purchaser's right to purchase the Lots pursuant to the terms of the Purchase Contract, iv. at the time of the Closing (as defined in the Purchase Contract) applicable to each Lot Purchaser shall be allowed to apply the applicable Deposit Credit (hereinafter defined) against the purchase price of such Lot, and v. Purchaser shall be allowed to receive any refund of the Deposit from Seller in accordance with the terms of the Purchase Contract, when and as due. "Deposit Credit" means, with respect to any Lot, that portion of the remaining Deposit specified in the Purchase Contract to be applied against the purchase price of such Lot upon the applicable Closing.

The parties hereto further acknowledge and agree that any foreclosure of the Property or any portion thereof by Lender under the Lender Deed of Trust, or any deed in lieu of foreclosure, shall operate to terminate the lien, operation and effect of the Purchaser Deed of Trust.

Nothing in this Agreement shall be deemed to obligate Lender to assume any of the obligations of Seller under any of the Purchaser Documents to develop the Lots or to construct any improvements with respect to the Lots, provided, however, so long as Purchaser is not in default under the Purchase Contract and Lender forecloses the Lender Deed of Trust, Lender shall convey the Lots to Purchaser pursuant to the terms of the Purchase Contract.

If Seller and Purchaser fail to obtain Lender's prior written consent to any change, amendment or modification of the Purchase Contract other than with respect to the timing of Closing or delivery of Lots, then the Purchase Contract, for purposes of Lender's agreement not to disturb Purchaser's rights thereunder in accordance with this Section 3, shall be deemed not to include such change, amendment or modification.

So long as this Agreement remains in effect and so long as Purchaser is not in default of any of its obligations under the Purchase Contract beyond the giving of any required notice and the expiration of any applicable cure period, upon Lender's notice to Purchaser of (x) the occurrence of an event of default by Seller under the Loan Documents, (y) the failure by Seller to cure such event of default within any applicable cure period provided therefor, and (z) if the Senior Debt is not otherwise fully due and payable, the acceleration of the maturity of the Senior Debt, Purchaser shall have a non-exclusive right to purchase the Senior Debt and the Loan Documents from Lender on the Loan Sale Date (defined below).

The purchase price on the Loan Sale Date (defined below) shall be equal to the (i) the aggregate amount of all outstanding principal under the Notes, all unpaid reimbursement obligations in respect of drawings under letters of credit, all accrued and unpaid interest under the Loan Documents, fees, all costs and other amounts due and payable to Lender under the Loan Documents as of the Loan Sale Date, including without limitation all amounts owing as of the Loan Sale Date under any interest rate hedge or swap agreement entered into in connection with the Loans, all amounts owing to Lender as of the Loan Sale Date to reimburse Lender for advances made pursuant

to the Loan Documents such as, for example, advances for real property taxes, insurance premiums and security and repair costs and other amounts owing to Lender as of the Loan Sale Date pursuant to the exercise of Lender's rights and remedies under the Loan Documents, and any amounts owed for reasonable attorney's fees, collections costs or other similar costs, plus (ii) an amount equal to the aggregate face amount of all then outstanding letters of credit issued by Lender for the account of Seller.

"Loan Sale Date" means the date of the closing on the sale of the Senior Debt and the Loan Documents pursuant to this paragraph or any subsequent purchaser of the Senior Debt, which shall be a date mutually acceptable to Lender or any subsequent purchaser and Purchaser occurring within thirty (30) days after the notice given by Lender or any subsequent purchaser to Purchaser as described above in this paragraph.

Any sale and purchase of the Senior Debt and the Loan Documents pursuant to this Section shall be without recourse to or warranty by Lender and shall be made in accordance with loan sale documents mutually satisfactory to Lender and Purchaser. Purchaser's non-exclusive right to purchase the Loans shall not in any way impair Lender's right to sell or assign the Senior Debt, the Loan Documents or any part thereof or interest therein at any time or from time to time to any other persons or entities before the time of closing of a sale of the Senior Debt to Purchaser pursuant to this paragraph; in the event of any such sale or assignment to one or more other purchasers the purchase price to be paid by the Purchaser pursuant to a sale under this paragraph shall be adjusted to correspond to the remaining obligations of the Senior Debt to be purchased by Purchaser.

Without limiting the foregoing, Purchaser acknowledges that Lender has entered into, and may hereafter enter into, one or more agreements with other parties that provide such other parties non-exclusive rights to purchase the Senior Debt and the Loan Documents upon terms similar to those described in this paragraph.

**Limitations on Actions by Purchaser.** So long as all or any part of the Senior Debt remains unpaid, Purchaser shall not, without the prior written consent of Lender, sue for any payment of all or any part of the Deposit from Seller or any other person primarily or secondarily liable for the Deposit Obligations or institute any foreclosure action or take any other enforcement action under the Purchaser Deed of Trust. Notwithstanding the provisions of the preceding sentence, Purchaser: (a) may receive the Deposit Credit with respect to any portion of the Deposit actually delivered to Seller at any settlement on the purchase of a Lot in accordance with the provisions of the Purchase Contract; and (b) may receive any refund of the Deposit from Seller in accordance with the provisions of the Purchase Contract.

**Notice of Default; Cure Rights.**

If Seller defaults under the Purchase Contract or otherwise fails to perform any agreement, covenant or condition contained in any of the Purchaser Documents on their part to be performed, Purchaser shall give Lender written notice of such default or other failure to perform. Upon receipt of such notice, Lender shall have the same period of time provided to Seller under the Purchaser Documents in which to cure the default or other failure to perform. Purchaser shall not terminate the Purchase Contract or otherwise pursue any remedy provided in the Purchaser Documents if Lender cures or commences and proceeds to cure the default or other failure to perform within the period and in the manner provided above.

Nothing contained herein shall obligate Lender to cure any default or other failure to perform under the Purchaser Documents. Lender's decision concerning such matters shall be made at Lender's sole discretion.

So long as this Agreement remains in effect and so long as Purchaser is not in default in the payment or performance of any of its obligations under the Purchase Contract beyond the giving of any required notice and the expiration of any applicable cure period, Lender shall furnish to Purchaser a copy of all notices of default or non-compliance given to Seller under the Loan Documents (a "Seller Default Notice").

Upon receipt of any such Seller Default Notice, (i) in the case of a default occurring by reason of failure to pay when due amounts payable under the Loan Documents other than a failure to fully pay any Note on its final maturity date, Purchaser shall have an additional cure period of 5 business days and then only if Seller fails to make the required curative payment within the Seller's cure period, and (ii) in the case of any other default, Purchaser

shall have the same period of time provided to Seller under the Loan Documents in which to cure the default or other failure to perform (which period shall run concurrently with Seller's cure period), and, in either case, Lender agrees to accept, and Seller agrees to permit, performance by Purchaser of any term or condition contained in the Loan Documents necessary to cure such default or non-compliance; provided, however, that Lender and Seller acknowledge and agree that Purchaser has no obligation to cure any such default or non-compliance.

The Seller Default Notice shall include, among other information, the date on which any applicable cure period shall expire. This provision is intended for the benefit of, and shall benefit, Purchaser only and may not be used or interposed as a defense by Seller in any proceeding between Lender and Seller.

Notwithstanding the foregoing provisions of this Section 5 to the contrary, if, after Lender gives a Seller Default Notice to Seller and Purchaser with respect to a default that is subject to the foregoing subclause (ii) in Section 5(d) of this Agreement, Seller notifies Lender and Purchaser that Seller will take action to cure the applicable default within the applicable cure period, (i) Purchaser shall refrain from taking action to cure such default until after Seller's cure period shall have expired unless otherwise agreed in writing between Purchaser and Seller, and (ii) if Seller shall fail to cure such default within the applicable cure period, Purchaser shall have an additional cure period of thirty (30) days.

If Lender notifies Purchaser of the occurrence of a default under the Loan Documents that continues beyond any applicable notice and cure period, Purchaser agrees thereafter, unless otherwise directed in writing by Lender, to perform all duties, acts and obligations owing by Purchaser under the Purchase Contract at the direction and on behalf of Lender, notwithstanding any contrary instructions or demands by Seller, in particular, and not in limitation of the foregoing, following notification by Lender to Purchaser of the occurrence of a default under any of the Loan Documents and the continuation of such default beyond any applicable cure period, and provided that the obligations of Seller have been satisfactorily performed pursuant to the terms of the Purchase Contract and no uncured default exists under the terms of the Purchase Contract, Purchaser agrees to make all payments due under the Purchase Contract directly to Lender.

Receipt of Lender's written certification that an event of default has occurred and has continued beyond any applicable cure period shall be the only condition to Purchaser's making payments directly to Lender, and Purchaser shall not be required to investigate or verify the nature or extent of such default. Seller, by its execution of this Agreement, irrevocably consent to such direct payments by Purchaser and agree to hold Purchaser harmless for the application of any payments so made.

**Condemnation and Insurance Proceeds.** To the extent Purchaser are entitled to them by virtue of the Purchaser Documents, all awards and payments made as a result of the exercise of the right of eminent domain against the Property or any part thereof, all rents, income or profits arising from the Property or any part thereof, all compensation received for the taking of the Property or any part thereof by condemnation proceedings, all compensation received as damages for injury to the Property or any part thereof, all proceeds from insurance on improvements to the Property or any part thereof, and all proceeds occurring as a result of foreclosure against the Property or any part thereof by action or advertisement, including a deed given in lieu of foreclosure, shall be made, distributed or otherwise dealt with in the manner required by the terms and conditions of the Lender Deed of Trust and this Agreement notwithstanding any terms and conditions to the contrary contained in the Purchaser Documents.

**Liability of Lender.** The rights granted to Lender in this Agreement are solely for its protection and nothing herein contained imposes on Lender any duties with respect to the Deposit Obligations, any other obligations of Seller under the Purchaser Documents, or any property of Purchaser or Seller.

**Consents, Waivers, Etc.**

(a) Lender, at any time or from time to time and without further consent of Purchaser and without in any manner affecting, impairing, lessening, or releasing any of the provisions of this Agreement, may renew, extend, change the manner, time, place, and terms of payment of, sell, exchange, release, substitute, surrender, realize upon, modify, waive, grant indulgences with respect to, and otherwise deal with in any manner: (i) all or any part of the Senior Debt; (ii) all or any of the Loan Documents; (iii) all or any part of any property at any time securing

all or any part of the Senior Debt; and (iv) any person at any time primarily or secondarily liable for all or any part of the Senior Debt or any collateral and security therefor.

(b) So long as this Agreement remains in effect and so long as Purchaser is not in default in the payment or performance of any of its obligations under the Purchase Contract beyond the giving of any required notice and the expiration of any applicable cure period, Seller shall promptly furnish to Purchaser a copy of all amendments, revisions or changes to the Loan Documents.

(c) Except for notices expressly required by this Agreement (including without limitation Seller's obligation to send Purchaser notices of default under the Loan Documents), Purchaser hereby waives notice of acceptance of this Agreement by Lender, notice of the making of any of the Senior Debt, and notice of the occurrence of an event of default under any of the Loan Documents. Notwithstanding the foregoing, for so long as this Agreement remains in effect, Lender shall not, without Purchaser's prior written consent (which consent shall not be unreasonably withheld, conditioned or delayed), make any modification to the Loan Documents the effect of which would increase the principal amount of the Senior Debt in order to provide financing to Seller or any other party for purposes related to or unrelated to the development of the Property.

**Notices.** All notices, demands, requests and other communications required under this Agreement shall be in writing and shall be deemed to have been properly given when delivered (i) in person, (ii) by electronic mail transmission, (iii) by a nationally recognized overnight delivery service, or (iv) by certified mail, return receipt requested, addressed to the party for whom it is intended at the following addresses:

If to Seller:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attention: \_\_\_\_\_

With a copy to:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attn: \_\_\_\_\_  
Email: \_\_\_\_\_

If to Purchaser, to:

H&H Constructors of Fayetteville, LLC  
2919 Breezewood Ave, Suite 400  
Fayetteville, NC 28303  
Attn: \_\_\_\_\_, Regional President  
Email: \_\_\_\_\_@HHHomes.com

With a copy to:

Dream Finder Homes, LLC  
14701 Philips Highway, Suite 300  
Jacksonville, FL 32256  
Attn: Batey McGraw  
Email: Batey.McGraw@DreamFindersHomes.com

If to Lender:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attn: \_\_\_\_\_  
Email: \_\_\_\_\_

With a copy to:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Attn: \_\_\_\_\_  
 Email: \_\_\_\_\_

If notice is given in person or via electronic mail transmission, notice is deemed to have been given when personal delivery was received by the party or when the electronic mail transmission was transmitted (with confirmation of transmission from the non-sending party). If notice is given by a nationally recognized overnight delivery service, notice is deemed to have been given the day following delivery to the delivery service of such notice. If notice is given by certified mail, return receipt requested, notice is deemed to have been given 3 days after a certified letter containing such notice, properly addressed with postage prepaid, is deposited in the United States mail.

**Transfers of Senior Debt.** If any of the Senior Debt is transferred or assigned by Lender, this Agreement shall inure to the benefit of Lender's transferee or assignee to the extent of such transfer or assignment, provided that Lender shall continue to have the unimpaired right to enforce this Agreement as to any of the Senior Debt not so transferred or assigned. In addition, Lender shall have the right to grant participations in the Senior Debt to others at any time and from time to time. Lender may divulge to any potential transferee, assignee or participant all information, reports, financial statements, and documents obtained in connection with this Agreement, any of the Loan Documents, or otherwise.

**No Waiver.** This Agreement shall not be affected, impaired, or released by the delay or failure of Lender to exercise any of its rights and remedies against Seller or under any of the Loan Documents or against any collateral or security for the Senior Debt. No delay or failure on the part of Lender to exercise any of its rights or remedies hereunder or now or hereafter existing at law or in equity or by statute or otherwise, or any partial or single exercise thereof, shall constitute a waiver thereof. All such rights and remedies are cumulative and may be exercised singly or concurrently and the exercise of any one or more of them will not be a waiver of any other. No waiver of any of its rights and remedies hereunder and no modification or amendment of this Agreement shall be deemed to be made by Lender unless the same shall be in writing, duly signed on behalf of Lender, and each such waiver, if any, shall apply only with respect to the specific instance involved and shall in no way impair the rights and remedies of Lender hereunder in any other respect at any other time.

**Severability.** If any term or provision of this Agreement or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, provided the intent of this Agreement is not obviated, the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each such term and provision of this Agreement shall be valid and be enforced to the fullest extent permitted by law.

**Counterparts.** This Agreement may be executed in duplicate originals or in several counterparts, each of which shall be deemed an original but all of which together shall constitute one instrument, and it shall not be necessary in making proof hereof to produce or account for more than one such duplicate, original, or counterpart.

**Binding Agreement.** This Agreement shall be binding upon, and shall inure to the benefit of, each of the parties hereto and their respective heirs, personal representatives, successors, and assigns including as to Lender, without limitation, any holder of the Notes, and any successor to Lender that acquires all or part of the Property by any sale, assignment of foreclosure under the Lender Deed of Trust, by deed or other assignment in lieu of foreclosure, or otherwise.

**Miscellaneous.** As used herein, the singular number shall include the plural, the plural the singular, and the use of the masculine, feminine, or neuter gender shall include all genders, as the context may require, and the term "person" shall include an individual, a corporation, an association, a partnership, a trust, and an organization. The paragraph headings of this Agreement are for convenience only and shall not limit or otherwise affect any of the terms hereof.

**Entire Agreement.** This Agreement constitutes the entire agreement among the parties hereto with respect to the matters set forth herein, and any term or condition not expressed in this Agreement does not constitute a part of the agreement of the parties with respect to such matters.

**Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of North Carolina.

**Jury Trial Waiver.** To the extent permitted by applicable law, the parties hereto jointly waive trial by jury in any action or proceeding to which any of them may be parties, arising out of or in any way pertaining to this Agreement. It is agreed and understood that this waiver constitutes a waiver of trial by jury of all claims against all parties to such actions or proceedings, including claims against parties who are not parties to this Agreement. This waiver is knowingly, willingly and voluntarily made by each of the parties hereto, and each party hereby represents that no representations of fact or opinion have been made by any individual to induce this waiver of trial by jury or to in any way modify or nullify its effect. Each of the parties hereto further represents that it has been represented in the signing of this Agreement and in the making of this waiver by independent legal counsel, selected of its own free will, and that it has had the opportunity to discuss this waiver with counsel.

*(Remainder of Page Intentionally Left Blank)*

**SUBORDINATION AGREEMENT**  
**SIGNATURE PAGE FOR LENDER**

**LENDER:**

\_\_\_\_\_,  
a \_\_\_\_\_ banking corporation

By: \_\_\_\_\_ (SEAL)

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**ACKNOWLEDGMENT**

STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

I certify that the following person(s) personally appeared before me this day, each acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated:

\_\_\_\_\_

Date: \_\_\_\_\_

Official Signature of Notary: \_\_\_\_\_

Notary's Printed or Typed Name: \_\_\_\_\_, Notary Public

My Commission Expires: \_\_\_\_\_

(Official Seal)



**SUBORDINATION AGREEMENT**  
**SIGNATURE PAGE FOR PURCHASER**

**PURCHASER:**

**H&H CONSTRUCTORS OF FAYETTEVILLE, LLC,**  
a North Carolina limited liability company

By: \_\_\_\_\_ (SEAL)

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**ACKNOWLEDGMENT**

STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

I certify that the following person(s) personally appeared before me this day, each acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated:

\_\_\_\_\_

Date: \_\_\_\_\_

Official Signature of Notary: \_\_\_\_\_

Notary's Printed or Typed Name: \_\_\_\_\_, Notary Public

My Commission Expires: \_\_\_\_\_

(Official Seal)

**SUBORDINATION AGREEMENT**  
**SIGNATURE PAGE FOR SELLER**

**SELLER:**

\_\_\_\_\_,  
a \_\_\_\_\_ limited liability company

By: \_\_\_\_\_ (SEAL)

Print Name: \_\_\_\_\_

Title: Manager

**ACKNOWLEDGMENT**

STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

I certify that the following person(s) personally appeared before me this day, each acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated:

\_\_\_\_\_

Date: \_\_\_\_\_

Official Signature of Notary: \_\_\_\_\_

Notary's Printed or Typed Name: \_\_\_\_\_, Notary Public

My Commission Expires: \_\_\_\_\_

(Official Seal)