

For Registration Sharon A. Davis
Register of Deeds
Durham County, NC
Electronically Recorded
2017 Nov 07 04:03 PM NC Rev Stamp: \$ 13000.00
Book: 8304 Page: 528 Fee: \$ 54.00
Instrument Number: 2017039360
DEED

N.C. Excise Tax: \$13,000
Prepared By and Return To:
Christopher J. Vaughn
Carruthers & Roth, P.A.
(as counsel to Grantee only without title search)
Post Office Box 540
Greensboro, North Carolina 27402

STATE OF NORTH CAROLINA

SPECIAL WARRANTY DEED

COUNTY OF DURHAM

THIS SPECIAL WARRANTY DEED made this 7th day of November, 2017, by and between CITY PLACE, LLC, a North Carolina limited liability company (hereinafter referred to as "Grantor"), with an address of 501 Washington Street, Durham, North Carolina 27701, and MAGNOLIA FIRE TOWER PLACE, LLC, a North Carolina limited liability company (hereinafter referred to as "Grantee"), whose address is 9525 Birkdale Crossing Drive, Suite 200, Huntersville, North Carolina 28078. The designation Grantor and Grantee, as used herein, shall include said parties, their heirs, successors and assigns, and shall include singular, plural, masculine, feminine or neuter, as required by context.

The property herein conveyed is not the personal residence of Grantor.

WITNESSETH:

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

For legal description, see Exhibit A attached hereto and incorporated herein by this reference.

Submitted electronically by "Carruthers & Roth, P.A."
in compliance with North Carolina statutes governing recordable documents
and the terms of the submitter agreement with the Durham County Register of Deeds.

The property hereinabove described was acquired by Grantor by instrument recorded in Book 2939, Page 846, in the Office of the Register of Deeds of Durham County, North Carolina.

A map showing the above described property is recorded in Plat Book 142, Page 193, in the Office of the Register of Deeds of Durham County, North Carolina.

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

And Grantor covenants with Grantee that Grantor has done nothing to impair such title as Grantor received, and Grantor will warrant and defend the title against the lawful claims of all persons claiming by, under or through Grantor. Title to the property hereinabove described is subject to the following exceptions:

See Exhibit B which is attached hereto and incorporated herein by this reference.

In connection with the protective covenants recorded in Book 2612, Page 867, of the Office of the Register of Deeds of Durham County, North Carolina, see Exhibit C, attached hereto and incorporated herein by this reference, for an estoppel letter and waiver of right of first refusal by The Historic Preservation Society of Durham, Inc. For the purposes thereof, Magnolia Fire Tower Place, LLC, is the successor by assignment from Magnolia Development Company, LLC, of the rights to purchase the property herein.

[Signature Appears on the Following Page]

IN WITNESS WHEREOF, Grantor has caused this instrument to be duly executed under seal as of the day and year first above written.

CITY PLACE, LLC, a North Carolina limited liability company

By: [Signature] [SEAL]
Todd C. Zapolski
Manager

Napa County, State of CA

I certify that the following person personally appeared before me this day, acknowledging to me that he signed the foregoing document: Todd C. Zapolski.

Date: 11-2-17, 2017

[Signature]
Print Name: LARRY S FRATTINI
Notary Public

(Official Seal)

My Commission expires: 5/2/21

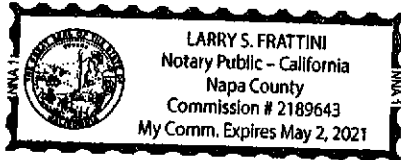


EXHIBIT A

Legal Description

All that certain piece, parcel, or tract of land lying and being in City of Durham, Durham County, North Carolina, and being more particularly described as follows:

BEGINNING at an existing iron pipe on the western margin of the right-of-way of Washington Street, a variable width right-of-way, in the southeastern corner of the property of Erwin Distributing Corporation, either now or formerly, as described in instrument recorded in Deed Book 7546, Page 108, in the Durham County Registry, and shown on plat recorded in Plat Book 193, Page 233, in the Durham County Registry, having Parcel No. 105154 (the "Erwin Property"); and running thence along and with the western margin of the right-of-way of Washington Street the following three (3) courses and distances: (i) along a curve to the left, having a radius of 200.00 feet, a length of 61.38 feet, and a chord bearing and distance of South 12° 48' 43" West 61.14 feet to a computed point; (ii) South 03° 59' 23" West 170.83 feet to a computed point; and (iii) South 02° 19' 35" West 141.87 feet to an existing iron pipe at the intersection of the western margin of the right-of-way of Washington Street with the northern margin of the right-of-way of W. Corporation Street, a sixty (60) foot public right-of-way; thence along and with a curve to the right, having a radius of 48.85 feet, a length of 91.74 feet, and a chord bearing and distance of South 56° 07' 01" West 78.84 feet to an existing iron pipe on the northern margin of the right-of-way of W. Corporation Street; thence along and with the northern margin of the right-of-way of W. Corporation Street the following three (3) courses and distances: (i) North 70° 05' 16" West 139.62 feet to a computed point; (ii) along a curve to the left, having a radius of 416.60 feet, a length of 145.45 feet, and a chord bearing and distance of North 80° 05' 21" West 144.70 feet to a computed point; and (iii) South 89° 54' 33" West 21.11 feet to an x in concrete in the southeastern corner of the property of The Conservation Fund, either now or formerly, as described in instrument recorded in Deed Book 8119, Page 848, in the Durham County Register (formerly Norfolk and Southern Railroad), and shown on plat recorded in Plat Book 197 Page 8, in the Durham County Registry, having Parcel #008119 (the "Conservation Property"); thence along and with the southeastern boundary line of the Conservation Property along a curve to the right, having a radius of 1119.64 feet, a length of 364.44 feet, and a chord bearing and distance of North 18° 44' 35" East 362.83 feet to an existing iron pipe in the southwestern corner of the Erwin Property; thence along and with the southern boundary line of the Erwin Property the following two (2) courses and distances: (i) South 89° 58' 00" East 9.79 feet to an existing iron pipe; and (ii) South 89° 56' 32" East 265.20 feet to the point and place of BEGINNING, containing 2.82 acres, more or less, as shown on that certain survey entitled "ALTA/NSPS Land Title Survey City Place LLC" prepared by Borum, Wade and Associates, P.A. dated September 8, 2017, last revised October 13, 2017, and certified by Homer S. Wade, PLS, on October 13, 2017, being further identified as Plan Sheet No. C-1664.

EXHIBIT B

Permitted Exceptions

1. Taxes or assessments for the year 2018 and subsequent years, not yet due or payable.
2. The following matters disclosed by plat(s) recorded in Plat Book 142, Page 193, and shown on survey by Homer S. Wade, P.L.S., dated September 8, 2017, last revised October 13, 2017:
 - (a) 25' Water Easement (Book 1510, Page 958);
 - (b) 25' Storm Drain Easement (Book 2298, Page 208); and
 - (c) 30' Sanitary Sewer Easement (Book 1510, Page 958).
3. Rights of tenants in possession, as tenants only, under written leases.
4. Lease and terms and conditions contained therein, by and between City Place, LLC, landlord, and MHAworks, PA, tenant, a memorandum of which is recorded in Book 6646, Page 250.
5. Notice of Residual Petroleum recorded April 2, 2015, in Book 7675, Page 873.
6. Declaration of Rights and Privileges of the City of Durham in certain sanitary sewer easements recorded in Book 1510, Page 958, shown on survey by Homer S. Wade, P.L.S., dated September 8, 2017, last revised October 13, 2017.
7. Revised Declaration of Rights and Privileges of the City of Durham in Storm Water Management Facility Easements recorded in Book 2298, Page 208, shown on survey by Homer S. Wade, P.L.S., dated September 8, 2017, last revised October 13, 2017.
8. Easement by and between Zapolski Rudd, LLC, and Duke Power dated July 30, 1999, and recorded October 26, 1999, in Book 2726, Page 878.
9. Ordinance Providing for the Designation of the City Garage Yard and Fire Tower as a City of Durham Historic Landmark recorded March 11, 2010, in Book 6433, Page 75.
10. Protective Covenants contained in Deed from City of Durham and The Historic Preservation Society of Durham, Inc. recorded in Book 2612, Page 867.

EXHIBIT C

Estoppel and Waiver of Right of First Refusal

(see attached)

ESTOPPEL CERTIFICATE

City Place, LLC
501 Washington Street
Durham, North Carolina 27701

Magnolia Fire Tower Place, LLC
9525 Birkdale Crossing Drive, Suite 200
Huntersville, North Carolina 28078

Re: Protective covenants set forth in Deed from the City of Durham recorded in Book 2612, Page 867, Durham County Registry (the "Protective Covenants")

Owner: City Place, LLC

Purchaser: Magnolia Fire Tower Place, LLC

Premises: Commercial development known as "City Place" located at 501 Washington Street, Durham, North Carolina 27701

Ladies and Gentlemen:

The Historic Preservation Society of Durham, Inc. (the "Society"), does hereby certify to City Place, LLC, a North Carolina limited liability company ("Owner"), and Magnolia Fire Tower Place, LLC, a North Carolina limited liability company ("Purchaser"), as follows:

1. The Society has waived its right of first refusal set forth in the Protective Covenants in connection with the proposed sale of the Premises to Magnolia Development Company, LLC ("Purchaser"). In the event the Premises is sold to Purchaser, the Society's right of first refusal shall be null and void with respect to all future sales of the Premises.

2. No default or violation has occurred under the Protective Covenants, nor has any event occurred which, with the giving of notice or the passage of time, would be a default or violation under the Protective Covenants.

3. No default or violation has occurred which would give the Society the right to exercise its option to purchase the Premises under Section 12 of the Protective Covenants, and the Society has not otherwise exercised its option to purchase the Premises.

4. The Protective Covenants, a copy of which is attached hereto and incorporated herein by this reference, have not been amended, modified, altered or terminated.

5. There is no Rehabilitation Agreement that is currently in effect, or that with the passage of time will be in effect, with respect to the Premises.

Executed this the 31st day of October, 2017.

THE HISTORIC PRESERVATION
SOCIETY OF DURHAM, INC.

By: *Ben Filippo*
Name: Benjamin Filippo
Title: Executive Director

EXHIBIT A

Copy of Protective Covenants

[See attached]

Stamp-PA 879

BOOK 2812 PAGE 867

Prepared by SZ Rosenthal, Attorney.
Return after recording to City of Durham, Attention: Asset Management, Betty Pittard.

NORTH CAROLINA - DURHAM COUNTY

DEED

This Deed, made and entered into this the 10th day of March, 1999, by and between **CITY OF DURHAM ("City")**, a municipal corporation, and **The Historic Preservation Society of Durham, Inc. ("Grantees")**, a nonprofit corporation organized under the laws of the State of North Carolina and having its principal offices in Durham, North Carolina:

For valuable consideration of Two Hundred Thousand Dollars AND NO/100 (\$200,000.00) to the City in hand paid, the receipt of which is hereby acknowledged, the City has given, granted, bargained and sold and does by these presents, give, grant, bargain, sell and convey unto Grantees, and their heirs, successors, and assigns, the following parcel(s) of land, lying and being in said County and State, described as follows:

State of North Carolina, County of Durham, Township of Durham, City of Durham, BEGINNING at an iron pin in the western property line of Morris Street, said stake being the southeast corner of the property of Norfolk & Western Railway, as shown on the plat hereinafter referred to; and running thence along and with the western property line of Morris Street in a southerly direction along a curve having a radius of 200 feet, a chord of 61.25 feet, and a distance of 61.49 feet to an iron pin; thence South 03 58' 23" West 170.93 feet to an iron pin; thence South 02 18' 41" West 141.88 feet to an iron pin; thence in a southwesterly direction along a curve having a radius of 48.85 feet, a chord of 78.84 feet, and a distance of 91.73 feet to an iron pin in the northern property line of Lamond Avenue; thence along and with the northern property line of Lamond Avenue North 70 05' 18" West 139.62 feet to an iron pin; thence in a westerly direction along a curve having a radius of 416.60 feet, a chord of 144.70 feet, and a distance of 145.44 feet to an iron pin; thence South 89 54' 33" West 21.11 feet to an iron pin in the eastern right-of-way line of Norfolk & Western Railway; thence along and with the eastern right-of-way line of the Norfolk & Western Railway in a northerly direction along a curve having a radius of 1,119.64 feet, a chord of 362.83 feet, a distance of 354.43 feet to an iron pin; thence South 89 56' 00" East 275 feet to an iron pin, the point and place of BEGINNING, and being that property designated as being owned by the City of Durham as shown on that plat and survey entitled "Street Closing of Washington Street and Lamond Avenue (Corporation Street) and Recombination of Adjacent Parcels" dated September 1, 1998, by Donald F. Greeley, R.L.S., recorded in Plat Book 142, at page 183, Durham County Registry, to which plat reference is hereby made for a more particular description.

TO HAVE AND TO HOLD all and singular the aforesaid parcel(s) of land, together with all privileges and appurtenances thereon and thereto belonging unto them, Grantees, and their heirs, successors, and assigns forever in fee simple, subject to the Protective Covenants attached at Exhibit A to this Deed, and incorporated herein by reference.

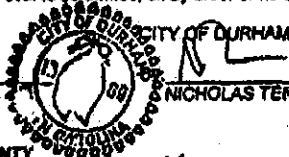
The designation "Grantees" and "City" as used herein shall include said parties, their heirs, successors, and assigns. The plural in this deed shall include the singular unless the context otherwise requires. All books referred to are in the office of the Register of Deeds of Durham County, unless otherwise stated.

The City makes no warranty, express or implied, with respect to said property.

IN TESTIMONY WHEREOF, the City has caused this Deed to be signed in its name by its Mayor, and attested by its City Clerk and its corporate seal to be affixed, all by order of its City Council.

ATTEST:

Margaret M. Bowers
City Clerk



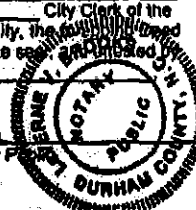
NICHOLAS TENNYSON, MAYOR

NORTH CAROLINA, Durham COUNTY

I, a notary public in and for said county and state, certify that Margaret M. Bowers City Clerk of the City of Durham, a municipal corporation, and that by authority duly given and as the act of the City, the foregoing deed was signed in its corporate name by its Mayor, NICHOLAS TENNYSON, sealed with its corporate seal, and signed herself as its said City Clerk or Deputy City Clerk. This the 10th day of March, 1999.

My commission expires: 6/25/2002

LeVonne Bowers
Notary Public



State of North Carolina - Durham County

The foregoing certificate(s) of

A Notary (Notaries) Public of the designated Governmental units is (are) certified to be correct FILED

This 11 day of March, 19 99

BOOK 142 PAGE 867-879

WILLIE L. COVINGTON
Register of Deeds

By: Gina Barber
Assistant Deputy Register of Deeds

'99 MAR 11 PM 1 46

WILLIE L. COVINGTON
REGISTER OF DEEDS
DURHAM COUNTY, N.C.

10181

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BOOK 2612 PAGE 868

EXHIBIT A

PROTECTIVE COVENANTS

THESE PROTECTIVE COVENANTS ("Agreement" or "Protective Covenants") are hereby incorporated into the deed, made as of the 10th day of March, 1999, by and between the CITY OF DURHAM ("City") and THE HISTORIC PRESERVATION SOCIETY OF DURHAM, INC. (the "Society"), and shall be binding on the City, the Society and the Society's successors, heirs and assigns in fee simple title to the Land (as hereinafter defined) (the "Grantee");

W I T N E S S E T H:

WHEREAS, the City has agreed to convey certain property to the Society (the Land), a description of which is attached hereto as Exhibit A and incorporated herein by reference; and

WHEREAS, on the Land is located a primary building known as the City Garage of approximately 20,870 square feet (the "City Garage Building") and a tower known as the Fire Tower (the "Fire Tower") of recognized historical significance; and

WHEREAS, the City Garage Building and the property within five (5) feet immediately surrounding the City Garage Building and the Fire Tower and the property within five (5) feet immediately surrounding the Fire Tower are hereinafter referred to as the Historic Property; and

WHEREAS, the City and the Society both desire that the Historic Property be rehabilitated and preserved for the enjoyment and edification of future generations; and

WHEREAS, the City and the Society both desire that the Historic Property be rehabilitated, preserved and protected for the benefit of present and future generations, retaining its historically and architecturally significant features, while at the same time both the City and the Society recognize that the Historic Property may need to be adapted and altered, where necessary, to provide for contemporary uses; and

WHEREAS, the Society is a charitable organization which acquires certain rights pursuant to historic preservation agreements and other means to insure that structures and sites located within Durham County, North Carolina of recognized cultural, historical and/or architectural significance will be preserved and maintained for the benefit of future generations; and

WHEREAS, the North Carolina General Assembly has enacted North Carolina General Statutes §§121-34 et. seq. validating restrictions, easements, covenants, or conditions, appropriate to the preservation of a structure or site historically significant for its architectural, archeological or historical associations.

NOW THEREFORE, the Land shall be and shall permanently remain subject to the following easements, covenants and restrictions:

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1. These covenants shall be administered by The Historic Preservation Society of Durham, Inc., its successors or assigns; and in all subsequent conveyances of the Land, the Society, its successors or assigns shall be entitled to administer these covenants. In the event that the Society, or its successors or assigns cease to exist, then in such event the Society shall assign all of its rights and interests in these easements, covenants, and conditions subject to such duties and obligations which it assumes hereby to a non-profit corporation of responsibility which exists for substantially the same reasons as the Society itself (as described hereinabove). Such assignee or successor of the Society shall be deemed to be the "Society" for purposes of this Agreement. If no such corporation is available for such assignment then such assignment shall be made to the State of North Carolina or to the City to administer these covenants.

2. The Grantee covenants and agrees to rehabilitate the Historic Property according to the terms, conditions, and deadlines of the Rehabilitation Agreement which shall be entered into by the Society and the Grantee (the "Rehabilitation Agreement") and, after rehabilitation, to continuously maintain, repair, and administer the Historic Property herein described in accordance with applicable building codes and with the Secretary of the Interior's Standards for the Treatment of Historic Properties (1992), (the "Standards") so as to preserve the historical integrity of features, materials, appearances, workmanship and environment of the Historic Property. Maintenance of the Historic Property shall be continuously provided. Said Standards are attached hereto as Exhibit B and incorporated in these covenants by reference. The Rehabilitation Agreement may be amended by mutual agreement of the Society and the Grantee according to its terms, however, the Rehabilitation Agreement and any subsequent amendments thereto must conform to the Standards.

3. No alteration, no physical or structural change, and no changes in the color, material or surfacing shall be made to the exterior of the Historic Property without the prior written approval of the President or Executive Director of the Society. The Society acknowledges that the half-round windows and the wood with metal awning original to the City Garage Building are the only exterior items of historical or architectural significance of the Historic Property. None of the doors or other windows or trim are original to the Historic Property and, accordingly, are not of historical or architectural significance. Nothing herein shall preclude a determination of other exterior features of the Historic Property to be of historic or architectural significance if it is required for implementation of federal historic property tax credits and such other exterior features, if any, shall be protected by these Protective Covenants.

4. No addition or additional structure shall be constructed or permitted to be built upon the Historic Property unless plans and exterior designs of the type customarily created to illustrate and to aid in the construction of such structure or addition have been submitted to the Society in advance and have been approved in writing by the President or Executive Director of the Society. The Society in reviewing the plans and designs for any addition or

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additional structure to the Historic Property shall consider the following criteria: exterior building materials; height; fenestration; roof shapes, forms, and materials; surface textures; expression of architectural detailing; scale; relationship of any additions to the main structure; general form and proportion of structures; orientation to street; setback; spacing of buildings, defined as the distance between adjacent buildings; lot coverage; use of local or regional architectural traditions; and effect on archaeological resources. Contemporary designs for additions or additional structures shall not be discouraged when such alterations and additions do not destroy or physically alter in a material way significant historical or architectural material features, and such design is compatible with the size, color, material and character of the Historic Property and its environment.

5. The City and the Society hereby agree that the interior architectural features listed in this Section 5 are the only elements which contribute to the architectural and historical significance of the Historic Property: the metal roof trusses on the City Garage Building and the oval shaped metal tract and hoisting dolly attached to the trusses in the second bay from the south end of the City Garage Building. Nothing herein shall preclude a determination of other interior features of the Historic Property to be of historic or architectural significance if it is required for implementation of federal historic property tax credits and such other interior features, if any, shall be protected by these Protective Covenants.

It is understood that the metal roof trusses on the City Garage Building are a significant historic element and shall be preserved, but not required to be exposed.

After the Historic Property has been rehabilitated, no removal, relocation, or alteration of the above mentioned architectural features of the Historic Property in this Section 5 shall be made without the prior written approval of the President or Executive Director of the Society.

6. No part of the Historic Property which is of historical significance may be removed or demolished without the prior written approval of the President or Executive Director of the Society.

7. No portion of the Historic Property may be subdivided.

8. Grantee shall insure the Historic Property against damage by fire or other catastrophe. If the City Garage Building or the Fire Tower is damaged by fire or other catastrophe to an extent not exceeding fifty percent (50%) of the insurable value of the City Garage Building or the Fire Tower, as the case may be, then insurance proceeds shall be used to rebuild the City Garage Building or the Fire Tower in accordance with the Standards. In the event the City Garage Building or the Fire Tower is damaged by fire or other catastrophe to an extent of fifty percent (50%) or more of the insurable value, then the Grantee shall have no obligation to rebuild the City Garage Building or the Fire Tower,

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as the case may be, and it shall be released from these Protective Covenants.

9. The Grantee shall abide by all federal, state, and local laws and ordinances regulating the rehabilitation, maintenance and use of the Historic Property.

10. When seeking approvals under paragraphs 3, 4, and 5, the Grantee shall give written notice to the Society. Said Notice shall include the plans and drawings requested in paragraph 4. If the Society fails to respond within forty-five (45) days, then the Grantee shall have the right to proceed according to the Grantee's plans and drawings. The Society's decisions under paragraphs 3, 4, and 5, shall be based on the Secretary of the Interior's Standards for the Treatment of Historic Properties (1992) and shall not be unreasonably withheld, conditioned or delayed.

11. In case of any contemplated sale of the Land by the Grantee or any successor in title thereto, first refusal as to any bona fide offer of purchase must be given to the Society. In such event, the Grantee shall notify the Society of the terms of any bona fide offer of purchase the Grantee has received. If the Society so decides to purchase, it shall notify the then owner of its willingness to buy upon the same terms and conditions within ten (10) business days of receipt of written notice of such bona fide offer, time being of the essence. Failure of the Society to notify the then owner of its intention to exercise this right of first refusal within such ten (10) business day period shall free the owner to sell pursuant to the bona fide offer. Provided, however, that if there are any outstanding deeds of trust or other encumbrances against the Land, any right to repurchase shall be subject to said deeds of trust or encumbrances, and they shall either be satisfied or assumed as part of the purchase price. Further, any right to repurchase shall be subject to any tenants in possession and leases with regard to the Land and they shall be assumed at the time title passes. Notwithstanding anything to the contrary in this Section 11, in the event the Society fails to exercise this right of first refusal and the Land is sold to the third party purchaser, then this right of first refusal shall be null and void with respect to all other sales of the Land. This right of first refusal shall not apply to the purchase of the Land at a foreclosure sale or deed in lieu of foreclosure.

12. In the event of a violation of any of the covenants contained in paragraphs 2, 3, 4, 5, and 6 hereof, the Society then shall have an option to purchase the Land, provided the Society has given the Grantee written notice of the nature of the violation and the Grantee has not corrected the same within the ninety (90) days next following the giving of said notice (the "Cure Period"). To exercise the option, the Society shall give Grantee written notice with fifteen (15) days after the Cure Period that it deems the violation uncured and exercises its option to purchase the Property, time being of the essence. Failure to timely give such notice shall be a waiver of the option to purchase. The purchase of the Property, pursuant to the exercise of the option retained hereby, shall be on the thirtieth (30) day after the exercise of the option. The purchase price shall be paid in immediately

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available funds at a price equal to the then market value of the Land, subject to these Protective Covenants, as determined by agreement of the then owner and the Society, or, in the absence of such agreement, by a committee of three appraisers, one to be selected by the Society, one to be selected by the then owner, and the other to be designated by the two appraisers selected by the Society and the owner respectively. Provided, however, that if there are outstanding deeds of trust or other encumbrances against the Land, any right to purchase shall be subject to said deeds of trust or encumbrances, and they shall either be satisfied or assumed as part of the purchase price. Further, any right to repurchase shall be subject to any tenants in possession and leases with regard to the Land and they shall be assumed at Closing. Right to purchase under this paragraph 12 is a remedy supplementary to any remedies available at law or equity.

13. When written notice to the Society or Grantee is required by these Protective Covenants, it shall be deemed given when given to the Society or Grantee personally or posted to the Society or Grantee at Society's or Grantee's last known address by first class mail, return receipt requested. Notice shall be deemed given when received. At Grantee's written request, written notice shall also be given to Grantee's lender who holds a security interest or lien on the Land, if any.

14. Representatives of the Society shall have the right to enter the Historic Property, subject to rights of tenants, at reasonable times, after giving reasonable notice, for the purpose of inspecting the buildings and grounds of the Historic Property to determine if there is compliance by the Grantee with the terms of these covenants. Notice under this paragraph may be written or oral.

15. Representatives of the Society shall have the right of access to the exterior of the Historic Property for the purpose of exhibiting it to researchers, scholars, and groups especially interested in historic preservation by special appointment at various times and intervals during each year that is convenient with the Grantee. The general public shall not have access to the Historic Property except as such access may be permitted or provided by the Grantee.

16. The Grantee does hereby covenant to carry out the duties specified herein, and these restrictions shall be covenants and restrictions running with the land, which the Grantee, its successors, and assigns, covenant and agree, in the event the Land is sold or otherwise disposed of, will be inserted by reference in the deed or other instrument conveying or disposing of the Land.

17. The Historic Property the City and the Society seeks to protect may contain certain hazards and certain materials that may contain lead paint, asbestos, or some other hazards that may need to be removed or encapsulated before the buildings are habitable. Addressing these problems is one of the challenges of owning and restoring a historic property. The Society does not have the resources to correct these problems and cannot take responsibility for the condition of the Historic Property being sold. The Society

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is not liable in any way for any hazards, defects, or other problems with the Historic Property under the covenants created herein or for any damage caused by the Historic Property.

18. The Grantee and the Society recognize that an unexpected change in the conditions surrounding the Historic Property may make impossible or impractical the continued use of the Historic Property for conservation purposes and necessitate extinguishing these Protective Covenants. Such extinguishment must be the result of a final judicial proceeding. In such event, all net proceeds shall be payable to the Grantee. Net proceeds shall include, without limitation, insurance proceeds, condemnation proceeds or awards, proceeds from a sale in lieu of condemnation, and proceeds from the sale or exchange by Grantee of any portion of the Historic Property after the extinguishment.

19. In the event of a violation of these covenants and restrictions and after notice and a ninety (90) day period to cure, all legal and equitable remedies, including injunctive relief, specific performance, and damages, shall be available to the Society. Except as otherwise provided in this Agreement, no failure on the part of the Society to enforce any covenant or restriction herein nor the waiver of any right hereunder by the Society shall discharge or invalidate such covenant or restriction or any other covenant, condition or restriction hereof, or affect the right of the Society to enforce the same in event of a subsequent breach or default.

20. Unless otherwise provided, the covenants and restrictions set forth above shall run with the Land in perpetuity.

21. The Society and the Grantee may by mutual agreement alter or amend this Agreement. Said alteration or amendment to be effective, shall be in writing, signed and acknowledged by the Grantee and President or Vice President of the Society, attested by the Secretary or Assistant Secretary of the Society, and recorded in the Office of the Register of Deeds in Durham County. Alterations of these Protective Covenants which substantially and materially lessen the rehabilitation and preservation requirements imposed by these Protective Covenants shall require judicial action.

22. Except as otherwise provided in this Agreement, no waiver of any one or more breaches of this Agreement or of any rights or obligations hereunder shall constitute a waiver of a party's right to enforce further or other breaches of, or rights or obligations under this Agreement, nor shall waiver of enforcement of certain provisions in other agreements with the Society or with third parties be deemed to constitute a waiver of the right to enforce similar such provisions in this Agreement.

23. This Agreement, along with the Rehabilitation Agreement to be entered into by the Society and the Grantee, contains the entire understanding of the parties hereto, supersedes all previous oral or written representations or agreements related to the subject matter hereof.

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24. This Agreement shall be interpreted under the laws of the State of North Carolina without regard to the place of its physical execution or performance.

25. If any provision of this Agreement shall be construed to be illegal or invalid, it shall not affect the legality or the validity of any of the other provisions hereof but shall be severable and all other provisions shall remain in full force and effect so long as they evidence the original intent of the parties.

26. Within ten (10) business days after request of the Grantee from time to time, the Society shall execute an estoppel certificate certifying that there are no violations of the covenants and restrictions set forth in this Agreement or any terms of the Rehabilitation Agreement, or if such violations exist, the nature of such violations.

27. By accepting a deed to the Land, the Grantee is bound by these Protective Covenants so long as Grantee owns the Land.

[SIGNATURE PAGE TO FOLLOW]

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CITY:
CITY OF DURHAM

BY *P. J. ...*
City Manager

ATTEST:

Margaret ...
City Clerk
(CORPORATE SEAL)



SOCIETY:

THE HISTORIC PRESERVATION SOCIETY OF DURHAM, INC.

BY *Dennis R. Bean*
President

ATTEST:

Carlton Russell
Secretary
(CORPORATE SEAL)

This instrument has been recorded in the
Office of the Register of Deeds and
Mortgages of the State of North Carolina
W. ... 3/10/73
FINANCE OFFICER DATE

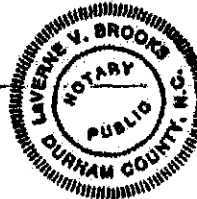
BOOK 2612 PAGE 876

NORTH CAROLINA
DURHAM COUNTY

I, Laverne V. Brooks, a Notary Public, do hereby certify that on this day personally appeared before me Margaret M. Bowers with whom I am personally acquainted, who being by me duly sworn, says that she is City Clerk and that P. Lamont Ewell is City Manager of the City of Durham, the municipal corporation named within and which executed the foregoing instrument; that she knows the common seal of said corporation; that the seal affixed to said instrument is said common seal; that the name of the corporation was subscribed thereto by the said City Manager, and that the said City Manager and City Clerk subscribed their names thereto and said common seal was affixed, all by order of its City Council duly given, and said instrument is the act and deed of said corporation.

Witness my hand and notarial seal, this 10th day of March, 1999.

Laverne V. Brooks
Notary Public



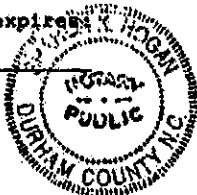
My commission expires: 6/25/2002

NORTH CAROLINA
DURHAM COUNTY

I, Sharon K. Hogan, a Notary Public, do hereby certify that Hariton Hassell personally appeared before me this day and acknowledged that he is Secretary of THE HISTORIC PRESERVATION SOCIETY OF DURHAM, INC., a non-profit corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its President, sealed with its corporate seal, and attested by him self as its Secretary.

Witness my hand and notarial seal, this 10th day of March, 1999.

Sharon K. Hogan
Notary Public



My commission expires: 12/16/2001

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EXHIBIT A

State of North Carolina, County of Durham, Township of Durham, City of Durham, BEGINNING at an iron pin in the western property line of Morris Street, said stake being the southeast corner of the property of Norfolk & Western Railway, as shown on the plat hereinafter referred to; and running thence along and with the western property line of Morris Street in a southerly direction along a curve having a radius of 200 feet, a chord of 61.25 feet, and a distance of 61.49 feet to an iron pin; thence South 03° 59' 23" West 170.83 feet to an iron pin; thence South 02° 19' 41" West 141.88 feet to an iron pin; thence in a southwesterly direction along a curve having a radius of 48.85 feet, a chord of 78.84 feet, and a distance of 91.73 feet to an iron pin in the northern property line of Lamond Avenue; thence along and with the northern property line of Lamond Avenue North 70° 05' 16" West 139.62 feet to an iron pin; thence in a westerly direction along a curve having a radius of 416.60 feet, a chord of 144.70 feet, and a distance of 145.44 feet to an iron pin; thence South 89° 54' 33" West 21.11 feet to an iron pin in the eastern right-of-way line of Norfolk & Western Railway; thence along and with the eastern right-of-way line of the Norfolk & Western Railway in a northerly direction along a curve having a radius of 1,119.64 feet, a chord of 362.83 feet, a distance of 364.43 feet to an iron pin; thence South 89° 58' 00" East 275 feet to an iron pin, the point and place of BEGINNING, and being that property designated as being owned by the City of Durham as shown on that plat and survey entitled "Street Closing of Washington Street and Lamond Avenue (Corporation Street) and Recombination of Adjacent Parcels" dated September 1, 1998, by Donald F. Greeley, R.L.S., recorded in Plat Book 142, at page 193, Durham County Registry, to which plat reference is hereby made for a more particular description.

EXHIBIT B

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The Secretary of the Interior's Standards for Rehabilitation

The Secretary of the Interior is responsible for establishing standards for all national preservation programs under Departmental authority and for advising Federal agencies on the preservation of historic properties listed or eligible for listing in the National Register of Historic Places.

The Standards for Rehabilitation, a section of the Secretary's Standards for Historic Preservation Projects, address the most prevalent preservation treatment today: rehabilitation. Rehabilitation is defined as the process of returning a property to a state of utility, through repair or alteration, which makes possible an efficient contemporary use while preserving those portions and features of the property which are significant to its historic, architectural, and cultural values.

The Secretary of the Interior's Standards for Rehabilitation The Standards that follow were originally published in 1977 and revised in 1990 as part of Department of the Interior regulations (36 CFR Part 67, Historic Preservation Certifications). They pertain to historic buildings of all materials, construction types, sizes, and occupancy and encompass the exterior and the interior of historic buildings. The Standards also encompass related landscape features and the building's site and environment as well as attached, adjacent or related new construction.

The Standards are to be applied to specific rehabilitation projects in a reasonable manner, taking into consideration economic and technical feasibility.

1. A property shall be used for its historic purpose or be placed in a new use that requires minimal change to the defining characteristics of the building and its site and environment.
2. The historic character of a property shall be retained and preserved. The removal of historic materials or alteration of features and spaces that characterize a property shall be avoided.
3. Each property shall be recognized as a physical record of its time, place, and use. Changes that create a false sense of historical development, such as adding conjectural features or architectural elements from other buildings, shall not be undertaken.
4. Most properties change over time; those changes that have acquired historic significance in their own right shall be retained and preserved.
5. Distinctive features, finishes, and construction techniques or examples of craftsmanship that characterize a property shall be preserved.
6. Deteriorated historic features shall be repaired rather than replaced. Where the severity of deterioration requires replacement of a distinctive feature, the new feature shall match

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the old in design, color, texture, and other visual qualities and, where possible, materials. Replacement of missing features shall be substantiated by documentary, physical, or pictorial evidence.

7. Chemical or physical treatments, such as sandblasting, that cause damage to historic materials shall not be used. The surface cleaning of structures, if appropriate, shall be undertaken using the gentlest means possible.

8. Significant archeological resources affected by a project shall be protected and preserved. If such resources must be disturbed, mitigation measures shall be undertaken.

9. New additions, exterior alterations, or related new construction shall not destroy historic materials that characterize the property. The new work shall be differentiated from the old and shall be compatible with the massing, size, scale, and architectural features to protect the historic integrity of the property and its environment.

10. New additions and adjacent or related new construction shall be undertaken in such a manner that if removed in the future, the essential form and integrity of the historic property and its environment would be unimpaired.

To be eligible for Federal tax incentives, a rehabilitation project must meet all ten Standards. The application of these Standards to rehabilitation projects is to be the same as under the previous version so that a project previously acceptable would continue to be acceptable under these Standards.

Certain treatments, if improperly applied, or certain materials by their physical properties, may cause or accelerate physical deterioration of historic buildings. Inappropriate physical treatments include, but are not limited to: improper repainting techniques; improper exterior masonry clearing methods; or improper introduction of insulation where damage to historic fabric would result. In almost all situations, use of these materials and treatments will result in denial of certification. In addition, every effort should be made to ensure that the new materials and workmanship are compatible with the materials and workmanship of the historic property.

Guidelines to help property owners, developers, and Federal managers apply the Secretary of the Interior's Standards for Rehabilitation are available from the National Park Service, State Historic Preservation Offices, or from the Government Printing Office. For more information write: National Park Service, Preservation Assistance Division-424, P.O. Box 37127, Washington, D.C. 20013-7127.

DURHAM COUNTY

NR11.00

ANNUAL PROPERTY TAX

400.00



Real Estate
Excise Tax