

### CONTRACT ROUTING FORM

1. Complete the information below BEFORE printing and completing items 2 through 7. Items in red are required.

Department: County Manager's Office

Department contract file name (use effective date): DayMark\_County Manager's Office\_20190701

Project Code: Click here to enter text.

Contract type: Lease

Contracted Services/Goods: Lease for Mental Health Services

Contract Component: Master

Change Order Number/Addendum Number: 001

Vendor Name: DayMark

Effective Date: 7/1/2019

Approved by: Commissioners

Ending Date: 6/30/2022

Total Amount: \$11,890.32

Account # charged: Click here to enter text.

Special Terms: Click here to enter text.

Reminder Date: Click here to enter a date.

Reminder Email to: Marilyn.grant@chathamnc.org

Reminder Reason: Click here to enter text.

Vendor ID: Click here to enter text.

Vendor Contact Name: DayMark

Vendor Email: Click here to enter text.

Vendor Address: 2129 Statesville Blvd, Salisbury NC 28147

Vendor Phone #: Click here to enter text.

Archive Date: Click here to enter a date.

2. Department Head or his/her designee has read the contract in its entirety.

By: \_\_\_\_\_ (Department Head signature required)

3. County Attorney has reviewed YesX



If this box is checked the County Attorney's Office has reviewed the contract but has not made needed changes to protect the County because the contract is a sole source contract and the services required by the County are not available from another vendor.

4. Technical Advisor has signed the contract. Yes  No

5. Vendor has signed the contract. YesX  No

6. Vendor has provided E-Verify Affidavit. Yes  No

7. A budget amendment is necessary before approval. Yes  NoX

If budget amendment is necessary, please attach to this form.

8. Approval

Requires approval by the BOC - contracts over \$100,000.00. Follow Board submission guidelines.

X  Requires approval by the Manager – contracts \$100,000 or less.

9. Submit to Clerk.

#### Clerk's Office Only

Finance Officer has signed the contract

The Finance Officer is not required to sign the contract

NORTH CAROLINA

CHATHAM COUNTY

**THIS LEASE AGREEMENT** (this “Lease”), dated and made effective this 28<sup>th</sup> day of June, 2019, by and between Chatham County, a body politic and corporate of the State of North Carolina (“Landlord”) and Daymark Recovery Services, Inc. a North Carolina corporation having its principal place of business in Cabarrus County, North Carolina (“Tenant”);

W I T N E S S E T H:

**WHEREAS**, Tenant is occupying the Premises (hereinafter described) located at 815 Sanford Road, Pittsboro, North Carolina, having taken over the psychiatric rehabilitation clubhouse program and the lease from the former tenant, Therapeutic Alternatives, Inc., with the consent of Landlord; and

**WHEREAS**, Tenant has agreed to continue the psychiatric rehabilitation clubhouse program in Chatham County; and

**WHEREAS**, Landlord and Tenant wish to continue the psychiatric clubhouse program for the benefit of the citizens and residents of Chatham County and have agreed to enter into this Lease for a term expiring June, 30, 2022;

**NOW, THEREFORE**, in consideration of the rent stated herein and the covenants, terms, and conditions hereinafter set forth, Landlord does hereby let, lease, and demise unto Tenant, and Tenant does hereby rent and lease from Landlord that certain tract or parcel of real estate located at 815 Sanford Road, Pittsboro, Center Township, Chatham County, North Carolina, more particularly described as follows and hereinafter referred to as the “Premises”:

BEING ALL that tract or parcel of land denominated as Lot #2, containing 16,487 square feet, more or less, as shown on that plat entitled “SUBDIVISION MAP OF MAGNOLIA TRACE, MAP 1” by Kenneth Close, Inc., Land Surveying, dated 6/19/98, which plat is recorded in the Chatham County Registry at Plat Slide 99-456, and to which plat reference is hereby made for a more particular description of same.

This Lease is executed upon the following terms and conditions:

1. **Term.** The term (the “Term”) of this Lease shall commence on the 1<sup>st</sup> day of July, 2019, and, unless terminated as hereinafter provided, shall exist and continue until midnight on the 30<sup>th</sup> day of June, 2022.

Notwithstanding any other provision of this Lease, and the Term hereof, Tenant may terminate this Lease by providing written notice to Landlord within thirty (30) days of termination if Tenant ceases to provide psychosocial services to Chatham County residents.

2. **Rent.** Tenant shall pay annual rent ("Rent") to Landlord as follows:

- (a) Tenant shall pay Landlord annual rent of \$11,890.32, in equal monthly installments of \$990.86.

All payments of Rent shall be made to Landlord at Post Office Box 608, Pittsboro, North Carolina 27312, Attention: Finance Department, on or before the first business day of each month. The obligation to pay any and all Rent hereunder is a separate and independent covenant of Tenant and no breach or alleged breach by Landlord of any term of this Lease shall give Tenant the right to withhold or escrow any rental when due. No payment by Tenant or receipt by Landlord of a lesser amount than the monthly installments of Rent herein stipulated shall be deemed to be other than on account of the earliest stipulated Rent then due, nor shall any endorsement or statement on any check or any letter accompanying any check or payment as Rent be deemed an accord and satisfaction, and Landlord may accept such check for payment without prejudice to Landlord's right to recover the balance of such Rent or pursue any other remedy in this Lease or by law provided.

3. **Use.** Tenant shall use the Premises for the operation of a psychiatric rehabilitation clubhouse program and for no other use or uses without the prior written consent of Landlord, which consent may be withheld in Landlord's sole and absolute discretion. In no event may Tenant use the Premises in violation of any laws, rules, regulations, covenants or declarations that relate to Tenant's use and occupancy of the Premises nor may Tenant make any use of the Premises in a manner that may constitute a nuisance or trespass. Tenant shall fully comply with all rules, regulations and restrictions on the Premises contained in any application laws, regulations, ordinances, declarations or valid covenants and in this Lease. Tenant shall not use the Premises in any manner which shall increase the premiums for or make unavailable fire insurance for the Premises.

4. **Late Payments.** Tenant recognizes and acknowledges that if Rent is not received when due, Landlord may suffer damage and additional expense. Tenant therefore agrees that a late fee, equal to five (5%) percent of the late Rent, may be assessed by Landlord as Additional Rent if Landlord has not received any monthly installment of Rent or Additional Rent due pursuant to this Lease within seven (7) business days of its due date. If any check given in payment of Rent is not honored when due, in addition to other remedies available at law or in equity, Landlord may assess the late fee and may require that subsequent payments of Rent be made by certified or cashier's check. Tenant's failure to pay any late payment charge shall constitute an event of default. Landlord's rights under this Section are in addition to and may be exercised cumulatively with Landlord's other rights and remedies as set forth herein or as are otherwise available at law or equity and Landlord's assessment of a late payment shall not constitute liquidated damages. In the event any collection action or proceeding is instituted by Landlord to collect any delinquent payment of Rent or other fee, charge or assessment required to be paid by Tenant pursuant to the terms of this Lease, including any late payment charge, Tenant shall be obligated for the payment of, and shall pay to Landlord, to the extent allowed by law, all costs of collection, including reasonable attorneys' fees in an amount not to exceed fifteen percent (15%) of the delinquent Rent, if such collection is effectuated by an attorney. The parties agree that

Tenant's covenant to pay Rent constitutes evidence of indebtedness for purposes of this provision.

5. **Signs.** No temporary or permanent sign or marker shall be installed by Tenant on the outside of the building or on the property surrounding the building without Landlord's prior written consent, which consent may be withheld in Landlord's sole and absolute discretion. Any sign requested by the Tenant and approved by Landlord shall be at the sole cost of the Tenant and shall be installed by Tenant at its own expense. Tenant shall be responsible for obtaining all required governmental approvals for all signs or markers on the Premises prior to installation.

6. **Repair and Maintenance.** During the term of this Lease, Tenant shall keep the Premises in clean, good repair and make all necessary repairs to the Premises in a timely fashion at Tenant's expense except for those maintenance responsibilities allocated to Landlord by this Section. Repairs for which Tenant is responsible shall include but are not limited to routine repairs of floors, walls, ceilings, light fixtures, power outlets, bathroom and kitchen appliances and fixtures, counters/cabinets, flooring, interior walls, ceilings and other parts of the Premises damaged or worn through normal occupancy as well as interior electrical, plumbing and other maintenance items. In addition, Tenant shall provide lawn and landscaping maintenance on a regular basis in order to keep the Premises in a well kept and presentable condition. Tenant shall also be responsible for any and all repairs (including those allocated to Landlord) required as a consequence of any negligent act or omission by Tenant, its employees, guests, agents, customers, contractors, licensees, invitees, consumers or business visitors. Tenant shall also keep hair trap screens in tubs and sinks at all times, keep air ducts and vents clean and free of debris and routinely change air filters with quality filters. Landlord shall have no repair or maintenance responsibilities except for HVAC maintenance and for necessary repairs to the structural portions of the roof, foundation and exterior walls of the Premises (excluding glass) and all exterior (outside of the building or structure on the Premises) electrical, plumbing, water, sewer or other utilities, provided such repairs or maintenance are not required as a consequence of any negligent or intentional act or omission by Tenant. Tenant shall immediately report to Landlord any such needed repair items. Tenant shall not store, place or keep upon the Premises, nor shall Tenant release or discharge on, in or upon the Premises, including the buildings, or into any municipal drain or sewer, any Hazardous Substance in violation of any municipal, county, state or federal law, statute, regulation, ordinance, rule, regulation or code. As used herein, the term "Hazardous Substance" shall mean and include any and all petroleum, petroleum byproducts (including, without limitation, crude oil, diesel fuel, fuel oil, gasoline, lubrication oil, oil refuse, oil mixed with other waste, oil sludge and all other hydrocarbons, regardless of specific gravity), natural or synthetic gas products, asbestos, PCB, biologic waste, contaminant or refuse or any other substance, material, waste, pollutant or contaminant deemed hazardous by any law, statute, ordinance, rule, regulation or code. Tenant shall indemnify and hold Landlord harmless from any and all damages or consequences for Landlord's failure to comply with this paragraph.

7. **Alterations by Tenant.**

(a) Tenant shall make no structural or interior alterations of the Premises without Landlord's prior written specific consent in each and every instance, which consent may be withheld in Landlord's sole and absolute discretion. All alterations and any work performed by Tenant shall be done in a good and workmanlike manner. At no time may Tenant do any work that results in a claim of lien against Landlord. If Landlord gives its preliminary consent to any such alterations, Tenant shall furnish to Landlord for approval before commencement of the work or delivery of any materials all of the following:

- (i) All plans and specifications;
- (ii) Names and addresses of all contractors;
- (iii) Copies of all contracts;
- (iv) All necessary permits; An indemnification of Landlord by all contractors in form and amount satisfactory to Landlord; and
- (v) Certificates of insurance from all contractors performing labor and furnishing materials, insuring against any and all claims, costs, damages, liabilities and expenses which may arise in connection with such alterations.

Within thirty (30) business days of receiving all of the items specified in (i) through (v) above, in full and complete form, Landlord shall specifically approve or disapprove in writing each of the items. Tenant shall modify, supplement or substitute such items as Landlord disapproves, pursuant to Landlord's written instructions, and resubmit such items to Landlord for its approval. Landlord shall respond in writing to each resubmission within twenty (20) business days; provided, however, should Landlord require approval of a third party, Landlord's obligation to respond under this section shall not commence until said approval has been received. Tenant shall not commence any work nor have any supplies or materials delivered until it has received Landlord's specific written approval of all such items.

(b) **Liability.** Regardless of consent by Landlord to any alterations, Tenant shall hold Landlord, their agents and employees forever harmless from any and all liabilities of every kind and description which may arise out of or be connected in any way with the alterations. Any lien filed against the Premises for work and materials claimed to have been furnished to Tenant shall be discharged by the Tenant within (10) days after filing, at the Tenant's expense. Upon completion of any alterations, Tenant shall furnish the Landlord with contractor's affidavits, full and final waivers of lien and receipted bills covering all labor and materials expended and used. All alterations shall comply with all insurance requirements and with all applicable ordinances and regulations as well as to any restrictions on the Premises by covenant, declaration or otherwise. All alterations are to be performed in a good and workmanlike manner.

(c) **Ownership.** All alterations, made by any party, including without limitation all paneling, decorations, partitions, railings, flooring, carpets, heating and air conditioning equipment, plumbing, electrical machinery and equipment, shall be considered permanent fixtures and shall attach to and become a part of the Premises, and shall remain upon and be surrendered with the Premises as a part of the rented space at the end of the Term; provided,

however, that if requested in writing by Landlord on termination of this Lease, Tenant shall removed such alterations and restore the Premises to the same condition as on the Commencement Date. Furniture and movable trade fixtures which are installed by Tenant at its expense, except for those referred to above, shall remain Tenant's property, and may be removed at any time prior to the termination of the Term provided Tenant promptly repairs any damage caused by such removal. Any furniture and moveable trade fixtures which Tenant has the right to remove under the above provisions, or personal property belonging to Tenant, any invitee, or assignee, shall be deemed abandoned by Tenant if not removed prior to termination of the Term, and shall become the property of the Landlord without any payment or offset, if Landlord so elects. If the Landlord does not so elect, the Landlord may remove any furniture, moveable fixtures or property from the Premises and store them at the Tenant's sole risk and expense or dispose of them in any reasonable manner, including the sale, scrapping, or destruction thereof, and to the extent permitted by law. Tenant waives all claims against Landlord therefore. Tenant shall repair and restore, and save the Landlord forever harmless from, any and all damage to the Premises caused by such removal, whether by Tenant or Landlord.

8. **Acceptance of Premises.** Tenant is currently occupying the Premises and represents and warrants to Landlord that it has examined and inspected the same, that same are in all respects satisfactory for Tenant's intended use, and that Tenant accepts the Premises "AS IS." Landlord makes no representation or warranty, oral or written, as to the condition of the Premises or as to the use or fitness of the Premises for any particular purposes. Landlord shall not be responsible for obtaining any government approval, permits or licenses to enable Tenant to occupy or use the Premises. Obtaining such approvals shall be the sole responsibility of Tenant. In addition, Landlord shall not be responsible for obtaining any certificate of occupancy or other approvals required in connection with any work done by the Tenant or persons engaged by the Tenant.

9. **Destruction of Premises.** If the Premises are totally destroyed by fire or other casualty not resulting from the wrongful or negligent act of Tenant, this Lease shall terminate effective as of the date of such destruction. If the Premises is not totally destroyed, but the damages are such that Landlord concludes that restoration cannot be completed within one hundred fifty (150) days, upon written notice to Tenant, this Lease shall terminate. Upon such termination all obligations of the parties shall terminate, effective upon the date of the occurrence of the damage. If the Premises are damaged by cause due to fault or neglect of Tenant, its agents, employees, invitees or licensees, Landlord may repair such damage without prejudice to subordination rights of Tenant's or Landlord's insurer.

10. **Assignment or Lease.** Tenant may not lease, assign or encumber this Lease to any entity for any purpose. In no event shall this Lease be assignable by operation of any law. Tenant's rights hereunder may not become, and shall not be listed by Tenant as an asset under any bankruptcy, insolvency or reorganization proceedings. Tenant is not, may not become, and shall never represent itself to be an agent of Landlord and Tenant acknowledges that it may do nothing to impair title to the Premises.

11. **Default by Tenant and Landlord's Remedies.**

- (a) **Event of Default.** In addition to the other occurrences listed elsewhere in this Lease, the occurrence of any one or more of the following shall constitute a default hereunder:
- (i) If Tenant fails to pay any Rent or other monetary payments as when provided in this Lease;
  - (ii) If Tenant breaches any other agreement or obligation set forth in this Lease;
  - (iii) If there is a levy, execution, attachment or taking of property, assets or the leasehold interest of Tenant by process of law or otherwise or in satisfaction of any judgment, debt or claim; or
  - (iv) If Tenant files, or has filed against it, any petition or action for relief under any debtor's relief law (including bankruptcy, reorganization or similar actions or proceedings) either in state or federal court.
  - (v) If Tenant becomes insolvent, has a receiver appointed for its assets or makes an assignment for the benefit of creditors.
- (b) **Landlord's Rights and Remedies.** In the event of any default, Landlord may at any time thereafter, with or without notice, or demand and without limiting Landlord in the exercise of any right or remedy which Landlord may have by reason of default:
- (i) Terminate this Lease.
  - (ii) Repossess the Premises.
  - (iii) With or without terminating this Lease, terminate Tenant's right to possession of the Premises, enter upon and take possession of the Premises and rent the Premises for a reasonable rental for the account of Tenant, and after paying from rents collected the reasonable costs of such entry reletting and collection and the costs of any necessary repairs make by Landlord which Tenant is obligated to make hereunder, apply the remainder of the rent collected to the amounts due and to become due from Tenant hereunder;
  - (iv) Take all dispossessory and eviction rights granted by law;
  - (v) Exercise all rights of offset;
  - (vi) Exercise all rights given by law for damages and all rights conferred by law or equity for injunctive relief;
  - (vii) Pursue any other remedy now or hereafter available to Landlord under this Lease or under the law.

All rights and remedies of Landlord pursuant to this Section shall be cumulative, and may be exercised singly, successively or, if appropriate, concurrently. In the event Landlord terminates this Lease or terminates Tenant's right to possession of the Premises, then Tenant

shall surrender possession of the Premises to Landlord, and Landlord shall have the full and free right to enter into and upon the Premises with or without process of law, to repossess the Premises, to expel or remove the Tenant and any others who may be occupying or be within the Premises, to remove any and all property from the Premises and to change the locks on the Premises, without being deemed in any manner guilty of trespass, eviction or forcible entry or detainer. In any event of default by Tenant, Landlord shall be entitled to recover from Tenant all damage incurred by Landlord by reason Tenant's default, including but not limited to: any unpaid Rent; the cost of recovering possession of the Premises; reasonable attorney's fees; expenses of reletting, including necessary renovation and alteration of the Premises, and real estate commission actually paid; any loss of future rental; and a pro rata portion of any leasing commission paid by Landlord based on the number of days of any period for which a commission was paid that remained in the Term after the date of Tenant's default. Any Rent unpaid when due, including Additional Rent not paid upon demand shall bear interest from the date due at the rate of twelve (12%) percent per annum.

(c) **Treatment of Tenant's Property.** Any and all property which may be removed from the Premises by Landlord pursuant to the authority of the Lease or law, to which Tenant may be entitled, may be handled, removed or stored by Landlord at the risk, cost, and expense of Tenant, and except strictly as required by law Landlord shall in no event be responsible for the value, preservation or safekeeping thereof. Tenant shall pay to Landlord, upon demand, any and all reasonable expenses incurred in such removal and all storage charges for such property so long as the property shall be in Landlord's possession or under Landlord's control. Any such property of Tenant not retaken from storage by Tenant within thirty (30) days after the end of the Term, however terminated, may be disposed of by Landlord in any manner whatsoever, including without limitation, the sale, scrapping and/or destruction of the property without any further obligation to Tenant, and Tenant shall pay to Landlord promptly on demand the reasonable expense of such disposal.

(d) **Landlord's Lien on Tenant's Interest.** Tenant hereby grants to Landlord a first lien upon the interest of Tenant under this Lease to secure the payment of moneys due under this Lease, which lien may be enforced in equity.

(e) **Landlord's Lien on Tenant's Property.** Tenant hereby grants to Landlord a lien for the payment of Rent, Additional Rent, and all other moneys to be paid by Tenant to Landlord hereunder, upon all of the good, wares, chattels, fixtures, furniture, equipment, and other property of Tenant which may be on or upon the Premises. Such lien may be enforced in any lawful manner by the Landlord.

(f) **Landlord's Option to Cure.** If Tenant defaults in the performance of any of its obligations under this Lease, the Landlord or any mortgagee of the Landlord may, at its option, cure such default, and Tenant shall pay to such party, as the case may be, the reasonable cost of such cure immediately upon being billed for it.

(g) **No Waiver**. The failure of Landlord to declare Tenant to be in default at any time or to exercise any other its rights or remedies upon default by Tenant shall not be deemed to be a waiver by Landlord of any of its rights or remedies hereunder.

12. **Holding Over**. In the event Tenant remains in possession of the Premises after the expiration of the Term without the written consent of Landlord, Tenant shall be a tenant at sufferance from month to month only, and Tenant shall then be obligated to pay, at Landlord's discretion, one hundred and twenty-five percent (125%) of the then current Rent and all other sums then payable hereunder ("Holding Over Rent"), in equal installments on the first day of each calendar month for so long as Landlord is kept out of possession of the Premises. Neither such payments nor the acceptance of such payments shall in any way constitutes a waiver of the rights of Landlord to dispossesses Tenant and recover possession of the Premises and the just and former estate of the Landlord and to bring any action for damages suffered by Landlord on account of Tenant's failure to vacate the Premises.

13. **Surrender of Premises**. Upon expiration or other termination of the Term, Tenant shall quit and surrender to Landlord the Premises, broom clean, in good condition, ordinary wear and tear excepted, and Tenant shall remove all of its personal property except as otherwise provided herein.

14. **Damage to Premises**.

a. **Landlord's Insurance**. Landlord shall maintain standard fire and extended coverage insurance covering the Premises in an amount not less than 80% of the "replacement costs" thereof as such term is defined in its policy of insurance, insuring against special causes of loss (including perils of fire and lightning), such coverage and endorsement to be as defined, provided, and limited to the standard bureau forms prescribed by the insurance regulatory authority of the State of North Carolina. Such insurance shall be for the sole benefit of Landlord and under its sole control.

b. **Notice by Tenant**. If the Premises is damaged or destroyed by any peril covered by the insurance to be provided by Landlord under subparagraph (a) above, Tenant shall give immediate written notice thereof to Landlord.

c. **Extensive Damage**. If the Premises is so damaged by any peril covered by the insurance to be provided by Landlord under subparagraph (a) that the rebuilding or repairs cannot in Landlord's estimation be completed within one hundred fifty (150) days after the date upon which Landlord is notified by Tenant of such damage, or if any damage occurs during the final two (2) years of the Term and in Landlord's estimation the repairs cannot be completed within thirty (30) days after notification, this Lease and all obligations of the parties shall terminate, effective upon the date of the occurrence of the damage.

d. **Repairable Damage.** If the Premises is damaged by any peril covered by the insurance to be provided under subparagraph (a) but only to such extent that rebuilding or repairs can, in Landlord's estimation, be completed within one hundred fifty (150) days after the date upon which Landlord is notified by Tenant of such damage, except within the final two (2) years of the Term as provided above, this Lease shall not terminate, and Landlord, shall, at its sole cost and expense, thereupon proceed with reasonable diligence to rebuild and repair the Premises to substantially the condition in which it existed prior to such damage. The Rent shall be equitable adjusted by the parties to reflect any limitation in use of the Premises during any such period of rebuilding and repair.

e. **Landlord's Option to Terminate.** Notwithstanding any other provision herein to the contrary, in the event (i) the holder of any indebtedness secured by a mortgage or deed of trust covering the Premises requires that the insurance proceeds be applied to such indebtedness, or (ii) Landlord determines that it is not in the best interest of its citizens and residents to rebuild or repair the Premises, then Landlord shall have the right to terminate this Lease upon fifteen (15) days written notice of termination to Tenant and this Lease shall thereon cease and terminate.

15. **Tenant's Indemnity of Landlord and Tenant's Insurance.**

(a) **Tenant's Indemnity of Landlord.** Tenant shall indemnify and save Landlord and its agents and employees harmless against any and all claims, demands, costs, and expenses including reasonable attorney's fees for the defense thereof arising directly or indirectly out of or in connection with Tenant's occupancy of the Premises or from any breach or default of obligations pursuant to the terms of this Lease, or from any act or negligence of Tenant, its agents, servants, employees or invitees in or about the Premises. Furthermore, Tenant covenants to arrange defense of Landlord and its respective agents and employees from any such claim or demand or action by counsel reasonably acceptable to Landlord.

(b) **Tenant's Commercial General Liability Insurance.** Tenant shall at all times during the term, at its sole cost and expense, procure and maintain in force and effect a policy or policies of commercial general liability insurance issued by a company or companies whom from time to time may be approved by Landlord, which companies shall insure against loss, damage or liability for injury to or death of persons and loss or damage to property occurring from any cause whatsoever in, upon or about the Premises. Such policies of public liability insurance shall name Landlord as an additional insured and shall be in amounts and afford coverage against perils as reasonable required from time to time by Landlord. Coverage shall initially be in the single limit amount of one million dollars (\$1,000,000.00). Such policy or policies shall include affirmative coverage of Tenant's indemnity of Landlord pursuant to subsection (a) above.

(c) **Tenant's Property Insurance.** Tenant shall obtain and maintain property insurance upon its furniture, equipment, trade fixtures and any other personal property of Tenant or of any third parties which may from time to time be located in or around the Premises. Such insurance shall be maintained in the amount of the full replacement cost of such property. All

such policies shall include a waiver of subrogation of any and all claims against Landlord and name Landlord as additional insureds. Tenant shall look solely to its insurance policy for recovery of any loss for any such property, and in no event shall it make any claims against Landlord for any loss to any such property. Tenant hereby releases Landlord from any such liability, and Tenant shall indemnify and hold the Landlord harmless from and against any claim of Tenant's insurance carrier, licensees, invitees, business visitors, employees or agents including but not limited to claims arising out of Tenant's failure to maintain such insurance.

(d) **Policies or Certificates of Insurance.** At the request of Landlord, the Tenant shall furnish certified copies of policies or certificates of insurance in the form bearing notations evidencing the payment of premiums and evidencing the insurance coverage required to be carried by Tenant hereunder. Each policy and certificate shall contain an endorsement or provision requiring not fewer than thirty (30) days written notice to Landlord prior to the cancellation, diminution in the perils insured against or reduction of the amount of coverage of the particular policy in question.

(e) Nothing herein shall be construed to waive Landlord's sovereign immunity except as required by law.

16. **Tenant's Waiver of Claims.** To the extent permitted by law, Tenant releases Landlord and its respective agents and employees from, and waives all claims for damage or injury to person or property or disruption to business sustained by Tenant or any occupant of the Premises, or any part of them, resulting from any accident, mishap or other occurrence whatever the cause. This waiver shall include but not limited to, the flooding of basements or other subsurface areas, and damage caused by refrigerators, sprinkling devices, air conditioning and/or electrical equipment, water, snow, frost, steam, excessive heat or cold, falling plaster, broken glass, sewage, gas, odors or noise or the bursting or leaking of pipes or plumbing fixtures. This waiver shall apply equally whether any such damage results from the act or neglect of Landlord and whether such damage is caused or results from anything or circumstances above mentioned or referred to, or any other thing or circumstance whether of a like nature or of a wholly different nature.

17. **Eminent Domain.** If all of the Premises, or such part thereof as will make the same unusable for the purpose contemplated by this Lease are proposed to be taken under the power of eminent domain (or a conveyance in lieu thereof), then this Lease shall terminate as of the date possession is taken by the condemner, and Rent shall be adjusted between Landlord and Tenant as of that date. If only a portion of the Premises is taken and Tenant can continue use of the remainder, then the Lease will not terminate. Tenant shall have no right or claim to any part of any award made to or received by Landlord for any taking and no right or claim for any alleged value of the unexpired portion of this Lease; provided, however, that Tenant shall not be prevented from making a claim against the condemning party (but not against the Landlord) for any moving expenses, loss of profit, or taking of Tenant's personal property (other than its leasehold estate) to which Tenant may be entitled.

18. **Utilities and Other Services.** Tenant shall pay all charges for water, sewer, gas, electricity, telephone and other services and utilities, including, without limitation, connection charges, supplied to the Premises during the term of this Lease unless otherwise expressly agreed in writing by Landlord. Tenant acknowledges that the Premises are designed for standard use and lighting. Tenant shall not use any equipment or devices that utilizes excess electrical energy or which may, in Landlord's reasonable opinion, overload the wiring or interfere with electrical service.

19. **Quiet Enjoyment.** Landlord's title is, and always shall be, paramount to the interest of Tenant, and nothing herein contained shall empower Tenant to do any act which can, shall, or may encumber such title. If Tenant promptly and punctually complies with each of its obligations hereunder it shall peacefully have and enjoy the possession of the Premises during the term of this Lease, provided that no action of Landlord in repairing or restoring the Premises shall be deemed a breach of this covenant or give Tenant any right to modify this Lease either as to the Term or other obligation to perform.

20. **Subordination and Attornment.** This Lease is subject and subordinate to all security liens, mortgages, deeds of trust and related financing instruments which may now or hereafter affect the Premises or any part thereof, and to all renewals, modifications, consolidations, replacements, amendments and extensions thereof. Tenant shall, upon request, execute any document or instrument as may reasonably be required from time to time by Landlord's mortgagee to make this Lease subordinate to any mortgage. Tenant further agrees to attorn to Landlord's mortgagee provided that such mortgagee shall agree not to disturb Tenant's possession of the Premises during the term of this Lease so long as Tenant is in compliance with all material terms, conditions and covenants set forth in this Lease. Landlord consents to Tenant's execution of any subordination, attornment and non-disturbance agreement that may reasonably be requested by Landlord's mortgagee. Tenant further agrees to execute and deliver to Landlord or its mortgagee(s), not later than five (5) days after receipt of a written request therefore, and as often as requested, an estoppel certificate setting forth such information concerning this Lease as may reasonably be requested.

If, in connection with financing obtained by Landlord with respect to the Premises and/or the building, Landlord's mortgagee, or other lender shall request that Tenant consent to reasonable modification of this Lease as a condition to such financing, Tenant will not unreasonably withhold, delay, or defer its consent provided that such modifications do not increase Tenant's monetary obligations hereunder, extend or reduce the Term of this Lease, or adversely affect to any material extent the leasehold interest granted to Tenant herein or any other material term of this Lease. Tenant hereby irrevocably appoints Landlord its attorney in fact to execute and deliver any such instrument on behalf of Tenant if Tenant fails or refuses to execute or deliver same as required by this Lease. Tenant shall also execute within ten (10) days after request an agreement with any lender pursuant to which Tenant agrees to give such lender a minimum period of sixty (60) days after Tenant's notice to such lender for the lender to cure Landlord's default prior to Tenant's terminating this Lease due to Landlord's default.

21. **Landlord's Access to Premises.** Landlord and its authorized agents shall have the right to enter the Premises at all reasonable times to exercise their rights and obligations hereunder, and to allow inspection by mortgagees or potential mortgagees. Nothing herein contained, however, shall be deemed or construed to impose upon Landlord any obligations, responsibility, or liability whatsoever, for the care, supervision or repair of the Premises other than as provided in this Lease. Landlord shall have the right to show the Premises to prospective new tenants during the last 120 days of the Term. Landlord shall not be liable to Tenant for any expense, injury, loss or damage resulting from work done in or upon, or the use of, any adjacent or nearby building, land, street or alley.

22. **Notices.** All notices or other communications which shall be made pursuant hereto shall be in writing and shall be deemed to be given and received (a) when hand delivered to the address stated below, (b) three (3) days after being mailed to the addresses stated below, postage prepaid by certified or registered mail of the United States, return receipt requested, or (c) on the day after being deposited with Federal Express or other nationally recognized overnight delivery service to the address set forth below:

To Landlord: Chatham County  
County Manager  
Post Office Box 1809  
12 East Street  
Pittsboro, North Carolina 27312

To Tenant: Daymark Recovery Services, Inc.  
Alan Waller  
2129 Statesville Blvd.  
Salisbury, North Carolina 28147

Either party to this Lease may change its designated person or designated address at any time and from time to time by giving notice of such change to the other party in the manner set forth above.

23. **Entire Agreement; Modification.** This Lease contains the entire agreement of the parties in regard to the Premises. There are no oral agreements existing between them regarding the Premises and there shall be no oral modifications of this Lease. Neither Landlord nor any agent of Landlord has made any representations, warranties or promises with respect to the Premises, except as expressly set forth in this Lease. No term, condition or covenant contained in this Lease shall be deemed waived by any act, omission or forbearance, or any series of same, by Landlord or Tenant. The only waivers that shall be effective under this Lease shall be those which are in writing and signed by the party to be charged. No prior notice of non-waiver need be given by a party who has previously forborne from exercising a right hereunder. This Lease shall not be amended or modified, nor shall any right created or conferred hereunder be released, except by a writing signed by the party to be charged.

24. **No Third Party Beneficiaries.** Neither party intends to confer any rights under this Lease upon any third party. The benefits and burdens of this Lease shall accrue to and bind only the parties hereto and standing to enforce this Lease shall rest exclusively in the parties hereto.
25. **Section Headings.** The headings of sections are for convenience only and do not limit or alter the contents of this Lease.
26. **Number and Gender.** The words "Landlord" and "Tenant" wherever used in the Lease shall be construed to mean plural where necessary, and the necessary grammatical changes required to make the provision hereof apply to corporations, partnerships or individuals, men or women, shall in all cases be assumed as though in each case fully expressed.
27. **Governing Law.** This Lease shall be governed and construed pursuant to the laws of North Carolina.
28. **Severability.** If any term, covenant or condition of this Lease or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Lease shall not be affected thereby; and each term, covenant or condition of this Lease shall be valid and be enforced to the fullest extent permitted by law.
29. **Binding Effect.** Each provision of this Lease shall extend to and shall bind and inure to the benefit of the Landlord and the Tenant and their respective legal representatives, successors and assigns (provided assignment is authorized by Landlord as provided herein).
30. **Limitation of Right of Recovery against Landlord.** Tenant acknowledges and agrees that the liability of Landlord under this Lease shall be limited to its interest in the Premises and any judgments rendered against Landlord shall be satisfied solely out of the proceeds of the sale of its interest in the Premises. No personal judgment shall lie against Landlord (or the agents or employees of either). Upon extinguishment of their rights in the Premises, any judgment so rendered shall not give rise to any right of execution or levy against Landlord's or its assets. The foregoing provisions are not intended to relieve Landlord from the performance of any of Landlord's obligations under this Lease, but only to limit the liability of Landlord in case of recovery of a judgment against Landlord; nor shall the foregoing be deemed to limit Tenant's rights to obtain injunctive relief or specific performance or to avail itself of any other right or remedy which may be awarded Tenant by law or under this Lease. Nothing herein shall be deemed to waive Landlord's sovereign immunity.
31. **Confidentiality of Records.** Notwithstanding any other provisions of this Lease, Landlord acknowledges that Tenant maintains protected healthcare information on the Premises. Prior to Landlord obtaining and granting access to the Premises, Landlord agrees to secure any appropriate agreements required by HIPAA.

32. **Memorandum of Lease.** The parties hereto contemplate that this Lease should not and shall not be filed for record, but in lieu thereof, at the request of either party, Landlord and Tenant shall execute a Memorandum of Lease to be recorded (at the cost of party requesting the same) for the purpose of giving record notice of the appropriate provisions of this Lease.

IN WITNESS WHEREOF, Landlord and Tenant have duly executed this Lease to be effective as of the date first stated above.

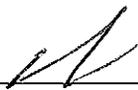
LANDLORD:

Chatham County

By: \_\_\_\_\_  
Dan LaMontagne, County Manager

TENANT:

Daymark Recovery Services, Inc.

By:  \_\_\_\_\_  
Alan Waller, CPA, CFO