



Town of Pittsboro, North Carolina

DEVELOPMENT AGREEMENT APPLICATION

Contact Information

APPLICANT: Chatham Park Investors LLC

PROPERTY OWNER: Chatham Park Investors LLC, Chatham Development One Inc., Privato LLC, Privato III LLC, and Penguin Place, LLC

Address: For Chatham Park Investors LLC, Chatham Development One LLC, Privato LLC, and Privato III LLC: Attn: Tim Smith, 100 Weston Estates Way, Cary, NC 27513

For Penguin Place, LLC: Attn: Ron Strom, 6801 Homewood Drive, Chapel Hill, NC 27514

Telephone: Chatham Park Investors LLC - (919) 481-3000

E-Mail Address: Chatham Park Investors LLC - tim@prestondev.com

Property Information

Physical Street Address: See attached list of Owners and Parcels

Location: On both sides of U.S. Highway 64 Bypass in/near Town of Pittsboro, Chatham County, NC

Parcel Identification Number(s): See attached list of Owners and Parcels

Total Parcel(s) Acreage: Approximately 7,107.8 including road rights of way; exact acreage is subject to final surveys as the Property is developed and plats are recorded.

Existing Land Use of Property: Mixed-Use Planned Development District

Proposed Land Use of Property: Mixed-Use Planned Development District

Narrative Please provide a narrative of the proposed Development Agreement.

See Executive Summary attached hereto.

Development Agreement Application, continued

Impact on Capital Improvements How does the development impact existing and future provisions of capital improvements by the Town?

The Applicant expects that future provision of capital improvements required by the development will be jointly planned and agreed to between the developer and the Town. The details of planned and proposed public facilities that will serve the development are described in more detail in the May 2015 Chatham Park PDD Master Plan ("Master Plan"), the Additional Elements (included as part of the Master Plan), the Small Area Plans, and portions of the Development Agreement. The Master Public Facilities Plan Additional Element addresses the following public facilities: Town administration, police, fire, schools, parks and recreation, water supply and distribution, and sewer collection and treatment. The Developer will be responsible for streets internal to the development as well as laterals and service lines for water service and wastewater collection. The significant ad valorem tax revenues produced by the development and flowing to the Town will enable the Town to fund additional capital improvements at the Town's discretion. If the eventual choice for water and wastewater treatment is to enlarge or improve the existing facilities of the Town, the Town and the developer will mutually agree on any cost sharing and financing methods to accomplish the projects. It is anticipated that the cost and revenue impact of the Development will be revenue positive for the Town.

I, the undersigned, do certify that all of the information presented in this application is accurate to the best of my knowledge, information, and belief. Further, I hereby authorize town officials to enter my property for purposes of determining zoning compliance. All information submitted and required as part of this application process shall become public record.

Property Owner(s)/Applicant*

SIGNATURE PAGES FOLLOW

*NOTE: Form must be signed by the owner(s) of record, contract purchaser(s), or other person(s) having a recognized property interest. If there are multiple property owners/applicants a signature is required for each.

Chatham Park Development Agreement
Executive Summary
For
Pre-Application Meeting
December 7, 2016

I. Introduction

A. Background

As authorized by N.C.G.S. § 160A-400.20, the Town of Pittsboro ("Town") and Chatham Park Investors, LLC ("Developer") plan to enter into a development agreement ("Agreement") pursuant to the procedures and requirements of N.C.G.S. §§ 160A-400.20 through 160A-400.32. The purpose of the Agreement is to facilitate the development of approximately 7,100 acres of property located in either the corporate limits or the extra territorial jurisdiction the Town (the "Property"). The Developer estimates that the appraised value of the development of the Property at build out will equal or exceed \$20,000,000.00.

On August 10, 2015, the Town Board approved the Developer's rezoning request to amend the zoning map of the Town to apply a zoning district classification of Planned Development District to the Property and approved the May 2015 Chatham Park PDD Master Plan ("Master Plan") submitted with Developer's rezoning request. The Master Plan provides a description of the Property and the planned development of the Property, including a description of the plans for utilities, stormwater, public facilities (e.g., schools, police, fire, etc.), transportation (e.g., transportation for vehicles, bicycles, pedestrians, as well as transit), open space and recreation areas (e.g., parks, greenways, etc.), and other features of the development on the Property. In accordance with the Master Plan, the Developer has submitted to the Town twelve (12) "Additional Elements" for review and approval. The Additional Elements will become part of the Master Plan when approved by the Town Board. The Additional Elements supplement the Master Plan, providing more details concerning the plans for development on the Property and on the features of the Property itself. This Executive Summary has been prepared for the pre-application meeting required by the Town Development Agreement Ordinance.

B. Purpose

The purpose of the Agreement is to facilitate the development of the Property in a way that best realizes the public benefits to both the Town and the Developer. The development of the Property requires a major investment by the Developer in facilities, substantial initial investment in on-site and off-site improvements, participation in other programs for public benefit and purposes, and substantial commitment of resources to achieve the benefits of the developing the Property.

C. Benefits

By developing the Property according to the Agreement and Master Plan, the Town will receive general benefits in the form of: (1) furthering the goals of securing an

appropriate mix of uses and densities for the Property; (2) providing assurances that applicable development standards will remain stable through the period of development; (3) protecting natural resources and environmentally sensitive property within the Property, minimizing adverse off-site impacts, and incorporating sustainability principles into the development of the Property; (4) providing of an efficient, effective, and practical overall plan for addressing the development of the Property, including the protection of natural resources, the provision of open space and parkland, and commitments with respect to transit, bikeways, greenways, sidewalks, and road improvements; and (5) receiving substantial commitments to public infrastructure and amenities as a result of development of the Property.

The general benefits received by the Developer from developing the Property according to the Agreement, Master Plan and Additional Elements include: (1) obtaining sufficient certainty, timeliness, and predictability in the Town's development review and approval process to justify the required substantial initial capital investment for developing the Property that will require multiple years to complete; (2) realization of the opportunity to implement the Master Plan and Additional Elements for a mixed use development; and (3) coordination with the Town to achieve the public benefits necessary for development of the Property. The Developer will be unable to develop the Property according to the Master Plan without the assurances of the Town provided for in the Agreement.

II. The Development Agreement

A. Structure

The Agreement is broken up into four Articles with nine exhibits attached and incorporated by reference. Article 1 provides the legal framework and support for the Agreement. Article 2 provides a list of the definitions applicable to the Agreement. Article 3 provides background information about the Town's approval process for allowing the Property to be developed in accordance with the Master Plan and the general benefits to be received by both the Town and the Developer by entering into the Agreement. Finally, Article 4 provides the specific terms that the Town and the Developer would agree to by entering into the Agreement.

B. Terms

There are 36 sections within Article 4 ("Terms"). Some of the important sections are summarized as follows:

1. Agreement Term (4.2)- this section provides that the Agreement is intended by the parties to expire after 40 years from the date of execution, unless sooner terminated in accordance with the process provided for in the Agreement.
2. Law in Effect (4.4)- this section provides that development of the Property will be done in accordance with Town regulations existing on the effective date of the Agreement, except as provided by statute and in the Master Plan.

3. Development Uses (4.5)- in accordance with G.S. § 160A-400.25(a)(3), this section provides that the various residential, institutional, and commercial land uses are provided for in the Master Plan, including up to 22,000 residential units and 22,000,000 square feet of non-residential uses. Building types will include single family detached dwellings, apartments and other forms of attached residences, mixed-use buildings, offices, and a variety of institutional and commercial structures. Architectural styles and designs will vary, but will be context oriented.
4. Public Facilities (4.6)- in accordance with G.S. § 160A-400.25(a)(4), this section provides a list of public facilities that will service the Property, the responsibility for provision of such public facilities, and the timing of the provision of such public facilities. This section requires that any public facilities that will service a Parcel will be provided, or payments-in-lieu of such public facilities will be made, prior to the issuance of a certificate of occupancy for the first building on that parcel, unless applicable Town Regulations allow such financial security to be provided after issuance of a certificate of occupancy.
5. Dedication or Reservation of Land for Public Purposes (4.7)- in accordance with G.S. § 160A-400.25(a)(5), this section provides that a description of the land to be reserved and/or dedicated for public purposes, and provisions to protect environmentally sensitive property, is provided for in the Master Plan. Additional Elements, or Small Area Plans that will be approved by the Town.
6. Local Development Permits (4.8)- in accordance with G.S. § 160A-400.25(a)(6), this section provides a list of the local development permits, approvals, certificates, or plans that must be approved for the development of the Property. Failure of the Agreement to address a particular permit, approval, certificate, or plan, condition, term or restriction does not relieve the Developer or Parcel Owners of the necessity of complying with such Town requirements.
7. Preservation and Restoration of Historic Structures (4.9)- in accordance with G.S. § 160A-400.25(a)(8), this section provides that the Developer will obtain an assessment of each Small Area in the Property that is subject to an approved Small Area Plan to identify any archaeological sites, historical structures, or other resources that might have substantial potential for historical research and/or preservation prior to approval by the Town of the first site plan or subdivision plan for that Small Area.
8. Amendment; Modification; Termination; or Extension (4.10)- this section provides that the Agreement may be amended, modified, terminated, or extended by mutual consent (pursuant to G.S. § 160A-400.28). This section also states that, pursuant to the Town

Development Agreement Ordinance, the Town may modify or suspend the provisions of the Agreement if the Town determines that the failure to do so would place the residents of the Property or residents of the Town, or both, in a condition dangerous to their health or safety, or both.

9. Periodic Compliance Review and Enforcement (4.12)- in accordance with G.S. § 160A-400.27, this section provides that the Town Manager will conduct a periodic compliance review at least once a year, at which time the Developer must demonstrate good faith compliance with the terms of the Agreement.
10. Development Timing and Moratoria (4.14)- this section provides that the development of the Property may be done in such order and sequence as the Developer determines in its discretion, provided such development does not violate the Agreement or Master Plan. The proposed schedule for phasing of development, in five year increments, is shown on Exhibit I attached to the Agreement. Absent an imminent threat to public health or safety, neither the right to develop, nor the timing of development, can be affected by a moratorium or suspension of development rights adopted by the Town, except to the extent imposed by the Agreement or by supervening federal or state law, order, rule or regulation (in which case the Agreement term will be extended by the number of days that development is delayed).
11. Default (4.15)- this section provides that the failure of any party to comply with the terms of the Agreement will constitute a default, entitling the non-defaulting party to pursue such remedies as allowed under applicable law against the defaulting party. Pursuant to section 4.19 of the Agreement, any party may institute legal action against a defaulting party to cure, correct, or remedy any default or breach, to specifically enforce any covenants or agreements set forth in the Agreement or to enjoin any threatened or attempted violation of the Agreement, or to obtain any remedies consistent with the purposes of the Agreement.
12. Termination (4.27)- this section provides that, notwithstanding any other terms in the Agreement, the Developer has the unilateral right to terminate the Agreement upon any change in the Developer's plan for development of the Property that renders the Agreement inapplicable. The Town and Developer agree that each will identify appropriate representatives to meet and participate in good faith negotiations and mediation aimed at resolving the issues prompting a consideration of termination.
13. Parcels and Parcel Owners (4.32)- this section provides that the Agreement applies to the Property and to all Parcel Owners, and by acceptance of a deed of conveyance, each subsequent Developer

and Parcel Owner agrees to be bound by and abide by the terms and conditions of the Agreement as a Developer or Parcel Owner.

14. Indemnification (4.34)- in accordance with the Town Development Agreement Ordinance, this section provides that the Developer or applicable Parcel Owner agrees to indemnify, defend, and hold harmless the Town and its authorized agents from liability for injury or death to any person, or damage to any property, that arises out of or results from the direct or indirect acts or omissions of the indemnifying party, as applicable, in connection with development and operation of the Property or applicable portion thereof.
15. Reimbursement Agreements (4.35)- this section provides the procedures and terms under which the Town may negotiate and enter into reimbursement agreements for public infrastructure improvements (which reimbursement agreements may include fee credits).

Signature Page for Development Agreement Application for Chatham Park PDD

Timothy R. Smith, Manager of Chatham Park Investors LLC, first being duly sworn, states that Chatham Park Investors LLC authorizes this Development Agreement application.

Chatham Park Investors LLC

By: Timothy R. Smith
Title: Manger

Wake County, North Carolina

Sworn to and subscribed before me this 8th day of December, 2016, in the capacity indicated, by:

Timothy R. Smith.

(affix seal or stamp here)

Kenneth L. Eagle

Notary Public

Printed/Typed Name: Kenneth L. Eagle

My Commission Expires: July 10, 2020



Signature Page for Development Agreement Application for Chatham Park PDD

Timothy R. Smith, Vice President of Chatham Development One Inc., first being duly sworn, states that Chatham Development One Inc., for itself and for Penguin Place, LLC, authorizes this Development Agreement application.

Chatham Development One Inc.,
For itself and for Penguin Place, LLC ***

By: Timothy R. Smith
Vice President

Wake County, North Carolina

Sworn to and subscribed before me this 8th day of December, 2016, in the capacity indicated, by:

Timothy R. Smith.

(affix seal or stamp here)

Kenneth L. Eagle

Notary Public

Printed/Typed Name: Kenneth L. Eagle

My Commission Expires: July 10, 2020



*** By Deed recorded in the office of the Register of Deeds for Chatham County, North Carolina in Book 1885, Page 684, Chatham Development One Inc. conveyed to Penguin Place, LLC New Lot 1 as shown on a map recorded in the office of the Register of Deeds for Chatham County, North Carolina in Plat Slide 2016, Pages 241 through 243. In said Deed, and in a "Post-Closing Agreement" between Chatham Development One Inc. and Penguin Place, LLC recorded in the office of the Register of Deeds for Chatham County, North Carolina in Book 1887, Page 1105, Chatham Development One Inc. reserved the right to subject New Lot 1 to a Development Agreement in accordance with the Master Plan for Chatham Park Planned Development District in the Town of Pittsboro, NC. Copies of the Deed and Post-Closing Agreement are attached hereto.

Signature Page for Development Agreement Application for Chatham Park PDD

Timothy R. Smith, Vice President of Chatham Development One Inc., first being duly sworn, states that Chatham Development One Inc., for itself and for Penguin Place, LLC, authorizes this Development Agreement application.

Privato LLC

By: Timothy R. Smith
Vice President

Wake County, North Carolina

Sworn to and subscribed before me this 8th day of December, 2016, in the capacity indicated, by:

Timothy R. Smith.

(affix seal or stamp here)

Kenneth L. Eagle

Notary Public

Printed/Typed Name: Kenneth L. Eagle

My Commission Expires: July 10, 2020



Signature Page for Development Agreement Application for Chatham Park PDD

Timothy R. Smith, Vice President of Chatham Development One Inc., first being duly sworn, states that Chatham Development One Inc., for itself and for Penguin Place, LLC, authorizes this Development Agreement application.

Privato III LLC

By: Timothy R. Smith
Vice President

Wake County, North Carolina

Sworn to and subscribed before me this 8th day of December, 2016, in the capacity indicated, by:

Timothy R. Smith.

(affix seal or stamp here)

Kenneth L. Eagle

Notary Public

Printed/Typed Name: Kenneth L. Eagle

My Commission Expires: July 10, 2020



BK 1885 PG 0684

FILED ELECTRONICALLY
CHATHAM COUNTY NC
LUNDAY A. RIGGSBEE
REGISTER OF DEEDS

FILED Oct 14, 2016
AT 10:45:03 AM
BOOK 01885
START PAGE 0684
END PAGE 0688
INSTRUMENT # 10374
EXCISE TAX \$1,800.00

Type Of Instrument: Special Warranty Deed
Prepared By: Kenneth L. Eagle, 2235 Gateway Access Point, Suite 201, Raleigh, NC 27607
Mail To/Hold For: Joseph W. Marion, Harriss & Marion, PLLC, P.O. Box 51009, Durham, NC 27717

The real property conveyed by this Deed does not include the primary residence of the Grantor

Excise Tax \$1,800.00

Tax Parcel Number: 91257; PIN 9752-19-0790

NORTH CAROLINA SPECIAL WARRANTY DEED

THIS DEED is made this 12 day of October, 2016, by and between:

GRANTOR: Chatham Development One Inc.,
a North Carolina corporation

Address: 100 Matrix Drive, Box 8000, Cary, NC 27513

GRANTEE: Penguin Place, LLC,
a North Carolina limited liability company

Address: 6801 Homewood Drive, Chapel Hill, NC 27514

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

WITNESSETH:

THE GRANTOR, for a valuable consideration paid by the Grantee, the sufficiency and receipt of which is hereby acknowledged, has and by these presents does grant, bargain, sell and convey unto the Grantee, in fee simple, all that certain real property, lying and being in Chatham County, North Carolina, and being more particularly described as follows (referred to herein as the "Property"):

SEE EXHIBIT A ATTACHED HERETO AND INCORPORATED BY REFERENCE

The Property was acquired by Grantor by instrument recorded in the office of the Chatham County, North Carolina Register of Deeds in Book 1809, Page 167.

TO HAVE AND TO HOLD the Property and all privileges and appurtenances thereto belonging to the Grantee in fee simple.

AND THE GRANTOR covenants with the Grantee that Grantor has done nothing to impair such title to the Property as Grantor received, and Grantor will warrant and defend such title against the lawful claims of all persons claiming by, under or through Grantor, except for the exceptions described in **Exhibit B** attached hereto and incorporated by reference.

AND THE GRANTOR conveys the Property to Grantee subject to those rights reserved by Grantor that are described in **Exhibit C** attached hereto and incorporated by reference.

submitted electronically by "Harriss & Marion, PLLC"
in compliance with North Carolina statutes governing recordable documents
and the terms of the submitter agreement with the Chatham County Register of Deeds.

IN WITNESS WHEREOF, the Grantor has caused this Deed to be executed in its company name by its duly authorized official, the day and year first above-written.

Chatham Development One Inc.,
a North Carolina corporation

By: *Timothy R. Smith*
Name: Timothy R. Smith
Title: Vice President

North Carolina, Wake County

I certify that the following person personally appeared before me this day and acknowledged to me that he executed the foregoing document on behalf of Chatham Development One, Inc., a North Carolina corporation, in the capacity indicated: Timothy R. Smith.

Date: October 12, 2016



(affix seal or stamp here)

Vanessa T. Jenkins
Notary Public
Printed/Typed Name: Vanessa T. Jenkins
My Commission Expires: 1-21-2018

EXHIBIT A
PROPERTY DESCRIPTION

Lying and being in Center Township, Chatham County, North Carolina, and being more particularly described as follows:

New Lot 1, containing 2.750 acres, more or less, as shown on a map recorded in the office of the Chatham County, North Carolina Register of Deeds in Plat Slide (or Book) 2016, Pages 241 through 243, said map being incorporated by reference as if fully set out herein.

**EXHIBIT B
TO
SPECIAL WARRANTY DEED**

TITLE EXCEPTIONS

(All recording references in this Exhibit B are to the office of the Register of Deeds for Chatham County, North Carolina)

1. Ad valorem property taxes for 2016 and subsequent years.
2. All matters affecting the Property shown on the maps recorded in Plat Slide (or Book) 2016, Pages 241 through 243, Plat Slide (or Book) 2015, Pages 291 through 298, Plat Slide (or Book) 2014, Page 185, Plat Slide (or Book) 2012, Page 189, Plat Slide (or Book) 2012, Page 114.
3. All other rights of way, easements, and restrictions affecting the Property of record in the office of the Register of Deeds for Chatham County, North Carolina including, without limitation, the following:
 - a. Planned Development District zoning by the Town of Pittsboro, North Carolina as part of Chatham Park Planned Development District.
 - b. Easements to Duke Energy Progress recorded in Book 1772, Page 949, Book 1779, Page 223, and Book 1846, Page 844.
 - c. Annexation Ordinances recorded in Book 1648, Page 387, Book 1761, Page 1015, and Book 1803, Page 744.
 - d. Declaration Of Maintenance Covenant And Grant Of Protection Easements For Stormwater Control Facilities recorded in Plat Slide recorded in Book 1831, Page 764.
 - e. Subdivision Improvement Agreement recorded in Book 1831, Page 780.

EXHIBIT C
RIGHTS RESERVED BY GRANTOR

Grantor reserves the following rights with respect to the Property (the Town of Pittsboro, North Carolina, is referred to herein as the "Town"):

1. The right to subject the Property to "Additional Elements" that are required to be approved by the Town pursuant to the "Master Plan" for Chatham Park Planned Development District ("Chatham Park PDD") adopted by the Town with the zoning of certain land (including the Property) by the Town to a Planned Development District under the Town's zoning ordinance at the time of such zoning.
2. The right to subject the Property to a "Small Area Plan" that is required to be approved by the Town pursuant to the Master Plan for Chatham Park PDD.
3. The right to subject the Property to a "Development Agreement" with the Town under Chapter 160A of the North Carolina General Statutes (Section Nos. 160A-400.20 through 160A-400.32 at the time of the recording of this Deed in the office of the Register of Deeds for Chatham County, North Carolina, and including any amendments thereto or replacements thereof subsequent to the recording of this Deed in the office of the Register of Deeds for Chatham County, North Carolina), as required by the Master Plan for Chatham Park PDD.
4. The right to subject the Property to restrictive covenants that also are applicable to Lots 2 through 10 on the map recorded in the office of the Register of Deeds for Chatham County, North Carolina in Plat Slide (or Book) 2015, Pages 291, Page 298, as modified by map recorded in the office of the Register of Deeds for Chatham County, North Carolina in Plat Slide (or Book) 2016, Pages 241 through 243. Such restrictive covenants may require the owner of the Property to pay assessments for common expenses (including stormwater drainage and control measures or facilities) to one of more property owners associations.
5. The right to annex into the Town any portion of the Property not annexed into the Town prior to the time of the recording of this Deed in the office of the Register of Deeds for Chatham County, North Carolina.

FILED ELECTRONICALLY
CHATHAM COUNTY NC
LUNDAY A. RIGGSBEE
REGISTER OF DEEDS

FILED	Oct 27, 2016
AT	09:20:59 AM
BOOK	01887
START PAGE	1105
END PAGE	1109
INSTRUMENT #	10876
EXCISE TAX	\$0.00

Type of Instrument: Post-Closing Agreement

Instrument Prepared

By And Return To: Kenneth L. Eagle, 2235 Gateway Access Point, Suite 201, Raleigh, NC 27607

POST-CLOSING AGREEMENT

This **POST CLOSING AGREEMENT** (the "Agreement") is made and effective this 12th day of October, 2016, by and between Chatham Development One Inc., a North Carolina corporation ("Seller") and Penguin Place, LLC, a North Carolina limited liability company ("Buyer"). Seller and Buyer also may be referred to herein individually as a "party" and together as the "parties".

BACKGROUND

1. Seller and Buyer are parties to a "Contract To Sell And Purchase Real Property" (the "Contract") for the sale and purchase of the real property described in **Exhibit A** attached hereto and incorporated by reference (the "Property").

2. The Property is located in an approximately 7,100 acre assemblage of land that has been zoned by the Town of Pittsboro, North Carolina (the "Town") as a planned development district known as "Chatham Park". With the zoning of said land to planned development district, the Town also approved a "Master Plan" for Chatham Park.

3. In the Special Warranty Deed (the "Deed") by which Seller is conveying the Property to Buyer, Seller has reserved the following rights with respect to the Property (individually and together, the "Rights"):

- a. To subject the Property to "Additional Elements" to be approved by the Town pursuant to the Master Plan;
- b. To subject the Property to a "Small Area Plan" to be approved by the Town pursuant to the Master Plan;
- c. To subject the Property to a "Development Agreement" to be approved by the Town pursuant to the Master Plan;

- d. To subject the Property to Restrictive Covenants that also are applicable to Lots 2 through 10 on the map recorded in the office of the Register of Deeds for Chatham County, North Carolina in Plat Slide (or Book) 2015, Pages 291 through 298, as modified by the map recorded in the office of the Register of Deeds for Chatham County, North Carolina in Plat Slide (or Book) 2016, Pages 241 through 243; and
- e. To annex into the Town any portion of the Property not annexed into the Town prior to the recording of the Deed.

4. The parties entered into a private letter agreement dated September 28, 2016 wherein Seller agreed that Buyer may complete its initial improvements to the Property without being required by Seller, the Development Review Committee for Seller, or Chatham Park Investors LLC to comply with any requirements of the Additional Elements that exceed the requirements of Buyers submittals as approved on said date.

5. The parties are entering into this Agreement to acknowledge the foregoing Rights and to acknowledge that they will cooperate with each other in connection with Seller's exercise of the foregoing Rights.

AGREEMENT

NOW, THEREFORE, in consideration of the completion of the sale of the Property by Seller to Purchaser, and the mutual desire of the parties with respect to the rights of Seller reserved in the Deed conveying the Property to Buyer and described herein, the parties agree as follows:

1. Buyer acknowledges and agrees that Seller has the Rights with respect to the Property reserved in the Deed and described in this Agreement.

2. Buyer agrees that it will cooperate with Seller in Seller's exercise of the Rights including, without limitation, execution of documents as reasonably requested by Seller to acknowledge that the Property is subject to the Rights. Provided, however, Buyer agrees that execution of any document by Buyer is not a condition precedent to execution of the Rights by Seller and is not required for exercise of the rights by Seller to be effective.

3. Seller agrees that nothing herein shall affect or modify Seller's agreements set forth in the letter agreement with Buyer dated September 28, 2016, referred to in recital number 4 above.

4. This Agreement may, at Seller's option, be recorded in the office of the Register of Deeds for Chatham County, North Carolina.

(End of page; execution page follows)

IN WITNESS WHEREOF, Seller has caused this Agreement to be executed in legal and binding form by a duly authorized official, on the date indicated with the acknowledgment of such execution.

Chatham Development One Inc.,
a North Carolina corporation

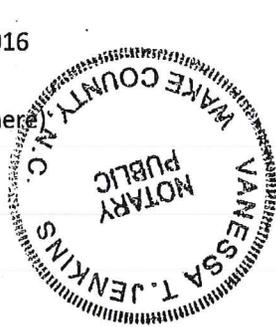
By: *Timothy R. Smith*
Name: Timothy R. Smith
Title: Vice President

Wake County, North Carolina

I certify that the following person personally appeared before me this day and acknowledged to me that he executed the foregoing document on behalf of Chatham Development One Inc. in the capacity indicated: Timothy R. Smith.

Date: October 12, 2016

(affix seal or stamp here)



Vanessa T. Jenkins
Notary Public
Printed/Typed Name: Vanessa T. Jenkins
My Commission Expires: 1-21-2018

IN WITNESS WHEREOF, Buyer has caused this Agreement to be executed in legal and binding form by a duly authorized official, on the date indicated with the acknowledgment of such execution.

Penguin Place, LLC,
a North Carolina limited liability company

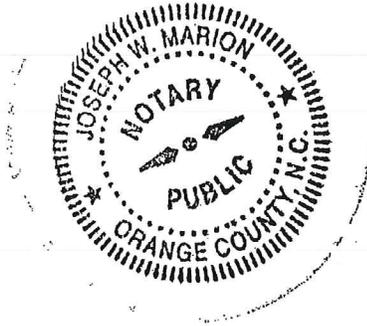
By: 
Name: Ronald Alan Strom
Title: Managing Member

Orange County, North Carolina

I certify that the following person personally appeared before me this day and acknowledged to me that he executed the foregoing document on behalf of Penguin Place, LLC in the capacity indicated: Ronald Alan Strom.

Date: October 14, 2016

(affix seal or stamp here)



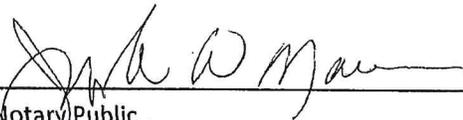

Notary Public
Printed/Typed Name: Joseph W Marion
My Commission Expires: 11-20-2018

EXHIBIT A

Lying and being in Center Township, Chatham County, North Carolina and being more particularly described as follows:

New Lot 1, containing 2.75 acres, more or less, as shown on a map recorded in the Office of the Chatham County, North Carolina Register of Deeds in Plat Slide (or Book) 2016, Pages 241 through 243, said map being incorporated by reference as if fully set out herein.