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MODIFICATION AND ASSUMPTION AGREEMENT

NORTH CAROLINA
DARE COUNTY

THIS MODIFICATION AND ASSUMPTION AGREEMENT is effective as of _____, 2025, by and between the TOWN OF SOUTHERN SHORES, NORTH CAROLINA, a North Carolina municipal corporation, whose mailing address is 5375 N. Virginia Dare Trail, Southern Shores, NC 27949; SOUTHERN SHORES VOLUNTEER FIRE DEPARTMENT, INC., a North Carolina nonprofit corporation, whose mailing address is 15 S. Dogwood Trail, Southern Shores, NC 27949; FIRE SERVICE REAL ESTATE, INC., a North Carolina nonprofit corporation, whose mailing address is 15 S. Dogwood Trail, Southern Shores, NC 27949; and HOMETRUST BANK, a North Carolina banking corporation, whose mailing address is Attn. John M. Tench, Senior Vice President, PO Box 10, Asheville, NC 28802-0010.

DEFINED TERMS

The following defined terms may be used in this Modification Agreement:

“2019 Financing Documents” means collectively (1) the Assignment of Fire Services Contract; (2) the Municipal Lease and Option Agreement, (3) the Ground Lease, (4) the Sublease Agreement, (5) the UCC Financing Statement, and (6) the Revenue Pledge and Security Agreement.

“Modification Agreement” means this Loan Modification and Assumption Agreement.

“2025 Financing Documents” collectively means (1) this Modification Agreement, (2) the Assignment of Amended and Restated Fire Services Contract, and (3) the Amendment to UCC Financing Statement.

“Effective Date” means the date of this Modification Agreement.

“Assignment of Fire Services Contract” means the Assignment of Fire Services Contract dated February 26, 2019 and recorded in Book 2286, Page 871, Dare County Registry, by and between the Fire Department and FSRE as Assignor and Bank as Assignee.

“Municipal Lease and Option Agreement” means the Municipal Lease and Option Agreement dated February 28, 2019 by and between Bank as Lessor/Pledgee and Fire Department and FSRE as Lessee/Pledgor.

“Ground Lease” means the Ground Lease dated February 28, 2019 and recorded in Book 2286, Page 855, Dare County Registry, by and between Fire Department and FSRE as Lessor and Bank as Lessee.

“Sublease Agreement” means the Sublease Agreement dated February 28, 2019 and recorded in Book 2286, Page 864, Dare County Registry, by and between Bank as Sub-lessor and Fire Department and FSRE as Sub-lessee.

“UCC Financing Statement” collectively means UCC Financing Statement recorded on March 1, 2019 in Book 2287, Page 79, Dare County Registry, and the UCC Continuation Statement recorded on February 26, 2024 in Book 2720, Page 800, Dare County Registry, by and between Fire Department and FSRE as Debtor and Bank as Secured Party.

“2025 UCC Amendments” collectively mean the UCC Financing Statement Amendments, the forms of which are attached as **Exhibit B**.

“Revenue Pledge and Security Agreement” means the Revenue Pledge and Security Agreement dated February 28, 2019 by and between Fire Department and FSRE as Lessee/Pledgor and Bank as Lessor/Pledgee.

“Town” means the Town of Southern Shores, a North Carolina municipal corporation.

“Fire Department” means the Southern Shores Volunteer Fire Department, a North Carolina nonprofit corporation.

“FSRE” means Fire Service Real Estate, Inc., a North Carolina nonprofit corporation.

“Bank” means HomeTrust Bank, a North Carolina banking corporation.

“Party” means individually the Town, the Fire Department, FSRE, or the Bank, all of whom may be collectively referred to as the “Parties.”

“Fire Services Contract” collectively means the Fire Services Contract dated February 26, 2019 by and between the Town, the Fire Department, and FSRE, and a Memorandum of Contract dated February 26, 2019 and recorded in Book 2280, Page 427, Dare County Registry.

"2025 Fire Services Contract" collectively means the 2025 Fire Services Contract dated _____, 2025 between the Town and FSRE, and the 2025 Memorandum of

Contract dated _____, 2025 and recorded in Book _____, Page _____, Dare County Registry.

“2019 Financing” means the financing from Bank evidenced and documented by the 2019 Financing Documents.

“Land” means the real property located at 15 S. Dogwood Trail, Southern Shores, NC 27949 which is owned by FSRE and which is more particularly defined and described in the 2019 Financing Documents.

“Equipment” means the fire station and associated equipment, fixtures, and other property that has been constructed on the Land and which is more particularly defined and described in the 2019 Financing Documents.

Other terms defined in the 2019 Financing Documents may be used in this Modification Agreement and shall have the same meaning as defined in the 2019 Financing Documents.

RECITALS

WHEREAS, Fire Department is one of the parties to the 2019 Financing Documents; and

WHEREAS, currently and in the past the Town has funded the substantial portion of the Fire Department’s budget, which funding was used by the Fire Department in part to make the scheduled payments to the Bank under the 2019 Financing Documents; and

WHEREAS, the Fire Department is in the process of dissolving itself in order to transition to and become a municipal department of the Town; and

WHEREAS, the Fire Services Contract has been amended and restated as the 2025 Fire Services Contract as part of the Fire Department’s dissolution and transition to become a municipal department of the Town; and

WHEREAS, the Parties have agreed to and desire to substitute the Town in place of the Fire Department as an obligor on the 2019 Financing and as a party to the 2019 Financing Documents, and to release the Fire Department from any obligations under the 2019 Financing and the 2019 Financing Documents; and

WHEREAS, FSRE has agreed to convey title to the Land and Equipment to the Town upon the Town’s full satisfaction of all debt obligations to the Bank under the 2019 Financing Documents and the 2019 Financing; and

WHEREAS, as of the date hereof, all payments under the obligations under the 2019 Financing and the 2019 Financing Documents are current.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and promises contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Loan Modification and Assumption.
 - a. Municipal Lease and Option Agreement. The Town is hereby substituted for the Fire Department as the lessee under the Municipal Lease and Option Agreement.
 - b. Ground Lease. The Town is hereby substituted for the Fire Department as the lessor under the Ground Lease.
 - c. Sublease Agreement. The Town is hereby substituted for both the Fire Department and FSRE as the sub-lessee under the Sublease Agreement.
 - d. Revenue Pledge and Security Agreement. The Town is hereby substituted for the Fire Department as a Lessee/Pledgor under the Revenue Pledge and Security Agreement.
 - e. Assignment of Fire Services Contract. The Assignment of Fire Services Contract is hereby replaced by the Assignment of 2025 Fire Services Contract in the form attached hereto as **Exhibit A**.
 - f. UCC Financing Statement. The UCC Financing Statement is hereby amended to add the Town as a debtor and to remove the Fire Department as a debtor. The UCC Amendments shall be in the two forms attached hereto as **Exhibit B**.
 - g. Town hereby assumes all of Fire Department's obligations under the 2019 Financing Documents, except as modified by this Modification Agreement.
 - h. Occupancy. The Town is hereby approved as the sole occupant of the Land and the Equipment.
 - i. Release of Fire Department. Bank hereby fully and unconditionally releases Fire Department as a Party to and from all of Fire Department's obligations under the 2019 Financing and the 2019 Financing Documents.
2. All Payments and Other Obligations Current. All payments and other obligations under the 2019 Financing and the 2019 Financing Documents are current as of the Effective Date.

3. Termination and Transfer. Upon full satisfaction of all obligations under the 2019 Financing Documents (as modified herein), (a) the Sublease Agreement shall terminate; (b) the 2019 Financing Documents shall be deemed satisfied in full and terminated, and (c) FSRE shall thereupon convey to the Town, by general warranty deed and a bill of sale, the fee simple absolute title to the Land and the Equipment, free and clear of all liens and encumbrances except for recorded easements of record.

4. Cumulative Effect. In the event of any conflict between the terms of the 2019 Financing Documents and the terms of this Modification Agreement, the terms of this Modification Agreement shall control. Except as otherwise modified in this Modification Agreement, the 2019 Financing Documents remain in full force and effect.

5. General Provisions.

a. Entire Agreement. This Modification Agreement and its exhibits constitute the entire agreement of the parties and supersede all prior agreements and understandings.

b. Amendments. No amendment or modification of this Modification Agreement shall be valid unless in writing and signed by all parties hereto.

c. Governing Law. This Modification Agreement shall be governed by and construed in accordance with the laws of the State of North Carolina.

d. Severability. If any provision herein is found invalid or unenforceable, the remainder shall remain in full force and effect.

e. Notices. Notices hereunder shall be effective and deemed given when deposited in the United States Mails, postage prepaid, certified mail with return receipt requested. Alternatively, the Party may use a nationally recognized overnight delivery service. Notices shall be addressed to the addresses provided on page 1 of this Modification Agreement for each Party. Any Party may change the address to which such notices are to be addressed by giving each other party notice in the manner herein set forth.

(signatures begin on the following page)

IN WITNESS WHEREOF, each of the parties has caused this Modification Agreement to be duly executed and delivered as of the day and year first above written.

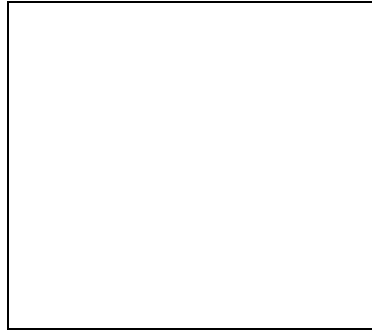
TOWN:

TOWN OF SOUTHERN SHORES, NORTH CAROLINA

BY: _____
Elizabeth Morey, Mayor

ATTEST:

Shelia Kane, Town Clerk

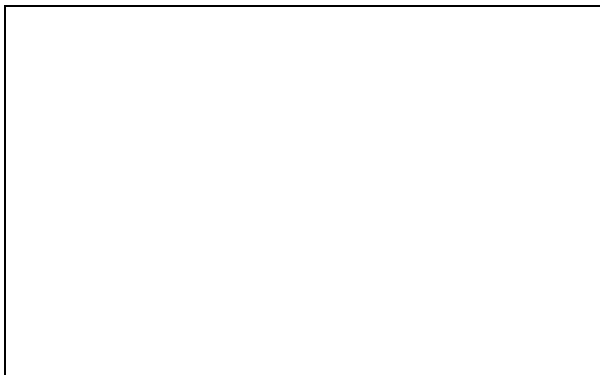


(AFFIX TOWN SEAL IN THIS BOX)

North Carolina, Dare County

I certify that the following person(s) personally appeared before me this day, each acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: Elizabeth Morey, Mayor of the Town of Southern Shores, North Carolina, and Shelia Kane, Town Clerk for the Town of Southern Shores, North Carolina.

Witness my hand and seal this ____ day of _____, 20__.



Signature of Notary Public

Typed or printed name of Notary Public

My commission expires: _____

Affix Notary Seal Inside This Box

IN WITNESS WHEREOF, each of the parties has caused this Modification Agreement to be duly executed and delivered as of the day and year first above written.

FIRE DEPARTMENT:

SOUTHERN SHORES VOLUNTEER FIRE DEPARTMENT, INC.

BY: _____
Edward Hayman, Chair

North Carolina, Dare County

I certify that the following person(s) personally appeared before me this day, each acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: Edward Hayman, Chair of Southern Shores Volunteer Fire Department, Inc.

Witness my hand and seal this _____ day of _____, 20_____.



Affix Notary Seal Inside This Box

Signature of Notary Public

Typed or printed name of Notary Public

My commission expires: _____

IN WITNESS WHEREOF, each of the parties has caused this Modification Agreement to be duly executed and delivered as of the day and year first above written.

FSRE:

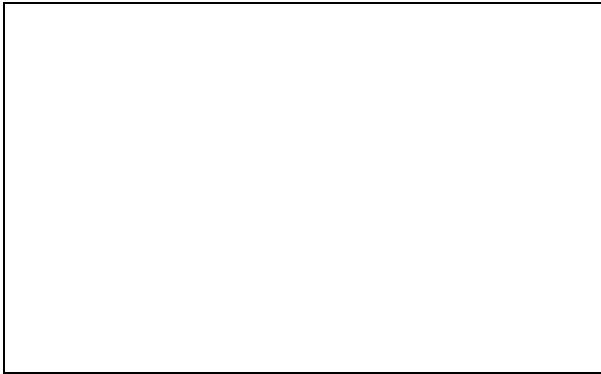
FIRE SERVICE REAL ESTATE, INC.

BY: _____
Grant Dick, Chair

North Carolina, Dare County

I certify that the following person(s) personally appeared before me this day, each acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: Grant Dick, Chair of Fire Service Real Estate, Inc.

Witness my hand and seal this ____ day of _____, 20 ____.



Affix Notary Seal Inside This Box

Signature of Notary Public

Typed or printed name of Notary Public

My commission expires: _____

IN WITNESS WHEREOF, each of the parties has caused this Modification Agreement to be duly executed and delivered as of the day and year first above written.

BANK:

HOMETRUST BANK

BY: _____
John M. Tench, Senior Vice President

North Carolina, Buncombe County

I certify that the following person(s) personally appeared before me this day, each acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: John M. Tench, Senior Vice President of HomeTrust Bank.

Witness my hand and seal this _____ day of _____, 20_____.



Affix Notary Seal Inside This Box

Signature of Notary Public

Typed or printed name of Notary Public

My commission expires: _____

EXHIBIT A

Approved Form of Assignment of 2025 Fire Services Contract

[See Attached]

EXHIBIT B

Approved Forms (2) of UCC Amendments

[See Attached]

Loan Modification and Assumption Agreement v2.docx

DRAFT