

RESIDENTIAL LEASE AGREEMENT

MERCIA RESIDENTIAL PROPERTIES. LLC

THIS RESIDENTIAL LEASE AGREEMENT (the "Lease") is made this _____
Between _____ (hereinafter "Landlord"), and _____
hereinafter "Tenant").

WITNESSETH:

1. **PREMISES AND TERM.** Landlord leases to Tenant and Tenant rents from Landlord the following described real property (hereinafter the "Premises"), together with all appurtenances thereto:

2. _ _ _

(Description of Premises)

located in the City of _____ State of NORTH CAROLINA, attached hereto and incorporated herein by this reference. The term of this Lease is to commence on _____ to end on **, @ MIDDAY**, unless terminated earlier as hereinafter provided (the "Term"). Tenant agrees to allow sufficient time at the beginning of the lease to give the Land Lord adequate time to insure that the property is in the clean, Repaired and Habitable condition as indicated at the signing of the lease.

3. **RENT.** Tenant agrees to pay monthly in advance on the first of every month, without set off or demand, _____. with the first payment being made _____. Tenant shall make payments to _____. Payment is considered made upon receipt of the rent in the above amount at the above-named location, or at such other place as Landlord may designate in writing. Time is of the essence of this Lease, and if Landlord elects to accept rent after the fifth 5th day of the month, at the option of the Landlord, Tenant shall pay an additional 5% of the monthly rent, or \$ _____ as a late charge. If a check is returned unpaid by the bank, an additional charge of **TWENTY FIVE DOLLARS (\$25.00)** Will be due, together with the late charge, if appropriate, with all subsequent monies thereafter due and payable in certified funds.
4. **ADDITIONAL RENT.** In addition to the payment of rent, Tenant also covenants and agrees to pay to Landlord all expenses which Landlord may suffer or incur by reason of any default of Tenant or failure on the part of Tenant to comply with any of the provisions of this Lease, including, without limitation, the costs incurred in re-leasing the Premises, as well as the cost of repairing damage to the Premises caused by any act of Tenant, or the family, guests, employees, invitees, licensees or other persons visiting or staying with Tenant in the Premises, and Landlord's reasonable attorney's fees incurred in the enforcement of this Lease. All charges under this Section 3 shall be deemed to constitute additional rent due and payable upon notice to Tenant of the incurring thereof by Landlord.
5. **ASSIGNMENTS AND SUBLETTING.** Tenant shall not assign this Lease or sublet any part of the Premises without the express written consent of Landlord.
6. **SECURITY DEPOSIT.** Tenant shall deposit with Landlord upon execution of this Lease the sum of **ONE MONTHS RENT VALUE PAID WHEN LEASE IS SIGNED**

(the "Security Deposit") to serve as the security deposit as assurance of the good faith performance of all the provisions of this Lease. The Security Deposit is held as security against any damage to the Premises, including, but not limited to, any appliance, fixtures and carpet, and against Tenant vacating the Premises prior to the termination date of this Lease, or failing to perform any and all of the covenants herein, including, without limitation, the covenant to pay rent. Landlord shall have the right to apply any part of the Security Deposit to the expense of unpaid rentals, accumulated late charges, returned check charges, and the expense incurred in repairing any damage to the Premises, ordinary wear and tear occurring from normal use of the Premises excepted. Landlord's right to recover additional sums resulting from damages or any other costs which Tenant owes to Landlord are in no way limited to the amount held as Security Deposit.

If any or all of the Security Deposit is retained, Landlord shall provide Tenant with an itemized list of charges and sums retained in their satisfaction or diminution.

In the event that any part of the Security Deposit has been used by Landlord in accordance with the terms of this Lease or applicable law, Tenant shall, upon demand, immediately deposit with Landlord a sum equal to the amount as applied by Landlord so that Landlord shall have the full deposit on hand at all times during the Term, including any extension, renewal or holdover term.

Tenant shall not be entitled to require that Landlord use all or any part of the Security Deposit with respect to any particular violation or default of Tenant, and the use and application of the Security Deposit by Landlord shall at all times be at the discretion of Landlord. The appropriation of all or any part of the Security Deposit shall not be an exclusive remedy for Landlord, but shall be cumulative and in addition to all other remedies of Landlord at law or under this Lease.

The sum of the Security Deposit together with the pet deposit, if any, shall be placed by Landlord in an escrow or trust account at _____ (919)945-7800 or, as an alternative, a surety bond will be posted by Landlord with the Clerk of the Superior Court in _____ County, wherein the Premises are located.

Landlord shall provide Tenant with a comprehensive list of existing damage to the Premises if any. Tenant shall have the right to inspect the Premises prior to occupancy and ascertain the accuracy of the list, which shall then be signed by both Landlord and Tenant as confirmation of its accuracy. Following the completion of the Term, Landlord shall have 30 business days after the end of occupancy to inspect the Premises and compile a comprehensive list of any damages done. This list shall be the basis for determining the portion of the Security Deposit to be withheld to pay the costs of repairing damage to the Premises occurring during Tenant's occupancy.

In no event shall Tenant be entitled to apply the Security Deposit toward any rental due. The Security Deposit or any portion thereof not applied to the satisfaction or diminution of any of the above-listed incurred charges, if any, shall be made available to Tenant, without interest, within thirty (30) days of the expiration or other termination of the Lease. In the event that repairs to the property can not be completed within the 30 day period. The land lord may elect to extend this period to 60 days with a written estimate

- 7. USE OF PREMISES.** Tenant agrees to use the Premises as a private family residence and for no other purpose whatsoever. Tenant agrees to comply with the laws, ordinances, restrictions and regulations of any relevant governmental body, as well as with all of the rules and regulations of the homeowners' association. Tenant further covenants that Premises shall not be used in any manner to vitiate the insurance or increase the rate of insurance premiums. Tenant shall keep the Premises in a clean and sanitary condition. Tenant shall not keep on the Premises any article or thing of a dangerous, inflammable or explosive character that might increase the danger of fire on the

Premises. **TENANT UNDERSTANDS THAT THE LEGAL OCCUPANCY IS NO MORE THAN FOUR UNRELATED PERSONS. TENANTS UNDERSTAND THAT ONLY THE RESIDENTS ARE ALLOWED TO PARK IN THE PARKING AREA PROVIDED AND ALL GUESTS MUST REMAIN AT THE PROPERTY WITH THEIR CARS.**

8. **UTILITIES.** Tenant agrees to pay the costs of all utilities during the Term, including but not limited to, garbage collection, water, sewage, electricity, telephone and gas, even if the bill remains in Landlord's name. Landlord shall not be responsible for failure to furnish such utilities if the failure to do so is due to any cause beyond Landlord's control. Tenant shall not permit any lien or encumbrance to attach to the Premises as a result of Tenant's failure to pay for such utilities or services. At the end of the Term, Tenant must provide proof of payment of final bills for all utilities or service termination (cutoff) slips.
9. **REPAIRS.** Tenant stipulates that the Premises have been inspected and examined by Tenant and that the Premises are in good order, repair, and in a safe and habitable condition at the commencement of this Lease, and so accepts the Premises as they are. Landlord will make repairs to the Premises within a reasonable time of the receipt of written notice of the defect from Tenant, provided the repair has not been rendered necessary by the misuse or neglect of the Tenant. If Tenant fails to report to Landlord any of the defects or necessary repairs within a reasonable time of the defect becoming known to Tenant, the Tenant agrees to assume full responsibility for any liability incurred by Landlord by reason of any such delay in Landlord learning of such defect or necessary repair.
10. **DESTRUCTION OF PREMISES.** In the event of substantial destruction of the Premises, Landlord reserves the right to elect to terminate the Lease and prorate the rent up to the day of the damage or destruction.
11. **CONDEMNATION.** In the event that the Premises or any part thereof are taken by public authorities exercising the power of eminent domain, this Lease shall terminate as of the date that possession is taken by the condemnation. It is further agreed that Tenant, by virtue of his or her residence, shall not have any right to any part of any compensation awarded Landlord. Tenant waives all claims against Landlord by reason of any complete or partial taking of the Premises.
12. **ALTERATIONS AND IMPROVEMENTS.** Tenant shall make no alterations or improvements of the Premises without the prior written consent of the Landlord. Unless otherwise provided in writing, any improvements or alterations made on the Premises by permission of the Landlord shall at the termination of the Lease become the property of the Landlord.
13. **PETS.** Tenant agrees not to allow pets on the Premises for any length of time without the prior written consent of the Landlord. OR It is understood and agreed that Tenant shall have one PET on the Premises, and Tenant has deposited the amount of TWO HUNDRED AND FIFTY Dollars (\$250.00) PER PET with Landlord as a pet fee.
14. **RIGHT OF ACCESS.** Landlord reserves the right to enter onto the Premises for purposes of inspection, and showings provided that Tenant has been informed in advance of Landlord's wish to enter Premises; however, Landlord shall not have a duty of inspection. Landlord shall be allowed to enter Premises without advance notice in case of fire, storm, or need for emergency repair.
15. **MOLD DISCLOSURE.** Landlord is not aware of any water damage, chronic water intrusion, flooding, or any other condition existing on the Premises as of the date of this Lease that would contribute to the proliferation of mold and mildew so as to cause mold contamination of the Premises. Tenant hereby acknowledges and agrees that as of the date of this Lease, the Premises are habitable, and no mold contamination exists on the Premises. During the Term, Tenant agrees to provide Landlord with prompt written notice of the suspected presence of mold and mildew, chronic water intrusion or flood on the Premises or on any part thereof. Tenant shall, following any such notice, make the Premises available to Landlord for assessment and, if necessary, remediation. In the event Landlord determines that remediation is necessary, Landlord shall be entitled to terminate this Lease upon twenty (20) days' written notice to Tenant without premium or penalty.

16. RULES AND REGULATIONS.

- A. Tenant is prohibited from adding locks, changing or in any way altering locks installed on the doors of the Premises without prior written permission of Landlord. Tenant must return all keys to Landlord before all or part of the Security Deposit may be refunded. If all keys to the Premises are not returned, Landlord may charge a re-key charge in the amount of Fifty Dollars (\$50).
- B. Non-operative vehicles are not permitted on the Premises. Any such non-operative vehicle may be removed by Landlord at the expense of Tenant, for storage or private sale, at Landlord's option, and Tenant shall have no right or recourse against Landlord thereafter.
- C. No goods or materials of any kind or description which are combustible or would increase fire risk shall be taken or placed in storage areas, except for single gasoline can for lawnmower, and incidental maintenance supplies and household storage. Storage in such areas shall be at Tenant's risk and Landlord shall not be responsible for any loss or damage resulting from Tenant's use of the storage areas.
- D. No nails, screws or adhesive hangers except standard picture hooks, shade brackets and curtain rod brackets may be placed in walls, woodwork or any part of the Premises.
- E. The Tenant agrees to maintain the Premises in the condition presented at the time of rental, reasonable wear and tear excepted.
- F. Tenant agrees to repair or pay for repair of any damages which result from any negligence on Tenant's part from broken water pipes due to below freezing temperatures.
- G. Tenant shall comply with all of the rules and regulations of the MOVE IN MOVE OUT CHECK LISTS (Exhibit A).

17. EVENTS OF DEFAULT.

18. The following events shall be "Events of Default" by Tenant:

- 1) if Tenant fails to pay rent when due; or
- 2) if Tenant fails to abide by any of the covenants or rules and regulations agreed to herein, other than the promise to pay rent, and such noncompliance is not remedied within ten (10) calendar days of written notice thereof from Landlord; or
- 3) if Tenant is adjudicated bankrupt, or elects or is made subject to any debtor relief proceedings under which the rent may be abated or deferred in part or whole; or
- 4) if Tenant abandons the Premises.
- 5) The occurrence of any of the aforesaid Events of Default shall give the Landlord the option to pursue any one or more of the following causes of action, although the remedies shall not be limited to those herein listed:
 - 6) Landlord may terminate this Lease, whereupon Tenant shall immediately surrender the Premises to the Landlord. If Tenant fails to surrender the Premises, Landlord may enter upon and take possession of the Premises and remove Tenant and his or her effects, without being liable for any claim for damages therefore;
 - 7) Landlord may declare the entire amount of the rent which would become due and payable during the remainder of the Term due and payable immediately, whereupon Tenant shall immediately pay the same to Landlord;
 - 8) Landlord may enter the Premises without being liable for any claim for damages therefore, and may relet the Premises and receive whatever rent Landlord deems desirable, without terminating this Lease.

Tenant shall be obligated to pay the difference, if any, between rent received at reletting and rent contracted for under this Lease.

19. HOLDING OVER. If Tenant remains in possession of the Premises after expiration of the Term hereof, with Landlord's acquiescence and without any express agreement of parties, Tenant shall be a tenant at will at the rental rate in effect at the end of this Lease plus twenty percent (20%), and there shall be no renewal of this Lease by operation of law.
20. SURRENDER OF PREMISES. At the expiration of the Term, Tenant shall quit and surrender the Premises in as good state and condition as they were at the commencement of this Lease, reasonable use and wear thereof and damages by the elements excepted, and Tenant shall remove all of Tenant's effects from the Premises, and Landlord may forthwith re-enter the Premises and repossess himself or herself thereof and remove all persons and effects therefrom, using such force as may be necessary without being guilty of forcible entry or detainer, trespass or other tort.
21. INSURANCE. The Tenant is hereby advised and understands that the personal property of the Tenant is not insured by the Landlord for either damage or loss, and the Landlord assumes no liability for any such loss. The Tenant is advised that, if insurance coverage is desired by the Tenant, the Tenant should inquire of Tenant's insurance agent regarding a renter's policy of insurance.
22. LEAD BASED PAINT DISCLOSURE. Housing built before 1978 may contain lead based paint. Lead from paint, paint chips, and dust can pose health hazards if not taken care of properly. Lead exposure is especially harmful to young children and pregnant women. Before renting pre-1978 housing, landlords must disclose the presence of known lead-based paint hazards in the dwelling. **If applicable, Tenant acknowledges that it has received a Federally approved pamphlet on lead poisoning prevention.**
23. INDEMNITY. Tenant releases Landlord from liability for and agrees to indemnify Landlord against all losses incurred by Landlord as a result of (a) Tenant's failure to fulfill any condition of this Lease; (b) any damage or injury happening in or about the Premises to Tenant's invitees or licensees or such persons' property, except where such damage or injury is due to gross negligence or willful misconduct of Landlord; (c) Tenant's failure to comply with any requirements imposed by any governmental authority; and (d) any judgment, lien or other encumbrance filed against the Premises as a result of Tenant's actions.
24. MORTGAGEE'S RIGHTS. Tenant's rights shall be junior and subject to any bona fide mortgage or deed to secure debt which is now, or may hereafter be, placed upon the Premises by Landlord.
25. WAIVER OF HOMESTEAD EXEMPTION. Tenant waives all homestead rights and exemptions which he or she may have under any law as against any obligation owing under this Lease.
26. WAIVER OF RIGHTS. No failure of Landlord to exercise any power given hereunder or to insist on strict compliance with any terms, conditions, or covenants enumerated herein, and no custom of the parties at variance with the terms hereof shall constitute a waiver of Landlord's right to demand exact compliance with the terms hereof.
27. SERVICE OF NOTICES. Tenant hereby appoints as Tenant's agent for receipt of service of all legal proceedings and all notices required under this Lease the person occupying the Premises at the time such notice is given. If no person is occupying the Premises, then such service or notice may be made by attaching the same on the front entrance of Premises. Except as otherwise provided herein, all notices, including demands, required or permitted hereunder shall be in writing and delivered either: (1) in person; (2) by an overnight delivery service, prepaid; (3) by

facsimile transmission (fax); or (4) by the United States Postal Service, postage prepaid, registered or certified return receipt requested. Notwithstanding the above, notice by fax shall be deemed to have been given as of the date and time it is if the sending fax produces a written confirmation with the date, time and telephone number to which the notice was sent.

28. BINDING EFFECT. This Lease shall apply and bind the heirs, permitted assigns and legal

representatives of the parties hereto. This Lease contains the entire agreement of the parties hereto and any other promises or agreements not herein embodied shall have no force of effect. All covenants are to be construed as conditions of this Lease.

29. ATTORNEY'S FEES. Tenant agrees to pay reasonable attorney's fees in connection with Landlord's collection or enforcement of any terms or conditions of this Lease..

30. SPECIAL STIPULATIONS. In so far as the following stipulations conflict with any of the foregoing provisions, the following shall control:

See Exhibit B, attached hereto and incorporated herein by this reference.

ACKNOWLEDGMENT

TENANT HEREBY ACKNOWLEDGES THAT HE OR SHE HAS READ THIS AGREEMENT AND AFFIRMS THAT TENANT WILL, IN ALL RESPECTS, COMPLY WITH THE TERMS AND PROVISIONS OF THIS LEASE.

IN WITNESS WHEREOF, THE PARTIES HAVE EXECUTED THIS LEASE UNDER SEAL AS OF THE DAY AND YEAR FIRST ABOVE WRITTEN.

LANDLORD _____ (SEAL)

Mark R. Patmore_

DATE: _____

TENANT _____ (SEAL) NAME: _____

DATE: _____ SS NUMBER: _____

TENANT _____ (SEAL) NAME: _____

DATE: _____ SS NUMBER: _____

TENANT _____ (SEAL) NAME: _____

DATE: _____ SS NUMBER: _____

TENANT _____ (SEAL) NAME: _____

DATE: _____ SS NUMBER: _____

[END OF SIGNATURES]

EXHIBIT A

Move In Move Out Checklist

1. MOVE-OUT CLEANING CHECKLIST AND INSTRUCTION SHEET

We would like to inform you of your right to a pre-move out inspection at your apartment in order to avoid having cleaning charges deducted from your security deposit for costs and damage, pursuant to the terms of your lease caused by the tenant or by a guest.

You will need to schedule this pre-move out inspection no more than one (1) week prior to your departure date. Items that have to be cleaned or repaired by our staff will be charged at a minimum of \$65.00 per hour, it will be a lot cheaper for you to return the apartment to us in clean, repaired and immediately rentable condition. Excluding normal wear and tear. Even the removal of one coat hanger will be charge a minimum of \$65.00 so makes sure all personal property is removed.

The following checklist is a guide and is not limited to the items included, but is an example of the items to be done before returning the apartment, and the average time involved in the cleaning of that item. Please note these are general averages for time involved with cleaning. The property Manager may estimate a different time based on the condition. Please note that the Property Manager's estimate is only an estimate, and the actual amount charged will most likely vary. Please ensure that the items on the following checklist have been completed before the final inspection of your apartment. Thank you!!

1. KITCHEN

STOVE/OVEN (2.5 hrs)

- Under & behind the unit itself (the stove can easily be slid out of its current position)
- Burners & Surface, this includes the area below the burners. (On most electric models the burners can be removed by lifting the outer-most portion of the burner and gently pulling away from the center of the stove top, this will allow the stove top to be lifted off to facilitate cleaning underneath. The drip pans should be removed and replaced (\$7.50 each). Recommended cleaning agent easy off oven cleaner. **(MAKE SURE THAT THE STOVE HAS BEEN UNPLUGGED PRIOR TO CLEANING AND THAT THE AREA IS COMPLETELY DRY BEFORE PLUGGING IT IN AGAIN!)**
- Oven & Broiler/Lower Storage Drawer (if so equipped), removing the oven rack(s) will aid in their cleaning and the cleaning of the oven. Recommended cleaning agent - Aerosol Oven Cleaner.
- Surface, this includes the front and sides of the unit. Recommended cleaning agent- 409 or similar solution, and Soft Scrub or equiv.

REFRIGERATOR AND OTHER APPLIANCES(1.5 hrs)

- Under & behind, also dust and remove all lint and pet hair from the evaporation coils located on the rear of the unit.

- Surface, top, front, & sides. Recommended cleaning solution - 409 or equiv.

- Inside, the shelves and drawers are removable and should be removed during cleaning and to be cleaned. Recommended cleaning agent - 409 or equiv. The unit must also be defrosted prior to cleaning. Make certain to keep an eye on the melting ice, and empty the water catch often.

IMPORTANT NOTE: When you are finished, be sure to turn the refrigerator ON to its warmest setting or leave the door ajar and unplug electrical cord from wall.

DO NOT KEEP THE DOOR CLOSED WITH THE UNIT 'OFF', THIS COULD RESULT IN ADDITIONAL CLEANING CHARGES.

COUNTERS & CABINETS (1.5hrs)

- Inside cabinets and drawers remove all paper liners

- Outer surface and top of cabinets

- Counter surface and tiles

- Recommended cleaning agents - 409 or equiv.

FLOORING

KITCHEN/BATH (0.75hrs)

- Recommended cleaning agent - Pine Sol or equiv. Wax Linoleum flooring with future or equiv.

HARDWOOD (0.75hrs)

- Recommended cleaning agent – Murphy's oil soap (floor must be rinsed properly after cleaning so no film remains).

BATHROOM (3.5 hrs)

- Tub, Lavatory, and Toilet

- Flooring

- Medicine cabinet replace shower curtain.(basic white liners) These were new on move in charge for these is \$20.00 each

- Polish plumbing fixtures and towel/toilet paper holder/etc.

- Mirrors

GENERAL

BLINDS (2.5 hrs)

- The easiest method of cleaning these is to remove them from the windows then hang them in the shower stall on wire coat hangers. Recommended cleaning agent - 409 or equiv.

WINDOWS (inside only) (1 hr)

- Dust and wash all window sills and moldings in each room including closet doors, closet, etc. Windex (2.5 hrs)

LIGHT BULBS

• Replace any light bulbs that have burned out with the same watt and style bulb. Dust all fans and blades. replace globes. If you changed the bulbs from the standard ones that came with the property to CFC type please remove those and reinstall the standard bulb that came with the property.

BULBS THAT ARE NOT REPLACED OR REPLACED INCORRECTLY WILL BE CHARGED AT \$5.00 - \$10.00 EACH.

CARPET

• Vacuum and steam clean. I have an account with Hills Carpet Cleaning and I charge you what they charge me. This is to be the last thing done prior to the new tenants move in. **DO NOT CLEAN THEM YOUR SELF WITH RENTAL EQUIPMENT**

PETS

• If you have an animal you must de-flea the apartment with a bug bombs upon vacating. If you have not paid the pet deposit it will be deducted from your security deposit.

IF YOU DO NOT DE-FLEA THERE IS A CHARGE OF \$50.00.

PAINT

• Remove spots from walls (Mr. Clean Magic Erasers)
• Remove all tacks or nails from walls do not attempt repairs in dry wall this normally ends up costing you more to repair. (\$65.00 per hour for hole filling and painting)

• IF THERE ARE VISIBLE TOUCH-UP SPOTS, OR MISMATCHED PAINT, YOU WILL BE CHARGED FOR FULL RE-PAINT OF UNIT.

• Smell or smoke damage caused by smoking, incense, candles etc will be charged for full re-paint of unit.

OUTSIDE CLEAN UP

All trash is to be removed from the property ,the town of Chapel Hill will not collect bulky items placed at the curb. Any trash placed at the curb prior to trash collection day will have to be picked up by us and charged to you. All trash is to be picked up from around the building including planters and bushes. The Town of Chapel Hill no longer has a landfill any trash you produce has to be removed and taken to the transfer station. You as residents can take trash there I can not, I have to transport it to Durham at additional costs to you.

IF YOU HAVE ANY OUTSTANDING LATE FEES THESE WILL BE WITHHELD FROM SECURITY DEPOSITS.SO MAKE SURE YOUR RENTAL ACCOUNTS ARE CURRENT.

ALL KEYS MUST BE RETURNED TO ME PRIOR TO LEAVING.

Keys not surrendered are deducted at \$25.00 each

IT COSTS US A LOT TO MAKE UNITS READY FOR NEW TENANTS.

PLEASE RETURN THE APARTMENT IN CLEAN AND GOOD CONDITION TO AVOID CHARGES.YOU WILL BE RESPONSIBLE FOR ANY DAMAGE TO THE APARTMENT.

Thank you!

EXHIBIT B

Special Stipulations