GUILFORD COUNTY

This LEASE AGREEMENT made as of the 1st day of March, 1994, by and between CONE MILLS CORPORATION, a North Carolina corporation with its principal place of business in Greensboro, Guilford County, North Carolina, (hereinafter "Cone") and LAKE JEANETTE ASSOCIATION, INC., a North Carolina non-profit corporation with its office in Greensboro, Guilford County, North Carolina, (hereinafter "Association").

WITNESSETH THAT:

WHEREAS, Cone is the owner of a tract of land located in the City of Greensboro, North Carolina, more particularly described on Exhibit "A" attached hereto and incorporated herein by reference, (the "Lake Tract") upon which is located Lake Jeanette (the "Lake"); and

WHEREAS, Cone constructed the Lake in 1942 for the purpose of providing water to its Greensboro manufacturing operations directly and through other lakes owned and maintained by Cone; and

WHEREAS, Cone has previously conveyed and will convey in the future portions of land adjacent to and in the vicinity of the Lake Tract to Cornwallis Development Co., a North Carolina corporation with its principal place of business in Greensboro, North Carolina, ("Cornwallis") for the purpose of developing a multi-use planned unit development known as Lake Jeanette ("Lake Jeanette Development"); and

WHEREAS, the Association was incorporated to own, manage, maintain and operate certain common areas and to provide certain services to the owners of Lots in Lake Jeanette Development as more particularly described in the various declarations for Lake Jeanette Development (the "Master Declarations"); and

WHEREAS, by Lease Agreement dated June 6, 1988 (the "Prior Lease"), Cone leased to Association a portion of the Lake Tract located west of the raw water line crossing the Lake from north to south (the "Prior Lease Premises"); and

WHEREAS, Cone and Association wish to amend the Prior Lease to combine the leased premises described therein with the Premises of this Lease, hereinafter defined, such that all of the Lake Tract will be included in this one Agreement which shall become the surviving Lease Agreement between Cone and Association for the Lake Tract; and

WHEREAS, Cone wishes to lease the Lake Tract to the Association, subject to the restrictions set forth herein, so that the Association's members may make non-exclusive use of the Lake Tract and the Lake for recreation and conservation purposes in exchange for the Association assuming certain responsibilities for the maintenance, upkeep and supervision of activities on the Lake and the Lake Tract; and

WHEREAS, the Association is willing to assume such responsibilities on the terms and conditions set forth herein.

NOW, THEREFORE, for and in consideration of the premises and the sum of Ten Dollars (\$10.00) to each in hand paid, the receipt and sufficiency of which is hereby acknowledged, Cone and the Association hereby agree as follows:

- 1. Lease. Cone hereby leases to the Association and the Association leases from Cone the Lake Tract, as it may be amended and altered from time to time as herein provided.
- 2. Term. The term of this Lease shall be for a period of sixty-six (66) years, three (3) months and five (5) days, beginning March 1, 1994, and ending on June 5, 2060, unless sooner terminated as herein provided. The Lease shall automatically be extended for four (4) ten (10) year periods unless one party gives the other written notice at least one hundred eighty (180) days prior to the expiration date or next expiration date, as the case may be, of its desire not to extend the Lease in which event the Lease shall terminate on June 5th of the year following the notice period. Anything to the contrary herein notwithstanding, this Lease may be terminated as otherwise provided herein.
- The Lake Tract may be used by the Permitted Uses. Association, its members and their immediate families, and any sublessee and/or permitted assignee and its or their members (as more specifically set forth in Paragraph 11 hereof) only for boating and fishing purposes (the "Permitted Uses"). The term "boating" specifically excludes the use of rubber or other synthetic rafts, inner tubes and other similar flotation devices. The Permitted Uses shall at all times be conducted in accordance with the Rules and Regulations for the Use of Lake Jeanette as promulgated by the Association (the "Association Rules and Regulations") and any Rules and Regulations of any sublessee and/or assignee (the "Assignee Rules and Regulations"). Association Rules and Regulations and the Assignee Rules and Regulations and any amendments thereto shall be subject to the prior written consent of Cone and Cornwallis. The Permitted Uses shall be subject to and shall at all times be conducted in accordance with all applicable federal, state and local laws, ordinances, rules and regulations.

- 4. Prohibited Uses. The Lake Tract may not be used for any purposes other than the Permitted Uses. The following activities are, without limitation, specifically prohibited: swimming, water skiing and similar activities, wind surfing, jet skiing, hunting and any commercial or business use. Association may not construct any improvements, including, but not limited to, trails, gazebos, docks and piers, on the Lake Tract without the prior written consent of Cone.
- 5. Cone's Retained Rights. Anything to the contrary herein notwithstanding, the rights granted to the Association herein are non-exclusive and Cone hereby retains the following:
- A. The right to use the Lake Tract for its own benefit and operations including using the water in Lake Jeanette and to transfer such water to other lakes owned by Cone and to Cone operated manufacturing facilities even if such use and transfer reduces the water level or exhausts the supply of water in the Lake;
- B. The right to grant to Cornwallis, individual Lot Owners, the Master and Section Associations, the owners and lessees of other property owned or to be owned or developed or to be developed by Cone and/or Cornwallis, appropriate governmental authorities and such other persons or entities as Cone, in its sole and unfettered discretion shall determine, rights of use, rights of access, easements, licenses and any other interest, whether in the nature of real or personal property, in the Lake Tract or any portion thereof;
- C. The right, at any time and from time to time, to amend the legal description of the Lake Tract to add to or delete property therefrom;
- D. The right to construct, install, maintain and remove any and all types of streets, walks and roads, utilities and erosion control devices and measures;
- E. The right to take such action as Cone, in its sole and unfettered discretion, shall determine to maintain the Lake in a safe, sanitary and healthful condition and to keep the Lake Tract free from contamination, impurities and deleterious substances; provided, however, nothing herein shall relieve the Association from discharging its duties as set forth in Paragraph 7 below; and
- F. The right and obligation to operate, maintain, repair and reconstruct the Lake Jeanette dam, spillway, pumping station and all related equipment and facilities. This obligation of Cone to operate and maintain the dam and related equipment shall remain in force and effect until such time, if ever, as Cone, in its sole and unfettered discretion, releases to

Association Cone's right to use the water in the Lake as more particularly described in Paragraph 5(A) above. At such time, if ever, as Cone shall release to Association Cone's right to use the water in the Lake, Association shall assume all responsibility for and be liable for all upkeep and maintenance, at its own cost, of the dam, spillway, pumping station and all related equipment.

- G. The right and obligation to pay the ad valorem taxes on the Lake Tract, including any improvements located thereon belonging to Cone or Cornwallis, but specifically excluding any improvements located thereon belonging to the Association, any Section Association or any permitted lessee or assignee of any portion of the Lake Tract. This obligation of Cone to pay ad valorem taxes shall remain in force and effect until such time, if ever, as Cone releases to Association Cone's right to use the water in the Lake as more particularly described in Paragraph 5(A) above. At such time, if ever, as Cone shall release to Association Cone's right to use the water in the Lake, Association shall be liable to pay all ad valorem taxes on the Lake Tract including any improvements located thereon by whomever owned.
- 6. Rights of Others. The rights granted to Association in this Lease are subject to Cone's rights as Landlord, to the rights specifically retained by Cone in Paragraph 5 above and to certain specific rights previously granted to others as follows:
- A. The rights granted to Association under the Prior Lease;
- B. The rights of access and use to the Lake Tract granted to Lakeview Lot Owners in Lake Jeanette Development in deeds to such Lot Owners dated prior to the effective date of this Lease;
- C. The rights of access and use to the Lake Tract granted to various Section Associations in Lake Jeanette Association in deeds to such Section Associations dated prior to the effective date of this Lease;
- D. The rights of access and use and the easements granted to Association for the boat dock, ramp and related roads, walks, boardwalks and bridges in the deed recorded in Book 4020, Page 475, Guilford County Registry; and
- E. Other easements, restrictions and rights-of-way of record as of the effective date of this Lease.
- 7. Association's Obligations. In consideration of the rights granted to Association under this Lease, Association hereby agrees, at its own cost and expense, to:

- A. Operate, manage and maintain the Lake Tract and the waters thereof during the term of this Lease (including, but not limited to, exercising fish and wildlife management) in good order, condition and repair and in a clean, sanitary and safe condition;
- B. Maintain any Master Common Area located on the Lake Tract including any docks, ramps, piers, gazebos, roads, boardwalks or walking trails and other structures constructed by Cone and/or Cornwallis and conveyed, leased, assigned or transferred to Association;
- C. Provide security to and protect the Lake Tract against all trespassers, intruders and other persons not entitled to be present thereon;
- D. Permit no illegal, immoral, improper or unpermitted use of the Lake Tract;
- E. Enforce all applicable federal, state and local laws, ordinances, rules and regulations relating to the Permitted Uses;
- F. Cooperate with and assist Cone and Cornwallis in enforcing applicable zoning, subdivision, water quality and environmental laws, ordinances, rules and regulations;
- G. Enforce the Association Rules and Regulations and insure the enforcement of any Assignee Rules and Regulations;
- Procure, keep in force and pay for comprehensive public liability insurance indemnifying Cone, Cornwallis and Association against all claims and demands for injury to or death of persons or damage to property which may be claimed to have occurred upon the Lake Tract in amounts which shall be not less than One Hundred Thousand Dollars (\$100,000.00) for property damage, One Million Dollars (\$1,000,000.00) for injury or death of one person and Two Million Dollars (\$2,000,000.00) for injury or death of more than one person in a single accident. insurance shall be effected with insurers authorized to do business in North Carolina, under valid, enforceable policies, and such policies shall name Cone, Cornwallis and Association as the insured, as their respective interests shall appear. insurance shall provide that it shall not be cancelled without at least ten (10) days prior written notice to each insured named therein. Original copies of the policies issued by the respective insurers, or certificates of such policies setting forth in full the provisions thereof and issued by such insurers, together with the evidence satisfactory to Cone of the payment of all premiums for such policies, shall be-delivered to Cone;

- I. Procure, keep in force, and pay for insurance on any improvements owned by Association and located on the Lake Tract in amounts reasonably determined by Association to cover the full replacement costs of such improvements and providing protection against all perils included within the classification of fire, extended coverage, vandalism and malicious mischief and covering such other perils as Cone shall from time to time reasonably require;
- J. In the event Cone releases its rights to use of the water in the Lake as provided in Section 5(A) above, pay before delinquency all ad valorem taxes and assessments attributable to the Lake Tract and all improvements thereon and furnish to Cone satisfactory evidence that such taxes have been paid; and
- K. In the event Cone releases its rights to use of the water in the Lake as provided in Section 5(A) above, maintain the dam, spillway, pumping station and all related equipment and facilities.
- 8. Default. The happening of any one or more of the following listed events shall constitute a breach of this Lease on the part of Association, namely:
- A. The commencement in any court or tribunal of any proceeding, voluntary or involuntary, to declare Association insolvent or unable to pay its debts;
- B. The appointment by any court or under any law of a receiver, trustee or other custodian of the property, assets or business of the Association;
- C. The levy of execution, attachment or taking of property, assets or the leasehold interest of Association by process of law or otherwise in satisfaction of any judgment, debt or claim;
- D. The failure of Association to perform fully and promptly any act required of it in the performance of this Lease or to comply otherwise with any term or provision thereof; and
- E. The failure of Association to pay any payment or charge payable under this Lease for a period of ten (10) days after the same is due and payable.

Upon the happening of any event of default described under the provisions of paragraphs A through D, both inclusive, and the failure of Association to cure or remove the same within fifteen (15) days after written notice of such default given to Association by Cone, or upon the happening of any one type of event of default described in paragraphs A through D, both inclusive, on two or more occasions in any period of twelve (12)

consecutive months during the term (regardless of whether said events of default shall have been cured or removed) or upon the happening of an event of default described in paragraph E. Cone, if it shall so elect, may (without prejudice to any other remedies which Cone may have as provided by law) terminate the term hereof; and if Cone shall exercise such right of election, the same shall be effective as of the date of the event of default upon written notice of Cone's election given by Cone to Association at any time after the date of such event of default.

Upon any termination of the term hereof, whether by lapse of time or otherwise, Association shall surrender possession and vacate the Lake Tract and deliver possession thereof to Cone; and Association hereby grants to Cone full and free license to enter into and upon the Lake Tract in such event and with process of law to expel or remove Association and any others who may be occupying the Lake Tract and to remove therefrom any and all property, using for such purpose such force as may be necessary without being guilty of or liable for trespass, eviction or forcible entry or detainer and without relinquishing Cone's right to rent or any other right given to Cone hereunder or by operation of law.

In the event that Association should default hereunder, Cone shall be entitled to recover reasonable attorneys' fees and all other actual out-of-pocket costs incurred by Cone in enforcing its rights hereunder.

within ninety (90) days prior to the expiration of this Lease, Association shall have the right and privilege of removing all personal property now, heretofore, or hereafter placed or located on the Lake Tract by it. In the event any of said personal property is not so removed within the aforesaid time, Cone shall become the absolute owner of said property to do with same as it sees fit. It is understood and agreed that, in the event Association is in default or had breached any of the terms of this Lease, it may not remove or destroy said personal property from the Lake Tract and Cone shall have a lien on such personal property for all damages and liabilities of the Association, its agents or contractors and, if Association, its agents or contractors do not satisfy upon demand Cone's claims for all damages and liabilities, said personal property shall become the absolute property of Cone.

9. Indemnity. Association shall indemnify and hold harmless Cone and Cornwallis from and against any and all claims arising from (a) Association's use of the Lake Tract or the conduct of its business; (b) any act or omission done, permitted or suffered by Association in or about the Lake Tract; or (c) any breach or default in the performance of any obligation of Association under the terms of this Lease, which indemnity shall include reasonable court costs and attorneys' fees; provided, however, that the foregoing shall not extend to any claim arising, in whole or in

part, out of the willful or reckless acts or omission of, or breach of any provision of this Lease by Cone or Cornwallis, their agents, officers, servants, employees or contractors. In any action or proceeding brought against Cone or Cornwallis by reason of any claim indemnified hereunder, Association shall have the right to participate in the defense thereof and in the determination of the settlement or compromise of any such action or proceeding.

Association, Cone and Cornwallis each hereby agree (to the extent that such agreement does not invalidate coverage under any policy of insurance and may be obtained at no cost or a nominal cost) to mutually release and relieve the other from all claims and liabilities arising from or caused by any hazard covered by insurance on the Lake Tract, or covered by insurance in connection with property on or activities conducted in or about the Lake Tract, regardless of the cause of the damage or loss, provided that this release shall apply only to the extent that such loss is covered by such insurance. Association, Cone and Cornwallis shall, at the earlier date of obtaining insurance coverages or the effective date of this Lease, give notice to the insurance carriers involved that the foregoing mutual waiver of liability and subrogation is contained in this Lease.

10. Environmental. Association shall not, without the prior written consent of Cone, which consent shall not be unreasonably withheld or delayed, after full disclosure, use, store or permit any substances on or around the Lake Tract designated as or containing components designated as hazardous, dangerous, toxic or harmful, and/or subject to regulation under any federal, state or local law, regulation or ordinance (the "hazardous material"). Cone hereby consents to Association storing on the Lake Tract in an OSHA approved cabinet up to five (5) gallons each of gasoline, oil, cleaning and similar substances, provided such substances are stored, handled and used in accordance with all applicable laws and regulations.

with the exception of any hazardous material created solely by the activities of Cone, Association shall be responsible for all costs incurred in complying with all laws which relate to hazardous material used, kept, or stored by Association during the term, including, without limitation, the cost of any required or necessary repair, cleanup or detoxification and the preparation of any closure or other plan required by any federal, state or local agency having jurisdiction over the Lake Tract. Association shall indemnify, defend and hold Cone and any successor to Cone's interest in the Lake Tract harmless from and against any and all claims, judgments, damages, penalties, fines, costs, liabilities or losses (including, without limitation, sums paid in settlement of claims, attorneys' fees, consultant fees and expert fees) to the extent the same arise out of or are related to the existence of hazardous material in or on the Lake Tract as a result of or

arising out of its tenancy, with the exception of hazardous material resulting from the actions of Cone at the Lake Tract or resulting from actions occurring prior to commencement of this Lease. Association's obligations, covenants and warranties hereunder will survive the expiration of the Lease.

11. Assignment. Association may not sublet or assign its rights and interests under this Lease without the prior written consent of Cone. Cone may sell or transfer the Lake Tract and/or transfer and assign its rights and interests under this Lease without the consent of Association.

Cone hereby consents to the Contract dated of even date herewith between Association and the Guilford Wildlife Club, Inc. ("GWC"), copy of which is attached hereto as Exhibit "B," pursuant to which certain of Association's rights and responsibilities under this Lease are assigned to GWC for performance; provided, however, such consent does not release or relieve Association from any of its responsibilities and obligations to Cone and Cornwallis under this Lease.

12. Amendment. This Lease shall not be amended except by written agreement signed by both Cone and Association.

13. Miscellaneous.

- A. This Lease shall be governed by and construed in accordance with the laws of the State of North Carolina.
- B. In the event that any term, covenant, condition or provision of this Lease shall at any time or to any extent be invalid or unenforceable, the remainder of this Lease shall not be affected thereby, and each term, covenant, condition and provision of this Lease shall be valid and enforceable to the fullest extent permitted by law.
- C. The parties hereto have made no prior oral agreement affecting this Lease. This Lease supersedes and cancels any prior negotiation, arrangement, agreement and understanding between the parties affecting this Lease.
- D. Nothing in this Lease shall be construed by the parties hereto, or by any third party, as creating a relation of principal and agent, or of parties, or of joint ventures, or any other relation between the parties other than that of landlord and tenant.
- E. This Lease shall insure to the benefit of, and be binding upon, the parties hereto, and their heirs, executors, administrators, successors and assigns. No rights, however, shall inure to the benefit of any assignee of Association unless the assignment to such assignee has been approved in writing by Cone as is provided elsewhere in this Lease.

- The parties hereby consolidate and merge the Prior Lease into this Agreement such that this Agreement shall be the surviving lease agreement between Cone and Association for all of the Lake Tract.
- The headings or captions of paragraphs are for identification purposes only and do not limit or construe the contents of the paragraphs. Capitalized terms not defined herein shall have the same definitions as in the Master Declarations.
- Any notice which is required hereunder or under any law now or hereafter in force may be given by certified mail, return receipt requested, by mailing copy of notice in postpaid envelope directed as follows:

To Cone at:

1201 Maple Street

Greensboro, North Carolina 27405

Attention: Law Department

With copy to:

Cornwallis Development Co.

P. O. Box 26540

Greensboro, North Carolina 27415 Attention: C. Richard Routh

To Association at: P. O. Box 26540

Greensboro, North Carolina 27415

or at such other address as Cone or Association may designate from time to time in writing.

IN WITNESS WHEREOF, the parties hereto have caused this Lease to be signed in their corporate names by their duly authorized officers and their corporate seal to be hereunto affixed, all the day and year first above written.

CONE MILLS CORPORATION

President

(CORPORATE SEAL)

LAKE JEANETTE ASSOCIATION, INC.

BÝ:

President

ATTEST: /

Secretary

(CORPORATE SEAL)

STATE OF NORTH CAROLINA

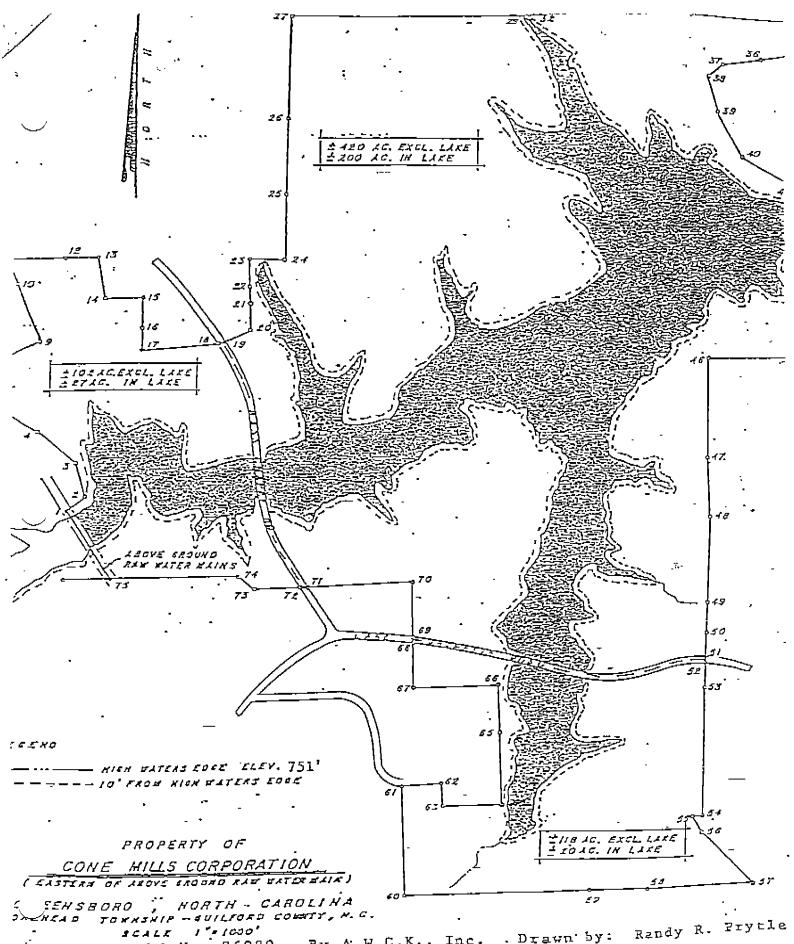
COUNTY OF GUILFORD

certify that
NOTARY PUBLIC
My commission expires:
11-17-96
STATE OF NORTH CAROLINA
COUNTY OF GUILFORD
I, Jennifer V. Clapp , a Notary Public, do hereby certify that Lindy God Hucoin personally appeared before me this day and acknowledged that he/she)is the Secretary of LAKE JEANETTE ASSOCIATION, INC., a corporation, and that by authority duly given, and as the act of the corporation, the foregoing instrument was signed in its name by its President, sealed with its corporate seal, and attested by him/her as its Secretary.
WITNESS my hand and official seal this the 15th day of March 1994.
NOTERY PUBLIC J. COCK
My commission expires:

EXHIBIT "A"

In summary, the boundary of the Lake Tract is described by the following:

- 1. In areas between Lake Jeanette and Section Three of Lake Jeanette Subdivision (Plat Book 89, Page 139), the boundary line of the Lake Tract is the rear or side line of Lots shown on the recorded plat;
- 2. In areas between Lake Jeanette and Section Four of Lake Jeanette Subdivision (Plat Book 106, Page 115, and Plat Book 106, Page 116); between Lake Jeanette and Turnstone Village, Phase One (Plat Book 108, Pages 121, 122 and 123 (as in revised Plat Book 111, Page 2)); between Lake Jeanette and Kinglet Commons, Phase One, Maps 1, 2, 3 and 4 (Plat Book 109, at Pages 111 (as revised in Plat Book 110, Page 132), 112, 113 and 114); between Lake Jeanette and Cape May, Section One (Plat Book 110, Pages 68, 69 and 70); between Lake Jeanette and Eastern Shores (Plat Book 110, Page 109); and (except as limited in paragraph 5(d) below) between the Lake and the Recreation Area, Lake Jeanette, (Plat Book 105, Page 134) ("Recreation Area"), the boundary line of the Lake Tract is described by a line that runs ten (10) feet beyond and parallel to the high water mark of Lake Jeanette, said high water mark being the contour elevation line Seven Hundred and Fifty-One (751) feet above sea level as shown on maps of survey by Alley Williams Carmen & King, Engineers and Surveyors, copies of which are attached hereto as Exhibit "B-1" and incorporated herein by reference;
- 3. Except as modified in paragraph 4 below, in areas where no subdivision plat showing lots adjacent to Lake Jeanette has been recorded, the boundary line of the Lake Tract is the same line as identified in Paragraph 2 above and as shown on the map attached hereto as Exhibit "B-1";
- 4. The Lake Tract does not include: (a) any of the rights-of-way for North Elm Street, Bass Chapel Road or Lake Jeanette Road; (b) any of Section Three or Section Four of Lake Jeanette Development; (c) any of the Recreation Area; (d) any of the land included in the easement granted to Lake Jeanette Association, Inc. and located between the Recreation Area and Lake Jeanette; (e) any right to use the Boat Dock located on such easement or on the Lake; (f) any of Turnstone Village, Section One; any of Kinglet Commons, Section One, (g) any of Cape May, Section One, and (h) any of Eastern Shores, and (h) except within the boundary line described in Paragraph 2 above, any undeveloped and/or unplatted land owned by Cone or Cornwallis.
- 5. As subdivision plats for additional areas adjacent to Lake Jeanette are recorded, the boundary line of the Lake Tract may change from time to time and will be described in the Master Declaration of Covenants, Conditions and Restrictions applicable to such area of Lake Jeanette Development.



#EALE / 1000' - Job No. 86080 By A.W.C.K., Inc. . Drawn by: ⊐e 3, 1988

