

PROJECT COMPLETION AND AGENCY AGREEMENT

THIS PROJECT COMPLETION AND AGENCY AGREEMENT is dated as of March 1, 2010, and is entered into by and between **TRANSYLVANIA COUNTY, NORTH CAROLINA**, as principal (the "County"), and **THE TRANSYLVANIA COUNTY BOARD OF EDUCATION**, as agent (the "School Board").

WITNESSETH:

The County and the School Board have agreed upon a plan to undertake the construction of a Career and Technical Education Facility at Rosman High School (the "Project"). The County has also stated an intent to finance project costs by the use of an installment contract, as authorized under Section 160A-20 of the North Carolina General Statutes, that qualifies as a "qualified school construction bond" (a "QSCB"). The QSCB program is a federal tax credit program that provides for very low cost financing for qualified school projects.

As part of such plan of financing, the County has executed and delivered a Financing Agreement and Deed of Trust (the "Financing Agreement") for the benefit of Branch Banking and Trust Company (the "Bank"), providing for the financing of the Project. As part of the plan of financing, the School Board has conveyed title to a portion of the Rosman High School property to the County, and then leased back the property pursuant to a Lease dated as of March 1, 2010 (the "Lease").

The County desires to designate the School Board as its agent to carry out the Project. The School Board is willing to accept such an appointment pursuant to the terms of this Agreement, to act as the County's agent and to carry out the Project.

NOW, THEREFORE, for and in consideration of the mutual promises herein contained and for other valuable consideration, the parties agree as follows:

1. DEFINITIONS.

Capitalized terms used in this Agreement and not otherwise defined have the meanings assigned in the Financing Agreement. All references to the Bank include the Bank's successors and assigns pursuant to the Financing Agreement and the transactions contemplated by the Financing Agreement.

2. APPOINTMENT; ACCEPTANCE.

The County irrevocably appoints the School Board as its agent to carry out all phases of the Project. The School Board, as the County's agent, assumes all the County's rights, duties and responsibilities regarding such matters, except as limited in this Agreement. The School Board will appoint no further agent to assume such rights or carry out such duties and responsibilities without the prior written consent of the County and the Bank.

3. CONTRACTS.

The School Board, without the County's approval, may enter into any purchase order or contract with respect to the Project in the School Board's name provided that the sum total of all purchase orders or contracts is within the approved budget for the Project and the amount permitted by the Financing Agreement. Alternatively, the County may require that any such purchase orders or contracts be entered into by the County in its own name or be entered into by the County and the School Board jointly.

All contracts must comply with the public procurement laws and any other State laws applicable to either the School Board or the County, as appropriate, with regard to entering into such contracts. The School Board must provide that contractors provide bonds, insurance coverages and contract assignments that comply with the requirements of North Carolina law.

4. RIGHTS AND RESPONSIBILITIES FOR THE PROJECT.

The School Board, as the County's agent, will be responsible for carrying out the Project, and the School Board will have all rights to supervise the Project.

The County and its representatives and agents will have the right to enter upon the Project sites and inspect the Project work from time to time during construction and after the completion of construction, and the School Board will cause any vendor, contractor or sub-contractor to cooperate with the County and its representatives and agents during such inspections. No right of inspection or approval granted in this Section will be deemed to impose upon the County any duty or obligation whatsoever to undertake any inspection or to make any approval. No inspection made or approval given by the County will be deemed to impose upon the County any duty or obligation whatsoever to identify or correct any defects in the School or to notify any person with respect thereto, and no liability will be imposed upon the County, and no warranties (either express or implied) are made by the County as to the quality or fitness of any improvement, any such inspection and approval being made solely for the County's benefit.

5. SCHOOL BOARD'S RIGHT TO ENFORCE CONTRACTS.

For so long as the School Board is not in default of any of the provisions of this Agreement and the Lease, the School Board will have the right to enforce in its own name or in the County's name purchase orders or contracts entered in the County's name or the School Board's name for the Project; provided however, that if the School Board is in default of any provisions of this Agreement or the Lease for a period of thirty days after being notified by the County of such default without cure, the County will have the right to terminate this Agreement and assume all the School Board's responsibilities for the Project. In the event of such a termination of this Agreement, the School Board will assign any and all right, title and interest to any and all contracts relating to the Project, including but not limited to any architect agreements, any and all engineering agreements, any and all construction agreements, and any and all plans, specifications and other drawings or documents prepared or to be prepared for the Project. The School Board agrees to reimburse to the County for any and all costs, expenses, and damages incurred by the County in the assumption of the rights and responsibilities of the School Board due to such event of default without cure, and to indemnify and hold the County harmless

to the extent permitted by law or covered by applicable insurance for any and all claims for damages by others related to such event of default without cure. Any assignment by the County of any of its rights under the Financing Agreement will not prevent the County from asserting such rights and powers in its own behalf.

6. DISBURSEMENTS FOR PROJECT COSTS.

All the proceeds to be made available to the County pursuant to the Financing Agreement are being paid to the County by the Bank as of the date of the initial execution and delivery of the Financing Agreement. The School Board will request funds from the County for the payment of Project Costs, and will provide the County with the necessary information supporting a requisition, such as an architect's payment certification. The County will have the right to obtain such additional evidence as it deems appropriate to determine the accuracy of the representations set forth in the form of requisition and the propriety of payment. The School Board will provide the County with such information in the School Board's possession as the County may request.

7. APPLICATION OF CASUALTY INSURANCE PROCEEDS.

Notwithstanding any provision of this Agreement, the County retains the sole power to control and direct the application and distribution of proceeds of casualty insurance applicable to the Facilities, as provided in the Financing Agreement.

8. RESERVATION OF RIGHTS.

This Agreement is not to be construed in any way as delegating or limiting the County's rights hereunder or under the Financing Agreement, except as expressly provided herein.

9. CONSIDERATION.

The County and the School Board are undertaking their mutual obligations under this Agreement in partial consideration for, and in partial fulfillment of, their agreement to carry out the Project.

[The remainder of this page has been left blank intentionally.]

IN WITNESS WHEREOF, the parties have caused this Project Completion and Agency Agreement to be executed in their corporate names by their duly authorized officers, all as of the date first above written.

**TRANSYLVANIA COUNTY,
NORTH CAROLINA**

By: _____

Printed name: _____

Title: _____

**THE TRANSYLVANIA COUNTY
BOARD OF EDUCATION**

By: _____

Printed name: _____

Title: _____

<p>This instrument has been preaudited in the manner required by The Local Government Budget and Fiscal Control Act.</p> <p>_____</p> <p>Gay Poor Finance Officer Transylvania County, North Carolina</p>	<p>This instrument has been preaudited in the manner required by the School Budget and Fiscal Control Act.</p> <p>_____</p> <p>Norris Barger Finance Officer The Transylvania County Board of Education</p>
---	---

[Project Completion and Agency Agreement dated as of March 1, 2010]

Prepared by and return after recording to:

Robert M. Jessup Jr.
Sanford Holshouser LLP
209 Lloyd St., Suite 350
Carrboro, NC 27510

STATE OF)
NORTH CAROLINA)
) LEASE
TRANSYLVANIA COUNTY)

THIS LEASE is dated as of March 1, 2010, and is entered into by and between **TRANSYLVANIA COUNTY, NORTH CAROLINA**, as lessor (the "County"), and **THE TRANSYLVANIA COUNTY BOARD OF EDUCATION**, as lessee (the "School Board").

WITNESSETH:

The County and the School Board have agreed upon a plan to undertake the construction of a Career and Technical Education Facility at Rosman High School (the "Project").

To provide financing for the Project, County has entered into a Financing Agreement and Deed of Trust dated as of March 1, 2010 (the "Financing Agreement"), for the benefit of Branch Banking and Trust Company (the "Bank"). As part of the overall plan for the Project, the School Board has transferred to the County a portion of the Rosman High School (the "School") property, as described on Exhibit A (the "Site"), so that such property can serve as collateral for the County's obligations under the Financing Agreement. The County is therefore the record owner of the Site.

The County proposes to lease the School and the Site back to the School Board, so that the School Board can continue to operate the School. The School Board has determined to accept such lease.

NOW THEREFORE, for and in consideration of the mutual promises contained in this Lease, the parties agree as follows:

[The remainder of this page has been left blank intentionally.]

ARTICLE I

DEFINITIONS; RULES OF CONSTRUCTION

All capitalized terms used in this Lease and not otherwise defined have the meanings assigned to them in the Financing Agreement, unless the context clearly requires otherwise. All references to the Bank include the Bank's successors and assigns pursuant to the Financing Agreement and the transactions contemplated by the Financing Agreement.

In addition, the following terms have the meanings specified below, unless the context clearly requires otherwise:

"Event of Default" means one or more events of default as defined in Section 11.1.

"Lease" means this Lease, as it may be duly amended.

"Lease Term" means the term of this Lease as determined pursuant to Article IV.

"Lease Year" means, initially, from the Closing Date through June 30, 2010, and thereafter, means each twelve-month period commencing on July 1 and ending on the next June 30.

"Leased Property" means the Site and all improvements on the Site.

All references to articles or sections are references to articles or sections of this Lease, unless the context clearly indicates otherwise.

ARTICLE II

REPRESENTATIONS, COVENANTS AND WARRANTIES

The County and the School Board each represents, covenants and warrants for the other's benefit as follows:

(a) Neither the execution and delivery of this Lease, nor the fulfillment of or compliance with its terms and conditions, nor the consummation of the transactions contemplated by this Lease, results in a breach of the terms, conditions and provisions of any agreement or instrument to which either is now a party or by which either is bound, or constitutes a default under any of the foregoing.

(b) To the knowledge of each party, there is no litigation or other court or administrative proceeding pending or threatened against such party (or against any other person) affecting such party's rights to execute or deliver this Lease or to comply with its obligations under this Lease. Neither such party's execution and delivery of this Lease, nor its compliance with its obligations under this Lease, requires the approval of any regulatory body or any other entity the approval of which has not been obtained.

ARTICLE III

DEMISE; PRIORITY OF FINANCING AGREEMENT

3.1. Demise. The County hereby leases the Leased Property to the School Board, and the School Board hereby leases the Leased Property from the County, in accordance with the provisions of this Lease, to have and to hold for the Lease Term, subject to the provisions of Sections 3.2.

3.2. Priority of Financing Agreement. Notwithstanding anything in this Lease to the contrary, the School Board's rights to possession of the Leased Property and all its other rights under this Lease are subordinate to the rights of the Bank (and its assigns) as beneficiary under the Financing Agreement. Any judicial sale of, or foreclosure on, the Leased Property pursuant to the Financing Agreement terminates all the School Board's rights under this Lease.

ARTICLE IV

LEASE TERM

4.1. Commencement. The Lease Term commences on the date of the initial execution and delivery of this Lease.

4.2. Termination. The Lease Term terminates upon the earliest of the following:

(a) Judicial sale of or foreclosure on the Leased Property under the Financing Agreement;

(b) The occurrence of an Event of Default under this Lease and subsequent termination by the County pursuant to Section 11.2; or

(c) The date that is 30 days after _____, which is the scheduled date for final payment on the Financing Agreement, except that the Lease Term ends immediately upon the termination of the Financing Agreement if the Financing Agreement is terminated following an event of default by the County under the Financing Agreement.

Termination of the Lease Term terminates all the County's obligations under this Lease, and terminates the School Board's rights of possession under this Lease; but all other provisions of this Lease, including the receipt and disbursement of funds, shall continue until the Financing Agreement is discharged as provided therein.

ARTICLE V

QUIET ENJOYMENT; RECONVEYANCE

5.1. Quiet Enjoyment. The County covenants that the School Board will during the Lease Term peaceably and quietly have and hold and enjoy the Leased Property without suit, trouble or hindrance from the County, except as expressly required or permitted by this Lease. The County will not interfere with the School Board's quiet use and enjoyment of the Leased Property during the Lease Term. The County will, at the School Board's request and the County's cost, join and cooperate fully in any legal action in which the School Board asserts its right to such possession and enjoyment, or which involves the imposition of any taxes or other governmental charges on or in connection with the Leased Property. In addition, the School Board may at its own expense join in any legal action affecting its possession and enjoyment of the Leased Property and will be joined (to the extent legally possible, and at the School Board's expense) in any action affecting its liabilities under this Lease.

The provisions of this Article are subject to rights to inspect the Leased Property granted to parties under the Financing Agreement.

5.2. Reconveyance. The County covenants that it will convey the Leased Property to the School Board within 30 days after the date of the County's final payment on the Financing Agreement, subject to the priority of the Bank's interest as described in Section 3.2. The County will make this conveyance pursuant to a deed in form and substance reasonably acceptable to each party, and free and clear of all encumbrances other than (a) any encumbrances existing at the time of the original conveyance of the Leased Property from the School Board to the County, (b) any encumbrances that arise by operation of law without regard to action or inaction by the School Board or the County (such as regulatory encumbrances or encumbrances related to condemnation by another governmental entity), (c) encumbrances created by the School Board's action, or (d) encumbrances to which the School Board consents or to which it has previously consented.

ARTICLE VI

CONSIDERATION FOR LEASE

6.1. Use as School; Assumption of Obligations. In partial consideration for its acquisition of rights to use the Leased Property during the Lease Term, the School Board agrees to use the Leased Property for public education in fulfillment of its obligation, shared by the County, to provide for educational services in the County. In addition, in consideration of its rights under this Lease, the School Board undertakes the obligations imposed on it under this Lease, including those imposed by Section 7.1.

6.2. Payments. In partial consideration for its acquisition of rights to use the Leased Property during the Lease Term and its option to purchase the Leased Property, the School Board hereby agrees to pay to the County total rent for the Lease Term in the amount of Ten Dollars, payable in advance on the Closing Date, receipt of which the County hereby acknowledges.

ARTICLE VII

SCHOOL BOARD'S ASSUMPTION OF COUNTY'S OBLIGATIONS

7.1 Assumption of Obligations. (a) The School Board assumes the County's obligations as specified in the Project Agreement (as defined below) and under the Financing Agreement, including but not limited to Sections 4.11 (regarding compliance with environmental laws), 4.16 (payment of taxes and other governmental charges), 4.17 (County insurance requirements), 6.01 (compliance with requirements), 6.02 (regarding use and operation), 6.04 (security), 6.05 (utilities), 6.06 (risk of loss), 6.07 (condemnation), 6.09 (prevention of liens), and 6.10 (regarding notice of damage, repair or replacement from Net Proceeds). The parties agree that the School Board may fulfill its requirements to maintain insurance through pooled risk and similar programs sponsored by or affiliated with the North Carolina School Boards Association, such as the North Carolina School Boards Trust Errors and Omissions / General Liability Fund.

The "Project Agreement" is the Project Completion and Agency Agreement of even date between the County and the School Board.

(b) Notwithstanding the foregoing, the County retains its rights under Section 6.10 of the Financing Agreement to direct the use of Net Proceeds. All payments of Net Proceeds will be made to the County.

7.2 Transfer of Rights. In order to allow the School Board to carry out its obligations under Section 7.1, the County transfers its rights under Section 6.03 of the Financing Agreement (regarding repairs and additions of and to the Leased Property). Nothing in this Section, however, may be construed as in any way assigning or delegating to the School Board any of the County's rights or responsibilities to make decisions regarding the School Board's capital and operating budgets.

7.3 County's Cooperation. (a) The County will cooperate fully with the School Board in filing any proof of loss or taking any other action under this Lease. Except as and to the extent provided in subsection (b), in no event will the County or the School Board voluntarily settle, or consent to the settlement of, any proceeding arising out of any insurance claim with respect to the Leased Property without the other's written consent.

(b) In the case of a proceeding as to which amounts are to be paid out by the County or the School Board, either party may settle or consent to settlement without the other's consent if the amount of the settlement (i) is less than \$50,000 or (ii) is to be paid entirely by insurance providers or other third parties.

7.4 Advances; Performance of Obligations. If the School Board fails to pay any amount required to be paid by it under this Lease, or fails to take any other action required of it under this Lease, the County may (but is under no obligation to) pay such amounts or perform such other obligations. The School Board agrees to reimburse the County for any such payments or for its costs incurred in connection with performing such other obligations, together with interest thereon at the annual rate of 5.00%.

ARTICLE VIII

DISCLAIMER OF WARRANTIES; OTHER COVENANTS

8.1. Disclaimer of Warranties. THE COUNTY MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR FITNESS FOR A PARTICULAR USE OF THE LEASED PROPERTY OR ANY PART THEREOF OR ANY OTHER REPRESENTATION OR WARRANTY WITH RESPECT TO THE LEASED PROPERTY OR ANY PART THEREOF. In no event will the County be liable for any direct or indirect, incidental, special or consequential damage in connection with or arising out of this Lease or the existence, furnishing, functioning or use by any of them of any item, product or service provided for herein.

The School Board acknowledges that the County has not designed the School or any other improvements on the Site (together, the "Improvements"), that the County has not supplied any plans or specifications with respect thereto and that the County (a) is not a manufacturer of, nor a dealer in, any of the component parts of the Improvements or similar facilities, (b) has not made any recommendation, given any advice nor taken any other action with respect to (1) the choice of any supplier, vendor or designer of, or any other contractor with respect to, the Improvements or any component part thereof or any property or rights relating thereto, or (2) any action taken or to be taken with respect to the Improvements or any component part thereof or any property or rights relating thereto at any stage of the construction thereof, (c) has not at any time had physical possession of the Improvements or any component part thereof or made any inspection thereof or any property or rights relating thereto, and (d) has not made any warranty or other representation, express or implied, that the Improvements or any component part thereof or any property or rights relating thereto (1) will not result in or cause injury or damage to persons or property, (2) have been or will be properly designed, or will accomplish the results which the School Board intends therefor, or (3) are safe in any manner or respect.

8.2. Further Assurances; Corrective Instruments. The School Board and the County agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Leased Property hereby leased, or intended so to be, or for otherwise carrying out the intention of this Lease.

8.3. Covenant against Financing Agreement Defaults. The School Board covenants not to take or omit to take any action the taking or omission of which would cause the County to be in default, technical or otherwise, under the Financing Agreement. In particular, the School Board covenants not to make any use of the School that would cause the County's obligations to make Installment Payments under the Financing Agreement to be "private activity bonds" within the meaning of the Code, such as entering into any leases of any part of the Leased Property or entering into any contracts for the use, management or operation of any part of the Leased Property without the County's consent. If the School Board takes or omit to take any such action, then, to

the extent permitted by law, the School Board will proceed with all due diligence to take such actions as may be necessary to cure such default.

8.4. Compliance with Requirements. The School Board and the County must observe and comply promptly with all current and future orders of all courts having jurisdiction over the Leased Property or any portion thereof (or be diligently and in good faith contesting such orders), and all current and future requirements of all insurance companies writing policies covering the Leased Property or any portion thereof.

8.5. Personal Property Insurance. The School Board acknowledges that it is solely responsible for insuring the personal property owned by the School Board that at any time or from time to time may be located at the Leased Property.

8.6. Permits and Other Authorizations. The School Board covenants and represents to the County that the School Board has obtained all permits, consents, approvals or authorizations of all governmental entities and regulatory bodies required as a condition to the School Board's entering into this Lease. The School Board further covenants and warrants that prior to the use of the School for School purposes, the School Board will obtain, and will thereafter maintain through the duration of this Lease, all further permits, consents, approval or authorizations of all governmental entities and regulatory bodies necessary to operate the School.

ARTICLE IX

TITLE TO LEASED PROPERTY

Except for personal property purchased by the School Board at its own expense, title to the Leased Property and any and all additions and modifications to or replacements of any portion of the Leased Property will be held in the County's name, subject only to Permitted Encumbrances, until foreclosed upon or conveyed as provided in the Financing Agreement or the Financing Agreement, notwithstanding (a) the occurrence of one or more events of default as defined in Financing Agreement Section 10.1; (b) the occurrence of any event of damage, destruction, condemnation or construction or title defect; or (c) the County's violation of any provision of this Lease.

The School Board has no right, title or interest in the Leased Property or any additions and modifications to or replacements of any portion of the Leased Property, except as expressly set forth in this Lease, or the reverter deed by which the School Board conveyed title to the Leased Property to the County.

ARTICLE X

SUBLEASING, ASSIGNMENT, AND INDEMNIFICATION

10.1. School Board's Subleasing and Assignment. (a) Except as provided in subsection (b), the School Board may not sublease the Leased Property, in whole or in part, enter into other agreements for the use of any part of the Leased Property or assign any of its rights or obligations under this Lease, without the County's prior written consent.

(b) The School Board may enter into agreements for the use of portions of the Leased Property with state and local (but not federal) government entities, and may allow for the occasional use of portions of the Leased Property by non-government entities, in each case without the necessity of obtaining the County's prior consent. The School Board must certify to the County, by September 15 of each year, that the total use of the Leased Property by entities other than the School Board did not exceed 8% of the total use of the Leased Property. The School Board shall provide the County with such additional information as the County may request to document compliance with the County's covenants under the Financing Agreement related to the use of the property and the continuing general exemption from federal income tax of the County's payments of interest under the Financing Agreement.

(c) The School Board's obligations under Section 8.3 take priority over the School Board's rights under this Section 10.1. The School Board's allowing use of the Leased Property pursuant to this Section 10.1 will not constitute a violation of the School Board's obligations under Section 6.1 or otherwise to use the Leased Property for public education purposes.

10.2. Indemnification. To the extent permitted by law, the School Board will indemnify and save the County harmless against and from all claims, by or on behalf of any person, firm, corporation or other legal entity, arising from the operation or management of the Leased Property during the Lease Term, including any arising from: (a) any condition of the Leased Property; or (b) any negligent act of the School Board or of any of its agents, contractors or employees or any violation of law by the School Board or breach of any covenant or warranty by the School Board under this Lease. The School Board will, upon notice from the County, defend or pay the cost of defending the County in any action or proceeding brought in connection with any claims arising out of circumstances described in (a) or (b) above.

ARTICLE XI

EVENTS OF DEFAULT

11.1. Events of Default. The following will be "Events of Default" under this Lease and the term "Default" shall mean, whenever it is used in this Lease, any one or more of the following events:

(a) The School Board's failure to observe and perform any covenant, condition or agreement on its part to be observed or performed for a period of 30 days after written notice specifying such failure and requesting that it be remedied has been given to the School Board by the County or the Bank, unless the County and the Bank agree in writing to an extension of such time prior to its expiration.

(b) The dissolution or liquidation of the School Board or the voluntary initiation by the School Board of any proceeding under any federal or State law relating to bankruptcy, insolvency, arrangement, reorganization, readjustment of debt or any other form of debtor relief, or the initiation against the School Board of any such proceeding which remains undismissed for sixty days, or the entry by the School Board into an agreement of composition with creditors or the School Board's failure generally to pay its debts as they become due.

11.2. Remedies on Default. Whenever any Event of Default is continuing, the County may take one or any combination of the following remedial steps:

(a) Terminate this Lease, evict the School Board from the Leased Property or any portion thereof and re-lease the Leased Property or any portion thereof;

(b) Have reasonable access to and inspect, examine and make copies of the School Board's books and records and accounts during the School Board's regular business hours, if reasonably necessary in the County's opinion; or

(c) Take whatever action at law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the School Board under this Lease.

11.3. No Remedy Exclusive. No remedy herein conferred upon or reserved to the County is intended to be exclusive, and every such remedy will be cumulative and will be in addition to every other remedy given under this Lease and every remedy now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default will impair any such right or power, and any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the County to exercise any remedy reserved in this Article XI, it will not be necessary to give any notice, other than such notice as may be required in this Article XI.

11.4. Waivers. If either party should breach any agreement contained in this Lease and thereafter the other party waives the breach, such waiver will be limited to the particular breach so waived and will not be deemed to waive any other breach under this Lease. The County, however, shall have no right to waive any Event of Default without the Bank's consent. A waiver of an event of default under the Financing Agreement constitutes a waiver of any corresponding Event of Default under this Lease; provided that no such waiver will extend to or affect any subsequent or other Event of Default under this Lease or otherwise impair any right consequent thereon.

11.5. Agreement To Pay Attorneys' Fees and Expenses. If the School Board defaults under any Lease provision and the County or the Bank employs attorneys or incurs other expenses for the collection of any payments due under this Lease, or the enforcement of performance or observance of any obligation or agreement on the part of the defaulting party contained in this Lease, the School Board agrees that, to the extent permitted by law, it will pay on demand therefor to the County or the Bank, as the case may be, the fees of such attorneys and such other expenses so incurred by the non-defaulting party, to the extent that such attorneys' fees and expenses may be determined to be reasonable by a court of competent jurisdiction.

11.6. Waiver of Appraisement, Valuation, Stay, Extension, and Redemption Laws.

The School Board and the County agree, to the extent permitted by law, that upon a termination of the Lease Term by reason of an Event of Default, neither the School Board nor the County nor any one claiming through or under either of them will set up, claim or seek to take advantage of any appraisement, valuation, stay, extension or redemption laws now or hereafter in force in order to prevent or hinder the enforcement of the Financing Agreement or of any remedy provided under this Lease or under the Financing Agreement; and the School Board and the County, for themselves and all who may at any time claim through or under either of them, each hereby waives, to the full extent that it may lawfully do so, the benefit of such laws.

ARTICLE XII

MISCELLANEOUS

12.1. Notices. All notices, certificates or other communications under this Lease will be sufficiently given and will be deemed given when delivered or mailed by registered mail, postage prepaid, addressed as follows:

- (a) If intended for the County, addressed to it at the following address: Transylvania County, Attention: County Manager, Re: Notice under 2010 School Financing Lease, 21 East Main St., Brevard, North Carolina 28712;
- (b) If intended for the School Board, to Superintendent, Transylvania County Schools, Attention: Notice under 2010 School Financing Lease, 225 Rosenwald Lane, Brevard, North Carolina 28712.

A copy of any notice under this Lease must also be sent simultaneously to the Bank at the following address: Branch Banking and Trust Company, Attention: Account Administration/Municipal, Re: Notice under 2010 Transylvania County School Financing Lease, 5130 Parkway Plaza Boulevard, Building 9, Charlotte, North Carolina 28217.

12.2. Binding Effect. This Lease will inure to the benefit of and shall be binding upon the School Board and the County, and their respective successors and assigns, subject, however, to the limitations contained in Article X.

12.3. Amendments, Changes and Modifications. This Lease may not be amended without the Bank's written consent.

12.4. Net Lease. This Lease will be deemed and construed to be a "net lease," and the School Board will pay absolutely net during the Lease Term all other payments required under this Lease, free of any deductions, and without abatement or set-off.

12.5. Payments Due on Holidays. If the date for making any payment or the last day for performance of any act or the exercising of any right, as provided in this Lease, shall not be a

Business Day, such payment must be made or act performed or right exercised on the next preceding day that is a Business Day.

12.6. Severability. If any provision of this Lease, other than the requirement of the County to provide quiet enjoyment of the Leased Property, is held invalid or unenforceable by any court of competent jurisdiction, such holding will not invalidate or render unenforceable any other provision hereof.

12.7. Execution in Counterparts. This Lease may be simultaneously executed in several counterparts, each of which will be an original and all of which will constitute but one and the same instrument.

12.8. Applicable Law. The parties intend that this Lease will be governed by and construed in accordance with State law.

12.9. School Board and County Representatives. Whenever under the provisions hereof the approval of the School Board or the County is required to take some action at the request of the other, unless otherwise provided, such approval or such request must be given (a) for the County by the County Representative, and (b) for the School Board by its Superintendent, its Chairman or anyone designated in writing by such Chairman or Superintendent to the County Manager to perform any act (or any specified act) under this Lease, and in any such case the School Board and the County will be authorized to act on any such approval or request.

12.10. Memorandum of Lease. At the request of either party, the County and the School Board will at any time execute a memorandum of this Lease legally sufficient to comply with the relevant provisions of the North Carolina General Statutes.

12.11. Third-Party Beneficiary. The Bank and its successors or assigns as beneficiary under the Financing Agreement are intended by the County and the School Board to be third-party beneficiaries of this Lease.

[The remainder of this page has been left blank intentionally.]

IN WITNESS WHEREOF, the parties hereto have caused this Lease to be executed in their corporate names by their duly authorized officers, all as of the date first above written.

[SEAL]
ATTEST:

**TRANSYLVANIA COUNTY,
NORTH CAROLINA**

[name]
Clerk, Board of Commissioners

By: _____
[name]
Chairman, Board of Commissioners

[SEAL]
ATTEST:

**THE TRANSYLVANIA COUNTY
BOARD OF EDUCATION**

Dr. Jeff McDaris
Superintendent and Ex-Officio Secretary

By: _____
Mr. Chris Whitmire
Chairman

This instrument has been preaudited in the manner required by The Local Government Budget and Fiscal Control Act.

[name]
Finance Officer
Transylvania County, North Carolina

This instrument has been preaudited in the manner required by the School Budget and Fiscal Control Act

Norris Barger
Finance Officer
The Transylvania County Board of Education

[Lease dated as of March 1, 2010]

STATE OF NORTH CAROLINA; TRANSYLVANIA COUNTY

I, _____, a Notary Public of said State and County, do hereby certify that [name] and [name] personally came before me this day and acknowledged that they are the Clerk and Chairman, respectively, of the Board of Commissioners of Transylvania County, North Carolina, and that by authority duly given and as the act of such County, the foregoing instrument was signed in the County's name by such Chairman, sealed with its corporate seal and attested by such Clerk.

Witness my hand and official seal this ____ day of March, 2010.

Notary Public

My commission expires: _____

STATE OF NORTH CAROLINA; TRANSYLVANIA COUNTY

I, _____, a Notary Public of said State and County, do hereby certify that Dr. Jeff McDaris with whom I am personally acquainted, who, being by me duly sworn, says that he is the Superintendent and Ex-Officio Secretary of The Transylvania County Board of Education and that Mr. Chris Whitmire is the Chairman of such Board of Education, the Board described in and which executed the foregoing instrument; that he knows the common seal of said Board; that the seal affixed to the foregoing instrument is said common seal, and the name of the Board was subscribed thereto by the said Chairman, and that said Chairman and Secretary subscribed their names thereto, and said common seal was affixed, all by order of the Board and that the said instrument is the act and deed of said Board.

Witness my hand and official seal this ____ day of March, 2010.

Notary Public

My commission expires: _____

EXHIBIT A

SITE DESCRIPTION