

STATE OF NORTH CAROLINA

COUNTY OF ORANGE

GROUND LEASE

THIS GROUND LEASE (this “Ground Lease” or “Lease”) is made and entered into as of the _____ day of [_____, 2023] (the “Effective Date”), between the TOWN OF CHAPEL HILL (hereinafter referred to as “Landlord”), and TRINITY COURT REDEVELOPMENT, LLC, a North Carolina limited liability company (hereinafter referred to as “Tenant”) (collectively the “Parties”).

WITNESSETH:

WHEREAS, Landlord is the owner of the Land (as defined below) consisting of certain real property located in Chapel Hill, North Carolina; and

WHEREAS, Tenant has received an allocation of tax-exempt financing through the North Carolina Housing Finance Agency (“NCHFA”) to construct fifty-four (54) affordable housing units on the Land (the “Project”); and

WHEREAS, Landlord has determined that the construction and operation of the Project on the Land is of benefit to Landlord in its continuing program of providing affordable housing to low-income residential tenants; and

WHEREAS, on _____, following the publication of notice as required by law, Landlord, by and through the Town Council, adopted a resolution to authorize the long-term land lease of the Land to Tenant to support the construction, development and operation of the Project; and

WHEREAS, Tenant has met Landlord's conditions precedent to entering this Lease as set forth in part in that certain Option to Lease dated January 19, 2022 by and between Landlord and Community Housing Partners Corporation, an affiliate of Tenant;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is duly acknowledged, the Parties agree as follows:

I. DEFINITIONS

- (1) "Affordability Restrictions" – No fewer than fourteen (14) units in the Project shall be both rent-restricted and occupied (or if unoccupied, held for occupancy) by individuals and families whose income is no greater than 30% of the Orange County, North Carolina area median income ("AMI"). No fewer than twenty-six (26) units in the Project shall be both rent-restricted and occupied (or if unoccupied, held for occupancy) by individuals and families whose income is no greater than 50% of AMI. No fewer than five (5) units in the Project shall be both rent-restricted and occupied (or if unoccupied, held for occupancy) by individuals and families whose income is no greater than 60% of AMI. No fewer than nine (9) units in the Project shall be both rent-restricted and occupied (or if unoccupied, held for occupancy) by individuals and families whose income is no greater than 80% of AMI. Both income and rent restrictions shall be calculated as provided in Section 42 of the Internal

Revenue Code of 1986, as amended or as may be amended from time to time, and applicable regulations with respect thereto (“Section 42 of the Code”), including without limitation any exceptions permitted under Section 42 of the Code for tenants whose income increases after initially meeting such restrictions.

- (2) “Improvements” – The Project and any building, parking structure or any other development located or to be located on the Land.
- (3) “Initial Rent” – The initial rent shall be One Dollar (\$1.00) per year beginning on [_____ 1, 202__].
- (4) “Land” – The Landlord’s real property underlying the Project, as more particularly described in Exhibit A attached hereto and incorporated herein.
- (5) “Project” – The construction of fifty-54 (54) affordable rental units for individuals and families as set forth above in the Recitals and which conform to the Affordability Restrictions defined in this Article I as well as the Plans and Specifications set out in Article VI.
- (6) “Rent” – The total of all rent due and payable, including Initial Rent and Additional Rent as defined in Article 11.2.
- (7) “Rent Commencement Date” – Defined as [_____, 202__].
- (8) “Term” – The term of this Lease shall be ninety-nine (99) years beginning on the Effective Date.

II. DEMISE

2.1 Demise. Landlord, for and in consideration of the rents and covenants herein specified to be paid and performed by Tenant, hereby leases to Tenant, and Tenant hereby leases from Landlord, on the terms and conditions and for the purposes herein set forth, the Land, together with all easements, rights and appurtenances in connection therewith or thereunto belonging to the Landlord (the “Leasehold” or “Leasehold Estate”), subject to the following:

- (a) Facts which would be revealed by a survey of the Land;
- (b) Covenants, restrictions, easements, agreements, the existing leases, and reservations;
- (c) Zoning regulations and other applicable laws;
- (d) Existing violations of applicable laws;
- (e) Physical condition of the Land; and
- (f) Taxes, assessments, and other charges.

2.2 Ownership of Improvements. During the Term, the Improvements shall be the property of Tenant and Tenant shall be entitled to all proceeds therefrom. At the end of the Term, or upon the earlier termination of this Ground Lease, the Improvements shall automatically become the property of Landlord along with any leases in effect.

2.3. Right to Mortgage. Tenant shall have a right to mortgage the Project and the Improvements, and the Leasehold Estate.

III. TERM

3.1 Term. Unless otherwise terminated or otherwise extended, the term (the “Term”) shall be as set forth in Article I (8).

3.2 Option for Extension. At the conclusion of the Term, Tenant shall have the option to extend the Term for one additional period of ten (10) years. Tenant must notify Landlord of its intent to exercise this Option for Extension no later than one (1) month before the expiration of the Term. No further extension shall be granted under this Lease, unless agreed to by the Parties in a separate agreement.

IV. CONDITION OF PROPERTY

4.1 Condition of Property. Tenant has inspected and is familiar with the physical condition of the Land. Tenant acknowledges and agrees that, except as provided in this Ground Lease, Landlord makes no representation or warranty, express or implied, written or oral, with respect to the present physical or other condition of the Land, including, but not limited to, any of the following:

- (a) The status of any rights under, and the compliance with, any restrictions imposed pursuant to any applicable zoning or other law, ordinance or regulation or under any covenant, condition, restriction, easement, agreement or reservation running with the Land;
- (b) The suitability of the Land for the uses intended by Tenant including, without limitation, any proposed construction upon the Land; or
- (c) The accuracy or adequacy of any information or documentation which has been or which may be furnished by Landlord to Tenant.

4.2 Environmental. Tenant has had a Phase I Environmental Site Assessment performed for the Land dated _____, performed by _____ (the "Report"). Landlord and Tenant agree that the Report establishes a baseline of the current environmental conditions of the Land so that Tenant cannot be held responsible by Landlord for conditions that existed at the inception of this Lease. Further, Tenant agrees to conduct any cleanup or take any other steps necessary to bring the Land into compliance should any regulatory agencies require such of Landlord or Tenant, whether or not the conditions requiring such action were present at the

inception of this Lease or occurred later, and agrees to hold Landlord harmless of such governmental or regulatory obligations or requirements should they arise.

V. RENT

5.1 Payment of Rent. Tenant shall pay Rent during the Term of this Ground Lease to Landlord as follows: The sum of One Dollar (\$1.00) per year, payable in advance on the Commencement Date and thereafter on January first of each calendar year during the Term. Rent shall be payable to “Town of Chapel Hill” and sent to _____.

5.2 Manner of Payment. Rent to be paid to Landlord shall be paid in legal tender, without counterclaim, set off or deduction of any kind or nature whatsoever (except as otherwise stated in this Ground Lease) and without notice or demand. For any period of less than a full year for which Rent is payable, the applicable Rent shall be prorated.

VI. CONSTRUCTION OF THE PROJECT AND IMPROVEMENTS

6.1 Construction of the Project and the Improvements.

(a) Project and Improvements. As a condition of this Lease, Tenant agrees to construct the Project and the Improvements related thereto as approved by Landlord pursuant to subsection (b) below.

(b) Plans and Specifications. Tenant shall be required to submit construction plans, drawings, and related documents (the “Plans and Specifications”) to Landlord for written approval by the Public Housing and Affordable Housing and Community Connections

Departments prior to submitting the Plans and Specifications to any government or regulatory authority to allow for the construction of the Improvements.

6.2 Construction Procedures.

(a) Conditions to Commencement of Construction. Tenant shall satisfy the following conditions and in no event shall Tenant commence any construction on the Improvements until the following conditions have been satisfied or waived by Landlord, in addition to other conditions and requirements imposed by this Ground Lease:

(1) Compliance with Laws. No Improvements, including without limitation, grading, streets, or landscaping, shall be constructed or maintained upon the Land unless the same conform to and are consistent with applicable zoning for the Land, any special use permit or other license, permit, development approval, or certificate (“Governmental Requirements”) imposed or required by the Town of Chapel Hill and other applicable governmental authorities (“Governmental Authorities”) in connection with the Improvements, all other applicable Governmental Requirements and the Plans and Specifications. Before commencement of construction or development of the Improvements, Tenant shall, at Tenant’s sole cost and expense, secure any and all applicable permits, development approvals, licenses and other approvals which may be required by any city, county, state or any other Governmental Authority having jurisdiction over such construction, development or work. Tenant shall provide a copy of such permit, development approval, license, or other approval to Landlord prior to commencing the subject work or activity.

(2) Landlord’s Cooperation. In its capacity as the owner of the Land, Landlord will assist and cooperate with Tenant in the application process related to reasonable requests by Tenant for any permit, license, development approval, or other

approval from any Governmental Authority which may be reasonably necessary for or which will facilitate the development, operation and use of the Improvements. Landlord agrees to join in granting or dedicating such public or private utility company easements, parking or access easements, or other easements as may be reasonably required for the development and operation of the Project in accordance with this Ground Lease.

(b) Construction Standards. All construction shall be performed diligently, lien-free, and in accordance with good engineering practices. Tenant shall take all reasonably necessary measures to minimize any damage, disruption or inconvenience caused by such work and make adequate provision for the safety and convenience of all persons affected thereby. Tenant shall pay (or cause to be paid) all costs and expenses associated with such work and shall indemnify and hold Landlord harmless from all damages, lawsuits and claims attributable to the performance of such work.

VII. USE OF THE LAND

7.1 Permitted Uses. Tenant may only use the Land for the Project and the Improvements related thereto.

7.2. Prohibited Uses. Tenant agrees that it will not: (a) create, cause, maintain or permit any nuisance in, on or about the Land; (b) commit or suffer to be committed any waste in, on or about the Land; (c) use or allow the Land to be used for any unlawful purpose, or for any purpose which violates the terms of any recorded instrument affecting the Land; (d) cause or permit any insurance coverage on the Project or the Improvements to become void or voidable or make it impossible to obtain any required insurance at commercially feasible rates; (e) cause or permit any structural damage to the Project or the Improvements or to any adjacent public or private property; or (f) violate or permit a violation of any law, ordinance or regulation applicable to the Project and the Improvements.

7.3 Compliance with Laws. In the use and occupation of the Land, the construction and operation of the Project and the Improvements thereon, and the conduct of its business thereon, Tenant, at its sole cost and expense, shall promptly comply with all requirements of all Governmental Authorities.

VIII. MAINTENANCE AND REPAIRS

8.1 Maintenance and Repairs. Tenant covenants and agrees, throughout the Term, without cost to Landlord, to maintain the Land, the Project and the Improvements and to keep the same in good order and condition, and shall promptly, at Tenant's own cost and expense, make all necessary repairs, interior and exterior, structural and nonstructural, ordinary as well as extraordinary, foreseen as well as unforeseen, to keep the Land, the Project, and all Improvements in safe, clean and sanitary condition. When used herein, the term "repairs" shall include replacements or renewals when necessary, and all such repairs made by Tenant shall be at least equal in quality and class to the original work, except as provided in Article IX below. Tenant shall keep and maintain all portions of the Land in a clean and orderly condition, free of accumulation of dirt and rubbish. Tenant shall be fully responsible for the operation and maintenance of the Project and all of the Improvements and any landscaping, open space and common areas on the Land, and shall operate and maintain, or cause to be operated and maintained, any such improvements, landscaping, open space and common areas in good order, condition and repair.

IX. INSURANCE AND INDEMNITY

9.1 Casualty and Builder's Risk Insurance. Tenant, at its sole cost and expense, shall keep the Project and all Improvements insured during the Term for the mutual benefit of Landlord (who shall be listed as an additional insured/loss payee) and Tenant, against loss or damage by fire and lightning and against loss or damage by other risks pursuant to a comprehensive all-risk policy of

insurance, and endorsed for broad form property damage, all in an amount not less than 100% of the then full replacement cost of the Improvements. Tenant shall also maintain at its sole cost and expense during the Term, rental value insurance indemnifying the Landlord for the agreed rental payment amount for a period not less than two years, due to loss or damage arising from the perils covered in the above insurance. During any period of construction upon the Land, Tenant shall maintain, or cause others to maintain, builder's risk insurance of the type customarily carried in the case of similar construction for one hundred percent (100%) of the full replacement cost of work in place and materials stored at or upon the Land.

9.2 Liability and Other Insurance. Tenant, at its sole cost and expense, but for the mutual benefit of Landlord (who shall be listed as an additional insured/loss payee), and Tenant as named insureds, shall also maintain comprehensive general liability insurance on an occurrence basis against claims for personal injury, including without limitation, bodily injury, death or property damage, occurring upon, in or about the Land or the Improvements. Such insurance shall be in the minimum amount of not less than \$1,000,000 per occurrence or \$2,000,000 in the aggregate with respect to personal injury or death to any one or more persons or to damage to property or such larger amounts as Landlord may from time to time reasonably determine.

Tenant shall provide worker's compensation insurance to the statutory limit, if any, and employer's liability insurance of not less than \$100,000.00 per occurrence, if applicable. Further, Tenant shall require that any contractor performing the construction of the Project and the Improvements to provide worker's compensation insurance to the statutory limit or to insure that its subcontractors provide worker's compensation insurance to the statutory limit. Tenant shall provide automobile liability insurance of not less than \$1,000,000 per occurrence, umbrella/excess liability insurance of not less than \$5,500,000, professional liability insurance of not less than \$1,000,000 per occurrence and \$2,000,000 in the aggregate, and environmental/pollution liability insurance of not less than \$1,000,000 per occurrence.

Tenant shall also maintain such other insurance and in such amounts, as may from time to time be reasonably required by Landlord in accordance with good business practices or legal requirements which Landlord is or becomes subject to.

9.3 Forms of Insurance Policies. All policies of insurance provided for shall be effected under policies in such forms and amounts as may from time to time be issued by insurers approved by Landlord. All the insurance policies required hereunder shall be issued by an insurance company or companies authorized to do business in North Carolina and which have policyholder ratings not lower than “A-” and financial ratings not lower than “VII” in Best’s Insurance Guide (latest edition in effect as of the Effective Date of this Ground Lease and subsequently in effect as of the date of renewal of the required policies). Tenant agrees to name Landlord as additional insured on all policies required hereunder. Upon the execution of this Ground Lease and thereafter not less than 30 days prior to the expiration date of each policy, the original of each policy, or a copy thereof certified by an appropriate officer of the insurer as true and complete (or, with the consent of Landlord, in the case of comprehensive general liability insurance, a certificate of the insurer reasonably satisfactory to Landlord) bearing a notation evidencing the payment of the premium, or accompanied by other evidence reasonably satisfactory to Landlord of such payment, shall be delivered by Tenant to Landlord.

9.4 Waiver of Subrogation. Each policy of insurance shall contain, if obtainable, either (i) a waiver by the insurer of the right of subrogation against Landlord or Tenant for negligence, or (ii) a statement that the insurance shall not be invalidated should any insured waive in writing its right of subrogation prior to a loss accruing to the property described in the insurance policy.

9.5 Compliance with Insurer’s Requirements. Tenant shall observe and comply with the requirements of all policies of public liability, fire and other policies of insurance obtained pursuant to this Lease. Tenant shall also perform and satisfy the reasonable requirements of

insurance companies writing such policies so that at all times companies of good standing satisfactory to Landlord shall be willing to write or to continue such insurance.

9.6 Blanket Insurance. Any insurance provided for in this Ground Lease may be effected by a policy or policies of blanket insurance and may be continued in such form until otherwise required by Landlord; provided, however, that the amount of the total insurance allocated to the property shall be such as to furnish in protection the equivalent of separate policies in the amounts herein required, and provided further that in all other respects, any such policy or policies shall comply with the other provisions of this Ground Lease.

9.7 Indemnity. Tenant shall indemnify, defend, and hold harmless Landlord from damages proximately caused by the negligence or wrongful conduct of Tenant and Tenant's employees, agents, invitees, patrons, customers or contractors. The indemnity provisions in this Section cover personal injury and property damage and shall bind Tenant's employees, agents, invitees, lessees, or contractors and Tenant. The indemnity obligations in this Section shall survive the expiration or earlier termination of this Ground Lease.

X. DAMAGE AND DESTRUCTION

10.1 Restoration by Tenant. In case of damage to or destruction of the Project, the Improvements or any part thereof by fire or other cause, Tenant at Tenant's sole cost and expense, whether or not the insurance proceeds, if any, shall be sufficient for the purpose, shall restore the same as nearly as possible to their value, condition and character immediately prior to such damage or destruction. Such restoration shall be commenced and prosecuted with due diligence.

10.2 Costs of Restoration.

- (a) Application of Insurance Proceeds to Restoration. All insurance money paid on account of any damage or destruction, less the actual cost, fees and expenses, if any, incurred by Tenant or Landlord in connection with the adjustment of the loss, which costs,

fees and expenses shall be paid to Landlord shall be applied to the payment of the cost of restoration, repairs, replacement, rebuilding or alterations, including the cost of demolition and temporary repairs and for the protection of property pending the completion of permanent restoration, repairs, replacements, rebuilding or alterations (all of which temporary repairs, protection of property and permanent restoration, repairs, replacement, rebuilding or alterations are hereinafter collectively referred to as the “Restoration”), and shall be paid out from time to time to Tenant or in accordance with its directions, as such Restoration progresses, upon the written request of Tenant which shall be accompanied by all certificates, invoices, and releases that may then be necessary to protect Landlord, the Project, and the Improvements from any lien, charge or liability (including, without limitation, mechanics’ liens).

(b) Tenant to Pay any Deficiency. If the insurance proceeds shall be insufficient in the reasonable judgment of Landlord to pay the entire cost of such Restoration, Tenant shall, to Landlord’s satisfaction, arrange to pay the deficiency prior to commencement or continuation of construction. Additionally, if the estimated cost of such Restoration exceeds the amount of the insurance proceeds, Landlord may require Tenant, at Tenant’s sole cost and expense, to furnish Landlord with a performance bond and surety bond or other assurances of completion as shall be satisfactory to Landlord.

(c) Distribution of Excess Insurance Proceeds. Upon the completion and payment in full of the Restoration and the expiration of all applicable lien periods, and so long as there is no default under the terms, conditions, covenants and agreements of this Ground Lease, any balance of the insurance proceeds remaining to be paid shall be paid to Tenant.

10.3 No Release of Tenant’s Obligations. No destruction of, or damage to the Project, the Improvements, or any part thereof by fire or any other cause shall permit Tenant to surrender this Ground Lease or shall relieve Tenant from its obligations to pay the full Rent payable under this

Ground Lease or from any of its other obligations under this Ground Lease. Notwithstanding the foregoing, if the Project is outside of the compliance period for the low-income housing tax credit, as determined under Section 42 of the Code, and Tenant has not proposed a plan to rebuild the Project acceptable to Landlord, in its sole and absolute discretion, then Landlord shall have the option to terminate this Ground Lease. Upon such termination, Tenant shall surrender the insurance proceeds to the Landlord, and each party shall be relieved of its obligations hereunder, except for those provisions that expressly survive termination.

XI. LANDLORD'S RIGHT TO PERFORM TENANT'S OBLIGATIONS

11.1 Landlord's Right to Perform Tenant's Obligations. If Tenant shall at any time fail to pay for or maintain any of the insurance policies provided for herein within the time therein permitted, or to make any other payment or perform any other act on its part to be made or performed under this Ground Lease, within the time permitted by this Ground Lease, then Landlord, after ten (10) days' written notice to Tenant (or, in case of any emergency, without notice or with such notice as may be reasonable under the circumstances) and without waiving or releasing Tenant from any obligation of Tenant hereunder, may, but shall not be required to, pay such charges payable by Tenant, or make such other payment or perform such other act on Tenant's part required by this Ground Lease, and may enter the Project for such purpose and take all such action as may be necessary therefor.

11.2 Additional Rent. All sums paid by Landlord pursuant to this Article XI and all costs and expenses incurred by Landlord in connection with the performance of any act authorized by this Article XI, together with interest thereon, shall constitute Additional Rent payable by Tenant under this Ground Lease and shall be paid by Tenant to Landlord on demand.

XII. ASSIGNMENTS, SUBLEASES AND TRANSFERS

12.1 Consent Required.

(a) Assignment of Tenant's Interest(s). Except as expressly provided herein, Tenant shall not, without Landlord's prior written consent, which consent shall not be unreasonably withheld, delayed or conditioned, assign this Lease or any interest therein, except insofar as permitted by, and subject to the terms and conditions of, applicable laws and regulations, and this Lease.

(b) Individual Rental Units. Any other provision of this Lease to the contrary notwithstanding, it is expressly understood and agreed that rental units in the Development may be leased to qualifying residential tenants without Landlord's consent.

12.2 Subsequent Assignment. In cases where Landlord's consent is required, Landlord's consent to one assignment will not waive the requirement of its consent to any subsequent assignment.

XIII. LEASEHOLD FINANCING

Section 13.1 Right to Mortgage. Tenant may grant one or more deeds of trust (each a "Leasehold Deed of Trust") of its interest in the Lease to **[LIST APPROVED LENDERS]** (each a "Permitted Mortgagee") and collaterally assign this Lease and all of Tenant's rights hereunder to each such lender. Landlord agrees to execute any additional documents or further assurances as may be reasonably requested in connection with each lender's Leasehold Deed of Trust.

Section 13.2 Consent Required for Termination and Amendments. No termination, cancellation, surrender, modification or amendment of this Lease by agreement between Landlord and Tenant shall be effective unless consented to in writing by each Permitted Mortgagee, as applicable, which consent shall not be unreasonably conditioned, delayed, or withheld.

XIV. PURCHASE OPTION AND RIGHT OF FIRST REFUSAL

14.1 Purchase Option. Landlord shall have an option (the "Option") to purchase the Improvements after the close of the fifteen (15) year compliance period for the low-income housing tax credits for the Project (the "Compliance Period") as determined under Section 42 of

the Internal Revenue Code of 1986, as amended, and continuing for a period of twelve (12) months thereafter. The purchase price for the Project pursuant to the Option shall be the greater of the following amounts:

(a) Debt and Taxes. An amount sufficient (i) to pay all debts (including member loans and any credit adjusters owing to the members) and liabilities of Tenant upon its termination and liquidation as projected to occur immediately following the sale pursuant to the Option, and (ii) to distribute to the members of Tenant cash proceeds equal to the taxes projected to be imposed on the members of Tenant as a result of the sale pursuant to the Option; or

(b) Fair Market Value. The fair market value of the Improvements, as determined by an appraisal made by a licensed appraiser, mutually selected by the parties, who has experience in the geographic area in which the Improvements are located. Any such appraisal shall take into account any restrictions on record applicable to the Project at that time.

14.2 Right of First Refusal – In the event that Tenant receives a bona fide offer to purchase the Improvements, which offer Tenant intends to accept, Landlord shall have a right of first refusal to purchase the Improvements (the “ROFR”). Prior to accepting any such bona fide offer to purchase the Improvements, Tenant shall notify Landlord and provide Landlord a copy thereof. The purchase price for the Improvements pursuant to the ROFR shall be equal to the price of the bona fide offer. The ROFR shall expire ninety (90) days after notice to Landlord if Landlord does not provide notice to the Tenant of its intent to exercise its rights hereunder.

XV. DEFAULT AND REMEDIES

15.1 Tenant’s Default. The occurrence of any of the following shall constitute a material default and breach of this Ground Lease by Tenant (an “Event of Default”):

- (a) Any failure by Tenant to make any payment required hereunder when due.
- (b) A failure by Tenant to perform any of the items required to be performed by Tenant in its construction of the Improvements.
- (c) A failure by Tenant to begin construction on Improvements within six (6) months of the date of the Effective Date.
- (d) A failure by Tenant to complete construction on Improvements within two (2) years of the date of the Effective Date.
- (e) Any lien is filed against the Land and is not released within fifteen (15) days.
- (g) A failure by Tenant to observe and perform any other provision of this Ground Lease to be observed or performed by Tenant, where such failure continues for thirty (30) days after written notice thereof by Landlord to Tenant; provided, however, that if the nature of such default is such that the same cannot reasonably be cured within such 30-day period, Tenant shall not be deemed to be in default if Tenant shall within such period commence such cure and thereafter diligently proceed to complete such cure so long as the cure is complete within 120 days following the initial written notice of the default.
- (h) The making by Tenant of any general assignment for the benefit of creditors; the filing by or against Tenant of a petition to have Tenant adjudged a bankrupt or of a petition for reorganization or arrangement under any law relating to bankruptcy (unless, in the case of a petition filed against Tenant, the same is dismissed within ninety (90) days); or the appointment of a trustee or receiver to take possession the Project, where possession is not restored to Tenant within ninety (90) days.
- (i) Tenant defaults under any Leasehold Deed of Trust.

(j) Tenant fails to comply with the Affordability Restrictions at any time during the Term of this Lease.

15.2 Remedies. Upon the occurrence of an Event of Default by Tenant, then in addition to any other remedies available to Landlord at law or in equity, Landlord shall have the immediate option to terminate this Ground Lease and all rights of Tenant hereunder by giving written notice of such intention to terminate, and in such event, Landlord may recover damages from Tenant.

XVI. RIGHTS AND OBLIGATIONS UPON TERMINATION

16.1 Surrender of Land and Improvements. Upon the expiration or earlier termination of this Ground Lease pursuant to the terms hereof, Tenant shall surrender to Landlord the Land, the Project and all Improvements in good order, condition and repair (except for reasonable wear and tear, and takings by eminent domain) and free and clear of all liens and encumbrances (other than those permitted hereby or otherwise created or consented to by Landlord); provided, however, that Tenant shall have no right to voluntarily surrender the Property (except a surrender upon the expiration of the Term or upon termination by Landlord pursuant to and subject to the provisions of this Ground Lease). If requested to do so, Tenant shall also execute, acknowledge and deliver to Landlord such instruments as may be necessary or desirable to effectuate the termination of the Ground Lease, the transfer of Tenant's Leasehold Interest in the Land to the Landlord, or to perfect Landlord's right, title and interest in and to the Land, the Project and all Improvements.

XVII. BINDING NATURE

17.1 Run with the Land. The rights and obligations under this Lease shall run with the land and be binding on Landlord's successors and assigns. A memorandum of lease in form attached hereto as Exhibit B shall be executed by the parties hereto and recorded with the Orange County Register of Deeds.

XVIII. SOURCE OF INCOME DISCRIMINATION

18.1 Source of Income Discrimination. Tenant shall not refuse to lease any residential unit within the Project to a holder of a voucher or certificate of eligibility under Section 8 of the United States Housing Act of 1937 because of the status of the prospective tenant as such a holder nor may Tenant disqualify a prospective tenant from leasing a residential unit within the Project based on Tenant's refusal to consider any lawful source of income.

XIX. MISCELLANEOUS

19.1 Non-Discrimination. To the extent permitted by North Carolina law, the parties for themselves, their agents, officials, directors, officers, members, representatives, employees, and contractors agree not to discriminate in any manner or in any form based on actual or perceived age, mental or physical disability, sex, religion, creed, race, color, sexual orientation, gender identity or expression, familial or marital status, economic status, veteran status or national origin in connection with this Lease or its performance.

19.2 Iran Divestment Act Certification. Tenant certifies that, as of the date listed below, it is not on the Final Divestment List as created by the State Treasurer pursuant to N.C.G.S. § 147-86.55, et seq. In compliance with the requirements of the Iran Divestment Act and N.C.G.S. § 147-86.59, Tenant shall not utilize in the performance of the Lease any subcontractor that is identified on the Final Divestment List.

19.3 Israel Boycott. The Tenant certifies that it has not been designated by the North Carolina State Treasurer as a company engaged in the boycott of Israel pursuant to N.C.G.S. 147-86.81.

19.4 E-Verify. Tenant shall comply with E-Verify, the federal E-Verify program operated by the United States Department of Homeland Security and other federal agencies, or any

successor or equivalent program used to verify the work authorization of newly hired employees pursuant to federal law and as in accordance with N.C.G.S. §64-25 et seq. In addition, to the best of Tenant’s knowledge, any subcontractor employed by Tenant as a part of this Lease shall be in compliance with the requirements of E-Verify and N.C.G.S. §64-25 et seq.

[signatures follow]

EXHIBIT A

LEGAL DESCRIPTION

All that certain tract or parcel of land, situated, and lying and being in the Northwest corner of Carver Street Extension as per Deed Book 231, at Page 1195, Orange County Registry, and the Northwest corner of the property of William Norwood as per Deed Book 121, at Page 214, Orange County Registry, running thence with the Eastern margin or Edgar Gear Heirs (Deed Book 125, at Page 50) North 22° 30' 00" West 252.12 feet to iron pin, the Southern margin of the property of the Town of Chapel Hill (Deed Book 221, Page 793, Orange County Registry) South 88° 03' 36" East 738.87 feet to an iron pipe in the Western margin of other property of Seibel, Anderson and Stewart; running thence with said margin South 02° 29' 12" West 109.45 feet to an iron pipe; running thence with Norwood, Burnett, and Caldwell South 66° 32' 00" West 443.92 feet to an iron stake, the Southeast corner of the property of William Norwood (Deed Book 121, Page 214, Orange County Registry) running thence Norwood North 21° 37' 24" West 163.92 feet to an iron pipe; running thence South 66° 22' 34" West 185.19 feet to the point and place of BEGINNING and being 3.23 acres, more or less, according to survey of Stephen E Wilson, R.L.S.

EXHIBIT B

FORM OF MEMORANDUM OF GROUND LEASE

Prepared by and after recording return to:

Sarah Goodin
Ellinger & Carr PLLC
2840 Plaza Place, Suite 360
Raleigh, NC 27612

STATE OF NORTH CAROLINA

COUNTY OF ORANGE

MEMORANDUM OF GROUND LEASE

WHEREAS, by that certain Ground Lease entered into as of [_____, 2023] (the "Lease"), TOWN OF CHAPEL HILL (the "Landlord") leased unto TRINITY COURT REDEVELOPMENT, LLC (the "Tenant") that certain real property in the Town of Chapel Hill, Orange County, State of North Carolina, more particularly described in Exhibit A attached hereto and incorporated herein by reference (the "Premises"); and

WHEREAS, the Premises has been leased to Tenant pursuant to the Ground Lease beginning [_____, 2023] (the "Commencement Date") and terminating on [_____, _____] subject to extension or earlier termination as contemplated by the Lease.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

Landlord and Tenant have signed this Memorandum of Lease for the purpose of providing record notice of the Lease by recording this Memorandum of Lease in the real estate records of the Orange County Register of Deeds, State of North Carolina; and

The parties agree that the terms of the Lease shall not be affected in any way by this Memorandum of Lease.

[SIGNATURES FOLLOW]

IN WITNESS WHEREOF, the parties have caused this Memorandum of Lease to be duly executed this [____ day of _____, 2023].

LANDLORD:

TOWN OF CHAPEL HILL

By: _____
, Town Manager

ATTEST:

By: _____
, Deputy Town Clerk

(Affix Seal)

Approved as to legal form: _____
_____, Town Attorney

NORTH CAROLINA

COUNTY OF ORANGE

TOWN ACKNOWLEDGEMENT

This is to certify that on the ____ day of _____, 2023, before me personally came _____, with whom I am personally acquainted, who, being by me duly sworn, says that he is the Deputy Town Clerk and _____, is the Town Manager of the Town of Chapel Hill, the municipal corporation described herein and which voluntarily executed the foregoing; that he knows the corporate seal of said municipal corporation; that the seal affixed to the foregoing instrument is said corporate seal, and the name of the municipal corporation was subscribed thereto by the said Deputy Town Clerk and that the said seal was affixed, all by order of the governing body of said municipal corporation, and that the said instrument is the act and deed of said municipal corporation.

WITNESS my hand and official seal, this the ____ day of _____, 2023.

(SEAL-STAMP)

Notary Public: _____

My Commission expires: _____

TENANT:

TRINITY COURT REDEVELOPMENT, LLC
a North Carolina limited liability company

By: _____ [SEAL]
Name: _____
Title: _____

STATE OF NORTH CAROLINA
COUNTY OF _____

I, the undersigned, a Notary Public of the County and State aforesaid, certify that the following person personally appeared before me this day, and

- I have personal knowledge of the identity of the principal(s);
- I have seen satisfactory evidence of the principal's identity, by a current state or federal identification with the principal's photograph in the form of a _____; or
- A credible witness has sworn to the identity of the principal(s);

each acknowledging to me that he/she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: _____, _____ of Trinity Court Redevelopment, LLC.

Witness my hand and official seal, this the ____ day of _____, 2023.

_____, Notary Public
(Notary Signature)

[NOTARY SEAL]

(Print Name of Notary)

My Commission Expires: _____

EXHIBIT A
PREMISES

All that certain tract or parcel of land, situated, and lying and being in the Northwest corner of Carver Street Extension as per Deed Book 231, at Page 1195, Orange County Registry, and the Northwest corner of the property of William Norwood as per Deed Book 121, at Page 214, Orange County Registry, running thence with the Eastern margin or Edgar Gear Heirs (Deed Book 125, at Page 50) North 22° 30' 00" West 252.12 feet to iron pin, the Southern margin of the property of the Town of Chapel Hill (Deed Book 221, Page 793, Orange County Registry) South 88° 03' 36" East 738.87 feet to an iron pipe in the Western margin of other property of Seibel, Anderson and Stewart; running thence with said margin South 02° 29' 12" West 109.45 feet to an iron pipe; running thence with Norwood, Burnett, and Caldwell South 66° 32' 00" West 443.92 feet to an iron stake, the Southeast corner of the property of William Norwood (Deed Book 121, Page 214, Orange County Registry) running thence Norwood North 21° 37' 24" West 163.92 feet to an iron pipe; running thence South 66° 22' 34" West 185.19 feet to the point and place of BEGINNING and being 3.23 acres, more or less, according to survey of Stephen E Wilson, R.L.S.