

LEASE AND OPERATING AGREEMENT

BY AND BETWEEN

**THE COUNTY OF BLADEN, Doing Business As
BLADEN COUNTY HOSPITAL, AS LANDLORD**

AND

**CUMBERLAND COUNTY HOSPITAL SYSTEM, INC., Doing Business As
CAPE FEAR VALLEY HEALTH CARE SYSTEM, AS TENANT**

Dated as of the __ day of _____, 2008

LEASE AND OPERATING AGREEMENT

THIS LEASE AND OPERATING AGREEMENT (the "Lease"), is made and entered into as of the ____ day of _____, 2008, by and among the COUNTY OF BLADEN, a North Carolina political subdivision, doing business as BLADEN COUNTY HOSPITAL (the "County" or the "Landlord") and CUMBERLAND COUNTY HOSPITAL SYSTEM, INC., a North Carolina nonprofit corporation, doing business as CAPE FEAR VALLEY HEALTH CARE SYSTEM ("Cape Fear Valley" or the "Tenant").

WITNESSETH:

WHEREAS, the County owns an acute care community general hospital known as Bladen County Hospital (hereinafter referred to as the "Hospital") located at 501 South Poplar Street, Elizabethtown, North Carolina; and

WHEREAS, the Hospital is operated by a Board of Trustees, created and appointed by the County, which is not separately incorporated and which functions as an agency of the County; and

WHEREAS, Landlord is the sole member of Bladen Medical Associates, Inc. ("BMA"), a North Carolina nonprofit corporation that owns and operates a rural health center that employs physicians and other professionals to provide medical services; and Landlord participates in a community collaborative known as Bladen Health Watch, Inc. (collectively, BMA and Bladen Health Watch, Inc. are referred to herein as the "Affiliated Operations"); and

WHEREAS, Landlord is the primary beneficiary of a charitable organization known as The Bladen County Hospital Foundation, Inc., a North Carolina nonprofit corporation (the "Foundation"); and the Landlord, together with Southeastern Regional Medical Center, owns an interest in Bladen Fitness Services, L.L.C., a North Carolina limited liability company that provides rehabilitation and fitness services; neither the Foundation nor Bladen Fitness Services are subject to this Lease; and

WHEREAS, Landlord has determined that it is in the best interests of the citizens of the County that operation of the Hospital and the Affiliated Operations be delegated to Tenant, which is experienced in the operation and management of health care programs and facilities; and

WHEREAS, Landlord wishes to enter into this Lease for the purpose of leasing to Tenant the assets of the Hospital and Affiliated Operations, as defined herein, including but not limited to all real property, improvements and fixtures associated therewith, and all furniture, furnishings and equipment used by Landlord in connection with the operation of the Hospital and the Affiliated Operations, upon the terms and conditions hereinafter set forth; and

WHEREAS, the parties hereto have also entered into that certain Assignment and Assumption Agreement of even date herewith (the "Assignment Agreement"), which sets forth

additional rights and responsibilities of the parties with respect to the transition of operations of the Hospital and Affiliated Operations from Landlord to Tenant;

NOW THEREFORE, in consideration of the premises and the mutual undertakings and representations herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Landlord and Tenant hereby covenant, contract, and agree as follows:

1. REPRESENTATIONS OF LANDLORD. Landlord hereby makes the following representations and warranties:

(a) Landlord is a political subdivision of the State of North Carolina and is duly authorized and empowered to enter into the transactions contemplated by this Lease and to carry out its obligations hereunder, and by proper action according to the requirements of N.C. Gen. Stat. § 131E-13(d) has been duly authorized to execute and enter into this Lease.

(b) Landlord owns good, marketable, and insurable title in fee simple absolute to the Leased Property (as hereinafter defined), and except for any liens or encumbrances created under the Hospital's long term debt, Landlord has not created any mortgages, liens, restrictions, agreements, claims, or other encumbrances which cause title to the Leased Property to be unmarketable or which will materially interfere with the lease and use by Tenant of the Leased Property in a manner consistent with the current use by Landlord.

(c) The Hospital is duly licensed as a community general hospital pursuant to the applicable laws of the State of North Carolina (the "State"), is in compliance with all Life Safety Code requirements applicable to general acute care hospitals, and is certified as a critical access hospital ("Critical Access Hospital") pursuant to the laws of the State and the federal Medicare Regulations. The Hospital is licensed to operate forty-eight (48) acute care beds and ten (10) nursing facility beds. The pharmacies, laboratories, and all other ancillary departments located on the Hospital Real Property or operated for the benefit of the Hospital which are required to be specially licensed are duly licensed by the State or other appropriate licensing agency. Landlord has all other licenses, permits, and approvals which are needed or required by law to operate the Hospital and the Affiliated Operations.

(d) Neither the execution and delivery of this Lease, the consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with the terms and conditions of this Lease conflict with or result in a breach of any terms, conditions, or provisions of any restrictions or agreements to which Landlord is now a party.

(e) To the best of Landlord's knowledge, Landlord is in compliance in all material respects with all applicable statutes, rules, regulations, and requirements of all

federal, State and local commissions, boards, bureaus, and agencies having jurisdiction over Landlord and the operation of the Hospital and the Affiliated Operations.

(f) To the best of Landlord's knowledge, there are no claims, actions, suits, proceedings, or investigations pending against or affecting Landlord or the operation of the Hospital or the Affiliated Operations at law or in equity, or before any federal, State, municipal, or other governmental department, commission, board, bureau, agency or instrumentality wherever located which would have a material adverse effect upon the transactions contemplated by this Lease.

(g) Landlord agrees to provide emergency medical transportation services as well as other County-sponsored public health services consistent with the Hospital Primary Service Area population needs and health care industry standards.

2. REPRESENTATIONS BY TENANT. Tenant hereby makes the following representations:

(a) Tenant is a nonprofit corporation, duly incorporated under the laws of the State, exempt from federal income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code, and in good standing under its articles of incorporation and the laws of the State, and by proper corporate action has been duly authorized to execute and enter into this Lease.

(b) Neither the execution and delivery of this Lease, the consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with the terms and conditions of this Lease conflict with or result in a breach of any terms, conditions, or provisions of any restrictions or agreements to which the Tenant is now a party.

(c) To the best of Tenant's knowledge, Tenant is in compliance in all material respects with all applicable statutes, rules, regulations, and requirements of all federal, State and local commissions, boards, bureaus, and agencies having jurisdiction over Tenant and the operation of its business under this Lease.

(d) To the best of Tenant's knowledge, there are no claims, actions, suits, proceedings, or investigations pending against or affecting Tenant or the operation of its business pursuant to the terms of this Lease at law or in equity, or before any federal, State, municipal, or other governmental department, commission, board, bureau, agency or instrumentality wherever located which would have a material adverse effect upon the transactions contemplated by this Lease.

(e) Tenant either has obtained and holds all governmental permits and licenses required to conduct its business and to operate the Hospital pursuant to the terms of this Lease, or within ninety (90) days after the Commencement Date (as hereinafter defined), will have obtained such permits and licenses effective as of the Commencement

Date. Landlord agrees to assist Tenant with obtaining any and all such applicable permits or licenses.

(f) During the term of this Lease, Tenant will operate and maintain the Hospital as an acute care community general hospital, maintain its status as a Critical Access Hospital, and operate the Hospital and the Affiliated Operations, free of discrimination, serving patients without regard to either ability to pay or payor source, and assuring the quality of care of services provided through the Hospital, insofar as possible consistent with the obligations imposed hereunder for the welfare and benefit of the residents of Bladen County (the "Hospital Primary Service Area"). Tenant agrees to provide at the Hospital emergency medical services consistent with the requirements for Critical Access Hospitals. Notwithstanding any provision to the contrary in this Lease, in the Assignment Agreement, or otherwise, the Tenant will not delete or reduce the size or scope of any health care program, service or facility associated with the Hospital or Affiliated Operations as of the Commencement Date without the express written consent of the Landlord, which consent shall not be unreasonably withheld, conditioned, or delayed.

(g) The Chair of the Advisory Board of Trustees shall be appointed to the Board of Managers of [**Bladen LLC**], which shall sublease and operate the Hospital and the Affiliated Operations, as a full voting member; in the absence of the Chair, the Vice Chair of the Advisory Board of Trustees may attend meetings and vote on the Chair's behalf. In addition, one member of the Hospital medical staff shall be appointed by the Advisory Board of Trustees to serve as a non-voting member of the Board of Managers of [**Bladen LLC**].

3. THE LEASED PROPERTY.

(a) In consideration of the obligation of Tenant to pay rent as herein provided, and in consideration of the other terms, provisions and covenants hereof, Landlord hereby leases to Tenant and Tenant hereby leases from Landlord that certain land which is more particularly described on Exhibit A, attached hereto and incorporated herein by reference, together with all improvements thereon, including the buildings, improvements, and fixtures used by Landlord in the operation of the Hospital and the Affiliated Operations and all rights, privileges, easements, appurtenances and immunities belonging to or in any way pertaining to the said land, buildings, improvements, and fixtures (collectively, the "Hospital Real Property").

(b) Excluding the property and assets specifically assigned by Landlord to Tenant pursuant to the Assignment Agreement, Landlord hereby leases to Tenant and Tenant hereby leases from Landlord, for the term described herein, and subject to the terms and conditions of this Lease, all tangible personal property, of every kind and nature, owned and used by Landlord in the operation of the Hospital and the Affiliated Operations including, but not limited to, all furniture, furnishings, equipment, and vehicles (the "Hospital Personal Property"), unless expressly excluded pursuant to the

Assignment Agreement or in writing by Landlord and Tenant and set forth in Exhibit B to this Lease (the Hospital Real Property and the Hospital Personal Property being hereinafter referred to as the "Premises" or the "Leased Property").

(c) The Leased Property shall be delivered to Tenant in good condition and clean on or before the Commencement Date.

4. TERM AND TERMINATION

(a) The initial term (the "Initial Term") of this Lease is five (5) years, commencing on _____, 2008 (the "Commencement Date"), and ending on _____, 2013 (the "Termination Date").

(b) Tenant shall have the right to extend the Initial Term of this Lease for up to four (4) additional successive terms of five (5) years each (each a "Renewal Term", more than one, collectively, the "Renewal Terms" and together with the Initial Term, the "Term"). Tenant shall be deemed to have automatically exercised its right to renew, unless Tenant provides Landlord with written notice one hundred eighty (180) days or more in advance of the expiration of the Initial Term or the Renewal Term that Tenant does not exercise its right to renew for the upcoming Renewal Term. All Renewal Terms exercised shall commence immediately upon expiration of the Initial Term or the preceding Renewal Term. Each Renewal Term shall be upon the same terms and conditions as provided herein for the Initial Term.

(c) Either Landlord or Tenant may terminate this Lease for cause based upon a material breach, after giving written notice (the "Notice of Termination" or the "Termination Notice") to the breaching party and the latter's failure to cure the breach within sixty (60) days' notice of the breach; provided, however, that a longer period shall be allowed if the breaching party has commenced to cure in good faith within sixty (60) days' notice of the breach but the cure cannot be reasonably effectuated within that time period.

(d) Tenant may terminate this Lease at any time, without cause, by providing the Landlord with written Notice of Termination not less than one hundred eighty (180) days in advance of the termination date specified in the Notice of Termination. Landlord may terminate this Lease without cause upon Tenant's notice to Landlord of its intent to exercise the purchase option set forth in Paragraph 30(a) hereof as to the Personal Property and the Additional Assets (as defined hereinafter). Landlord shall provide Notice of Termination within thirty (30) days of Tenant's notice to Landlord of its intent to exercise its purchase option under Paragraph 30(a); the termination date shall be one hundred eighty (180) days from the date of Tenant's notice to Landlord.

(e) Upon termination of this Lease:

(i) by Landlord for cause pursuant to the foregoing Paragraph 4(c),

County shall reimburse Tenant for the net depreciated cost of all capital equipment investments made by Tenant in the Hospital or the Affiliated Operations as of the date of termination regardless of the source of the funds from which those capital equipment investments were purchased.

(ii) by Landlord without cause pursuant to the foregoing Paragraph 4(d), County shall pay Tenant the difference between the Net Asset Value (as defined hereinafter) as of the Effective Termination Date (as defined hereinafter) and the Net Asset Value as of the Commencement Date. For purposes of this Agreement, "Net Asset Value" shall be defined to mean the difference of the value of the non-Hospital Real Property assets of the Hospital and the Affiliated Operations and the value of the non-Hospital Real Property liabilities of the Hospital and the Affiliated Operations.

(iii) by Tenant for cause pursuant to the foregoing Paragraph 4(c) or pursuant to Paragraph 17, Paragraph 19, or Paragraph 22 hereof, County shall reimburse Tenant for the cost of all capital investments made by Tenant in the Hospital or the Affiliate Operations as of the date of termination regardless of the source of the funds from which those capital investments were purchased; provided however, the value of the rent paid as of the date of termination shall be credited against the amount due and owing by Landlord to Tenant.

(iv) notwithstanding any other provision of this Paragraph 4, if Landlord is unable to reimburse or pay any amount due and owing to Tenant under this Paragraph 4, Tenant, in its sole discretion, may remove any equipment purchased by Tenant for use in the Hospital or the Affiliated Operations, regardless of the source of the funds from which that equipment was purchased and the net depreciated value of any such equipment shall be credited against the amount due and owing by Landlord to Tenant.

(v) notwithstanding any other provision of this Paragraph 4, if this Lease is terminated by reason of Tenant's exercise of its purchase option as set forth in Paragraph 30 of this Lease, Landlord shall not be obligated to reimburse Tenant for any amount due and owing under this Paragraph 4; provided however that any remaining balance in the Reserve Fund as of the date of notice of Tenant's exercise of such option shall be credited to Tenant against the purchase price provided for in Paragraph 30 hereof.

(vi) notwithstanding any other provision of this Paragraph 4, if Tenant exercises its purchase right under Paragraph 30 only as to the Hospital Personal Property and the Additional Assets, and this Lease continues as to the Hospital Real Property, then upon termination of this Lease for any reason, Tenant shall retain all of the Hospital Personal Property, the Assigned Assets, and the Additional Assets.

(f) Upon termination of this Lease by either party for any reason, or by Landlord or Tenant without reason, Tenant agrees to cooperate fully with Landlord to

achieve an orderly turnover of the Hospital and Affiliated Operations to Landlord and to ensure that such facilities are fully-operational as of the earliest date (the “Effective Termination Date”), whether before or after the date specified in any Notice of Termination, on which Landlord can effectively and safely operate the Hospital and Affiliated Operations and provide the services described in this Lease and in the Assignment Agreement in a manner that assures continuity of patient care and compliance with all applicable laws, regulations, licensing, accreditation and contractual requirements.

(g) During the period of time beginning with the date of receipt of the Termination Notice and ending with the Effective Termination Date (the “Transition Period”), the Parties shall cooperate to develop a plan (the “Transition Plan”) to effect the transfer of (i) possession and operational control of the Leased Property from the Tenant to the Landlord, and (ii) transfer of ownership of the assets set forth in Paragraph 4(h) hereof, so that the Hospital will be adequately equipped with consumable supplies and accounts receivable necessary to maintain the Hospital and the Leased Property in safe and effective operating condition. During the Transition Period, the Tenant will continue to operate the Hospital and maintain the Leased Property and the Transferred Assets in accordance with the terms of this Lease and to provide all services required to be provided by the terms of this Lease.

(h) Unless Tenant is exercising its purchase rights under Paragraph 30 of this Lease, the Transition Plan shall provide that, prior to or upon the Effective Termination Date Tenant shall transfer to Landlord:

(i) all of the Leased Property shall be returned to the Landlord in good, serviceable and operating condition, reasonable wear and tear and casualty damage excepted;

(ii) consumables, inventories and supplies shall be adequately stocked and conveyed to Landlord;

(iii) accounts receivable regarding services provided by the Hospital or the Affiliated Operations shall be conveyed to Landlord;

(iv) capital equipment and other tangible personal property, acquired by Tenant during the Term and used in the provision of services at the Hospital or the Affiliated Operations as of the Commencement Date; provided, however, Tenant shall not be obligated to transfer such items until Landlord has reimbursed or paid Tenant for such items consistent with the terms of Paragraph 4(e) of this Lease;

(v) to the extent permitted by contract or law, rights under contracts, permits, licenses and other intangible assets as are necessary to allow the continued operation of the Hospital as a community general hospital as described in this Lease;

(vi) in addition, Landlord will re-employ all Hospital and Affiliated

Operations employees and will assume liability for all payables related to the Hospital and Affiliated Operations; provided, however, Tenant, in its sole discretion may, but shall not be required to, continue to employ any employee employed by Tenant to provide services to the Hospital or the Affiliated Operations or any employee employed by Tenant to provide services developed off the campus of the Hospital or Affiliated Operations.

(vii) in addition, Landlord will assume and agrees to pay, discharge and perform all existing obligations of the Tenant as the Effective Date of Termination related to the Hospital and the Affiliated Operations, including without limitation, all accounts payable and all existing obligations under the contracts to be assigned to Landlord under this Paragraph 4(h).

(viii) in addition, at no cost to Tenant, Tenant and Landlord will diligently pursue all approvals and consents required to effect the conveyances contemplated by this Paragraph 4(h).

(i) The Parties acknowledge that the termination of this Lease is subject to governmental and contractual requirements and that the commitment to provide quality medical care without interruption might delay termination or render it impracticable.

(j) Notwithstanding any other provision of this Paragraph 4 or any other provision of this Lease or the Assignment Agreement, Tenant shall not be obligated upon termination to convey to Landlord any real or personal property, tangible or intangible assets, consumables, inventories, and supplies, accounts receivable, capital equipment, rights under contracts, permits, licenses, and other intangible assets, or employees associated with any services developed off of the campus of the Hospital or the Affiliated Operations or services not offered as of the Commencement Date.

5. LEASE PAYMENT AND OTHER CONSIDERATION.

(a) From and after the Commencement Date, Tenant shall pay to Landlord rent in the amount of One Million and No/100 Dollars (\$1,000,000.00) per year to be paid in equal monthly installments in advance, beginning on the Commencement Date and continuing on or before the first day of each month thereafter during the Term; provided, however, if the Commencement Date is a day other than the first day of a calendar month, Tenant shall pay a pro-rata portion of rent to be based on the actual number of calendar days remaining in such partial month after the Commencement Date. If the Lease Term shall expire on other than the last day of a calendar month, such monthly installment of rent shall be prorated for each calendar day of such partial month.

(b) Landlord shall create a reserve account (the “Reserve Fund”) and deposit all rent paid by Tenant under this Lease in the Reserve Fund. The Reserve Fund shall be used exclusively by Landlord (i) to fund or reimburse Tenant, pursuant to Paragraphs 8 through 12 hereof, for capital improvements or repairs, (ii) to fund construction of a new hospital facility on the Hospital Real Property, and/or (iii) to indemnify Tenant as

required pursuant to Paragraph 18 of this Lease or Section 12 of the Assignment Agreement. Notwithstanding any other provision of this Lease, if this Lease is terminated by Landlord without cause pursuant to Paragraph 4(d) or if Tenant exercise its right to purchase under Paragraph 30, any amounts remaining in the Reserve Fund as of the Effective Termination Date shall be returned to Tenant by Landlord or credited against the purchase price otherwise due and owing by Tenant to Landlord.

(c) In addition to rent, Tenant shall be obligated to fund necessary capital expenditures associated with the cost of capital replacement and expansion for the Hospital and the Affiliated Operations (the “Capital Expenditure Commitment”), in the amount of Two Million Five Hundred Thousand Dollars (\$2,500,000.00) over the Initial Term, or approximately Five Hundred Thousand Dollars (\$500,000.00) per year, and thereafter as determined appropriate by Tenant from time to time upon consultation with the Landlord and the Advisory Board of Trustees. In addition to the Capital Expenditure Commitment, Tenant shall also be responsible for the cost of physician recruitment and the expenses associated with the establishment of new programs, as more fully described herein.

(d) Costs incurred by Tenant pursuant to Paragraphs 8 through 12 shall be credited against the Capital Expenditure Commitment of Tenant pursuant to Paragraph 5(c) of this Lease, or, if in excess of the Capital Expenditure Commitment, Tenant, in its sole discretion, may either (i) deduct the costs thereof from the installments of rent and all other charges next falling due under this Lease or (ii) require the County to reimburse Tenant for the costs of such capital expenditures from the Reserve Fund created pursuant to Paragraph 5(b) of this Lease and such reimbursement shall be made by Landlord to Tenant within forty five (45) days of Tenant providing invoices to County for such costs

(e) Tenant shall have the right to receive and retain, consistent with the terms of this Lease, all revenues generated by the Hospital and the Affiliated Operations and the Leased Property and shall have the duty to pay all capital and operating expenses of the operations of same, as described herein subject to the Tenant’s rights to credit, to offset rent, or to be reimbursed for such capital expenses as set forth in this Lease.

(f) Except as provided in Paragraph 5 of this Lease or in Section 6 of the Assignment Agreement, no further payments shall be due and owing from Tenant to Landlord, and such payments shall include all charges by Landlord for the use by Tenant of the Leased Property.

6. USE AND OPERATIONS. The Leased Property shall be used for the operation of a hospital, and for the provision of health care, and all other uses reasonably related thereto. Tenant hereby covenants and agrees that in conjunction with its use of the Leased Property:

(a) Tenant shall continue to provide the same or similar clinical hospital services in medical-surgery, obstetrics, pediatrics, outpatient and emergency treatment,

including emergency services for the indigent, that the Hospital provided prior to this Lease, in accordance with terms herein;

(b) Tenant shall continue to provide charity care in accordance with Hospital policies, including, without limitation, access to care by indigent persons in compliance with State and federal law, without discrimination, regardless of the cost of providing such services and regardless of the person's ability to pay;

(c) Tenant shall not enact financial admission policies that have the effect of denying essential medical services or treatment solely because of a patient's immediate inability to pay for the services or treatment;

(d) Tenant shall ensure that admission to and services of the Hospital are available to the beneficiaries of governmental reimbursement programs (e.g., Medicare and Medicaid) without discrimination or preference because they are beneficiaries of those programs;

(e) on or before December 1 of each year, Tenant shall provide an annual report to the Landlord that demonstrates compliance with the requirements of this Lease;

(f) Tenant shall continuously operate the Hospital during the Term, subject to closures due to casualty, condemnation, events of *force majeure*, or closures caused by any act or omission by Landlord, its agents, employees, contractors, or subcontractors; the Hospital shall be open to the public; and Tenant shall provide services during the Term to all persons, free of discrimination based on race, creed, color, sex, or national origin;

(g) provided this Lease remains in full force and effect, on or before the twenty-four (24) month anniversary of the Commencement Date, Tenant shall perform a comprehensive study to assess the healthcare needs of County residents and determine the feasibility of constructing a new hospital facility or other facility improvements ("Needs Assessment");

(h) Tenant shall review current and ongoing capital and facility needs of the Hospital and the Affiliated Operations based upon the Needs Assessment and develop a capital improvements plan in conformity with Landlord's commitment to use the rent specified in Paragraph 5(a) for capital improvements to the Hospital Real Property and Tenant's commitment to provide Two Million Five Hundred Thousand Dollars (\$2,500,000.00) in capital equipment expenditures at the Hospital over the five (5) year Term;

(i) Tenant shall provide health and facilities planning, financial, information systems, managed care, human resources, physician recruitment, accounts receivable and general hospital management consulting expertise, in order to promote the Hospital's and the Affiliated Operations' growth and service development capabilities;

(j) Tenant shall operate the Hospital and Affiliated Operations in material compliance with the licensing laws, rules, and regulations of the State and Medicare and Medicaid laws, rules and regulations; and

(k) Tenant shall operate the Hospital in material compliance with all applicable federal and State environmental laws, rules, and regulations.

7. ADVISORY BOARD OF TRUSTEES. To assist with management of the Hospital and in assessing local Bladen County needs, the Board of Trustees of Bladen County Hospital, which is appointed by the County, shall remain in existence and have an advisory role in the governance of the Hospital and Affiliated Operations (hereinafter referred to as the “Advisory Board of Trustees”). The specific duties of the Advisory Board of Trustees in advising the management of the Hospital and Affiliated Operations will include the following:

(a) reviewing and making recommendations to the Board of Managers of Tenant concerning medical staff credentialing decisions;

(b) reviewing and making recommendations regarding annual operating and capital budgets;

(c) reviewing and making recommendations regarding Joint Commission accreditation and quality of care issues;

(d) reviewing and making recommendations regarding long range and strategic plans for the Hospital;

(e) reviewing and making recommendations regarding new programs and facilities and the termination of programs;

(f) reviewing and making recommendations regarding the appointment, evaluation, and termination of the administrator of the Hospital; and

(g) receiving reports on quality assurance and risk management activities in the Hospital and the making recommendations regarding such activities.

Notwithstanding any other provision in this Paragraph 7, the Tenant will retain all final authority with respect to the management of the Hospital and the Affiliated Operations.

8. REPAIRS AND MAINTENANCE.

(a) Tenant shall, at its own cost and expense, maintain and repair the entirety of the exterior of the Hospital Real Property, including, but not limited to, the roof, downspouts, gutters, foundation, slab, walls, doors, sidewalks, parking areas, all utility and electrical lines, and the HVAC and plumbing systems in good repair, reasonable wear and tear excepted..

(b) Tenant shall, at its own cost and expense, maintain and repair the interior of the Premises in good condition and repair, reasonable wear and tear excepted, including, but not limited to, windows, glass and plate glass, doors, walls and ceilings, finish work, floors and floor covering.

(c) In the event that additional repairs and maintenance to the Premises are required during the Initial Term or any Renewal Term and the cost of such maintenance and repairs are in excess of the total remaining balance in the Reserve Fund and total remaining outstanding rent due under Paragraph 5(a) during such Initial Term or such Renewal Term (which outstanding rent has not already been assigned to be offset against expenses already incurred pursuant to Paragraphs 8 through 12 of this Lease), then County shall, at its own cost and expense, complete such repairs and maintenance necessary to maintain the Hospital Real Property in good repair and in compliance with all applicable laws, rules, and regulations of the State and Medicare and Medicaid laws, rules, and regulations.

9. REAL PROPERTY ADDITIONS, ALTERATIONS AND IMPROVEMENTS. Tenant shall have the right, at its expense, to make alterations, additions and improvements to the Hospital Real Property, structural or otherwise, and to construct or add additional facilities.

10. INSTALLATION OF MACHINERY AND FIXTURES BY TENANT. Tenant, at its expense, may at any time during the term of this Lease, install or commence the installation of any additional machinery, equipment, fixtures or personal property ("Tenant's Property") to such extent as Tenant may deem desirable.

11. ALTERATION, IMPROVEMENT AND MODIFICATIONS OF EQUIPMENT BY TENANT. Tenant shall have the right to alter, improve and modify any equipment in or at the Hospital Real Property, including both equipment owned by Landlord and Tenant's Property, from time to time as it may determine is desirable for its use and purposes, provided that the same does not substantially decrease the use of the Premises for the purposes of this Lease and does not decrease the value of the same.

12. REMOVAL AND DISPOSITION OF INADEQUATE, WORN-OUT OR OBSOLETE EQUIPMENT. In the event Tenant determines that any items of equipment owned by Landlord have become inadequate, obsolete, worn-out or no longer useful and the removal thereof will not interfere with the operation or substantially decrease the use of the Premises for the purposes of this Lease, Tenant may remove such items of equipment from the Premises and (on behalf of Landlord) sell, trade-in, exchange or otherwise dispose of them, provided that Tenant substitutes and installs on the Premises other machinery or equipment having a market value not less than the then market value of the equipment being removed and gives Landlord prompt written notice thereof. All such substituted machinery or equipment shall be free of any liens and encumbrances, shall be and become part of the machinery and equipment owned by Landlord and subject to the provisions hereof and shall be held by Tenant on the same terms and conditions as items originally comprising the equipment.

13. MAINTENANCE AND REPAIR OF EQUIPMENT. Tenant, at its cost and expense, shall maintain and keep the Hospital Personal Property in good repair and operating condition.

14. SIGNS. Tenant shall have the right to install signs upon the exterior of the Premises regarding the conduct of its business, subject to any applicable governmental laws, ordinances, regulations and other requirements as well as prior approval by Landlord, which approval shall not be unreasonably withheld, conditioned, or delayed; provided, however, that Landlord hereby consents to any sign bearing the description: "Cape Fear Valley Health System—Bladen County Hospital".

15. UTILITIES. Tenant shall be responsible for ensuring that all utilities are billed to Tenant and shall pay for its usage of utilities at the Premises.

16. ASSIGNMENT AND SUBLETTING. This Lease shall not be assigned, transferred or delegated in whole or in part to anyone other than the parties by either Landlord or Tenant without the prior written consent of the other party; provided however, that Landlord hereby gives its consent to the sublease of the Leased Property by Tenant to a corporation, limited liability company, or other entity wholly owned or controlled by Tenant, so long as the Tenant is not ultimately relieved of its obligations under this Lease and remains ultimately responsible for the performance of the responsibilities under this Lease.

17. FIRE AND CASUALTY DAMAGE.

(a) Tenant agrees to maintain standard fire and extended coverage insurance covering the Premises in an amount not less than replacement cost, insuring against special causes of loss, including, the perils of fire, and lightning. The form of such coverages and endorsements shall be as defined, provided and limited in the standard bureau forms prescribed by the insurance regulatory authority for the State; provided that the insurer and the form and amount of such insurance shall be subject to the prior approval of Landlord, which approval shall not be unreasonably withheld, conditioned, or delayed. The Landlord and the Tenant shall be the named insureds under such insurance policies, as their interests may appear, and all insurance proceeds shall be paid to Landlord or Tenant according to their interests specified therein.

(b) If the Premises, equipment or Hospital Personal Property which are the subject of this Lease should be damaged or destroyed by any peril covered by the insurance to be provided by Tenant under Subparagraph 17(a) above, each party hereto shall promptly notify the other parties hereto.

(c) If the Premises should be totally destroyed by any peril covered by the insurance to be provided by under Subparagraph 17(a) above, or if the Premises should be so damaged thereby that rebuilding or repairs cannot in the estimation of Tenant be completed within two hundred (200) days after the date of such damage, then Tenant may elect to terminate this Lease, no further consideration shall be due and payable by Tenant

to Landlord, and Landlord shall reimburse Tenant in accordance with Paragraph 4(e)(iii) hereof. If Tenant elects to continue under the Lease, then Landlord shall be required to rebuild the Hospital Real Estate from the proceeds of insurance payable in respect to any such loss or damage; provided, however, that Landlord shall not be required to rebuild the Hospital Real Estate, if the insurance proceeds are not sufficient to pay the cost of rebuilding and if Landlord elects not to rebuild in such instance, Tenant shall have the right to terminate this Lease. If the insurance proceeds are insufficient to pay the cost to rebuild the Hospital Real Estate, Landlord shall notify Tenant of same and Tenant shall have the right (but not the obligation) to pay any amounts beyond the insurance proceeds necessary to rebuild the Hospital Real Estate, in which event Landlord shall be required to rebuild the Hospital Real Estate subject to reimbursement by Tenant of such costs in excess of the insurance proceeds; provided, however, Tenant, in its sole discretion, may either then (i) deduct the such excess costs from the installments of rent and all other charges next falling due under this Lease or (ii) require the County to reimburse Tenant for such excess costs from the Reserve Fund created pursuant to Paragraph 5(b) of this Lease and such reimbursement shall be made by Landlord to Tenant within forty five (45) days of Tenant's payment to Landlord. Notwithstanding the above, the period of time within which repair and restoration of the Premises would be completed shall be extended due to delays occasioned by *force majeure*.

(d) If the Hospital Real Estate should be damaged by any peril covered by the insurance to be provided by Tenant under Paragraph 17(a) above, but only to such extent that rebuilding or repairs can, in Tenant's estimation, be completed within two hundred (200) days after the date of such damage, this Lease shall not terminate, and Tenant shall, at its sole cost and expense, thereupon proceed with reasonable diligence to rebuild and repair the Premises to substantially the condition in which they existed prior to such damage. Notwithstanding any other provision of this paragraph, in no instance shall Tenant be required to furnish any funds to repair, replace or restore all or any portion of the Premises except from the proceeds of insurance required to be maintained under Paragraphs 17 and 18 of this Lease payable in respect of any such loss or damage, which insurance proceeds shall be paid directly to Tenant prior to Tenant's obligation to commence repairs/restoration of the Premises. In no event shall Tenant be responsible to rebuild/restore the Premises unless the full cost of such repairs/restoration is covered by the insurance proceeds received by Tenant.

(e) Landlord and Tenant hereby waive all rights to recover against each other or against the officers, directors, employees, agents, customers, invitees, or business visitors of each other, for any loss or damage arising from any cause or risk which would be covered in whole or in part, by insurance of the type required to be carried by each of them pursuant to this Lease, or any other insurance actually carried by either of them. Landlord and Tenant shall cause their respective insurers to issue waiver of subrogation rights endorsements to all policies of insurance carried in connection with the Hospital Real Estate, and any cost for the issuance of such endorsements shall be borne by the original insured under such policies consistent with the terms of this Lease.

18. LIABILITY AND INDEMNIFICATION.

(a) Landlord shall not be liable to Tenant or Tenant's employees, agents, officers, partners, licensees or invitees, or to any other person whomsoever, for any damage to property on or about the Premises belonging to Tenant or any other person, due to any cause whatsoever, unless caused by the negligence or willful misconduct of Landlord, its agents, employees, contractors, or subcontractors.

(b) Tenant hereby covenants and agrees that it will at all times indemnify, defend and hold safe and harmless Landlord and Landlord's trustees, officers, employees, agents, invitees and visitors from and against, and pay or reimburse Landlord for, any loss, liability, claims, suits, costs, expenses, including without limitation attorney's fees, costs of litigation and damages, incurred by Landlord, its trustees, officers, employees, agents, invitees or visitors arising out of or resulting from the occupancy by Tenant of the Premises, the operation of the Hospital and the Affiliated Operations by Tenant, a breach by Tenant of any provision of this Lease, other than losses resulting from breach of the Lease or from the negligence or bad faith of Landlord.

(c) To the extent permitted by law, Landlord hereby covenants and agrees that it will at all times indemnify, defend and hold safe and harmless Tenant and Tenant's trustees, officers, employees, agents, invitees and visitors from and against, and pay or reimburse Tenant for, any loss, liability, claims, suits, costs, expenses, including, without limitation, attorney's fees, costs of litigation, and damages, incurred by Tenant, its trustees, officers, employees, agents, partners, invitees and visitors arising out of or resulting from a breach by Landlord of any provision of this Lease, or from the negligence or bad faith of Landlord, and any liability arising from or related to the operation of the Hospital or the Affiliated Operations prior to the Commencement Date of this Lease, unless such liability was specifically assumed by Tenant pursuant to the provisions of this Lease or the Assignment Agreement, or after the termination of this Lease.

(d) Tenant shall procure and maintain throughout the term of this Lease a policy or policies of insurance, at its sole cost and expense, naming Landlord as an additional insured, and insuring both Landlord and Tenant against all claims, demands or actions arising out of or in connection with: (i) the Premises; (ii) the condition of the Premises; (iii) Tenant's operations in and maintenance and use of the Premises; (iv) the equipment, personal property and fixtures of Tenant located on the Premises; (v) any interruption in the conduct of the business of Tenant on the Premises; and (v) Tenant's liability assumed under this Lease or the Assignment Agreement. The limits of coverage maintained by Tenant for (a) commercial general liability shall be not less than \$_____ with respect to each occurrence, not less than \$_____ with respect to personal injury or death of a single person, not less than \$_____ general aggregate, and not less than \$_____ with respect to products completed operations aggregate, (b) professional liability insurance shall not be less than on \$_____ with respect to each occurrence and not less than \$_____ in general aggregate, (c)

business interruption insurance shall be not less than coverage for actual loss, and (d) for replacement of the equipment, personal property and fixtures of Tenant shall be not less than full replacement value.

(e) Tenant may also obtain and maintain insurance coverage for Excluded Liabilities of Landlord as permitted under Section 7(b) of the Assignment Agreement and defined therein.

(f) All such policies shall be procured by Tenant from responsible insurance companies reasonably satisfactory to Landlord. Certified copies of such policies, together with receipt evidencing payments of premiums thereof, shall be delivered to Landlord prior to the Commencement Date. Not less than fifteen (15) days prior to the expiration date of any such policies, certified copies of the renewals thereof (bearing notations evidencing the payment of renewal premiums) shall be delivered to Landlord. Such policies shall further provide that not less than fifteen (15) days prior written notice shall be given to Landlord before such policy may be canceled or changed to reduce insurance provided thereby.

19. CONDEMNATION.

(a) If the whole or any substantial part of the Premises should be taken for any public or quasi-public use under governmental law, ordinance, or regulation, or by right of eminent domain, or by private purchase in lieu thereof, and the taking in Tenant's estimation would prevent or materially interfere with the use of the Premises by Tenant for the purposes provided herein, then Tenant may elect to terminate this Lease, no further consideration shall be due and payable by Tenant to Landlord, and Landlord shall pay Tenant the value of Tenant's leasehold estate and reimburse Tenant in accordance with Paragraph 4(e)(iii) hereof. For purposes of this subparagraph, the term "substantial part of the Premises" shall mean at least fifty percent (50%) of the Premises.

(b) If part of the Premises shall be taken for any public or quasi-public use under any governmental law, ordinance or regulation, or by right of eminent domain, or by private purchase in lieu thereof, and this Lease is not terminated as provided in the subparagraph above, then any proceeds received from the proceedings referenced by this Paragraph 19 shall be distributed to Landlord; provided however, that in such case, the parties shall negotiate in good faith to amend the rental rate set forth in Paragraph 5(a) to reflect such partial taking. If the parties can not agree upon an amended rental rate within thirty (30) days of such partial taking, Tenant may elect to terminate this Lease, no further consideration shall be due and payable by Tenant to Landlord, and Landlord shall reimburse Tenant in accordance with Paragraph 4 hereof.

20. QUIET ENJOYMENT. Landlord covenants that it now has, or will acquire before Tenant takes possession of the Premises, good title to the Premises, free and clear of all liens and encumbrances, zoning ordinances and other building and fire ordinances and governmental regulations relating to the use of such property, and easements, restrictions and

other conditions of record. Landlord represents and warrants that it has full right and authority to enter into this Lease and that Tenant, upon paying the rental herein set forth and performing its other covenants and agreements herein set forth, shall peaceably and quietly have, hold and enjoy the Premises for the term hereof without hindrance or molestation from Landlord, subject to the terms and provisions of this Lease.

21. EVENTS OF DEFAULT BY TENANT. Each of the following events shall be deemed to be an “Event of Default” by Tenant under this Lease: (i) Tenant shall fail to comply with any term, provision or covenant of this Lease, including without limitation, the failure to pay any sums due under this Lease, (ii) Tenant shall become bankrupt or insolvent, or file any debtor proceedings, or file a petition in bankruptcy or for reorganization or for the appointment of a receiver, or (iii) Tenant vacates or abandons the Premises or fails to use the Premises to provide health care for a period of more than thirty (30) consecutive days, unless such failure is due to casualty, condemnation, an event of *force majeure*, or as a result of any action or omission by Landlord, its agents, employees, contractors, or subcontractors, and if Tenant does not cure any of the foregoing events within sixty (60) days after written notice thereof to Tenant, Landlord may terminate this Lease upon written notice to Tenant, with such termination to be effective as of the date of the Event of Default by Tenant hereunder, in which event Landlord shall reimburse Tenant, in accordance with Paragraph 4 hereof; provided, however, that a longer period shall be allowed if Tenant has commenced to cure in good faith within sixty (60) days of receipt of written notice of the breach but the cure cannot be reasonably effectuated within that time period.

22. LANDLORD DEFAULT. If Landlord shall fail to perform any of its respective duties and obligations hereunder within sixty (60) days of written notice from Tenant (each being deemed an “Event of Default”), Tenant shall have the right but not the obligation to perform such obligations on behalf of Landlord and to pursue available legal remedies, including but not limited to specific performance, injunctive relief and reimbursement of the costs and expenses incurred by Tenant in performing such obligations. Should Tenant elect not to perform the obligations of Landlord hereunder and should Landlord neglect to do so within sixty (60) days of its receipt of notice from Tenant, Tenant may (x) terminate this Lease upon written notice to Landlord, with such termination to be effective as of the date of the Event of Default by Landlord hereunder, in which event Landlord shall reimburse Tenant, in accordance with Paragraph 4 hereof and (y) pursue any remedy available to it, including, but not limited to damages; provided, however, that a longer period shall be allowed if Landlord has commenced to cure in good faith within thirty (30) days' notice of the breach but the cure cannot be reasonably effectuated within that time period.

23. REMEDIES. Upon the occurrence of any Event of Default in Paragraph 21 or 22 hereof (beyond the applicable cure periods set forth in Paragraph 21 or 22), the parties shall be entitled to pursue any equitable or legal remedy, including but not limited to damages, available to them. If the Event of Default is caused by the Tenant, subject to compliance with applicable laws, Landlord shall have the right to re-enter and take possession of the Premises.

24. MECHANIC'S LIENS. Tenant shall have no authority, express or implied, to create or place any lien or encumbrance of any kind or nature whatsoever upon, or in any manner to bind, the interest of Landlord in the Premises or to charge the rentals payable hereunder for any claim in favor of any person dealing with Tenant, including those who may furnish materials or perform labor for any construction or repairs, and each such claim shall affect and each such lien shall attach to, if at all, only the leasehold interest granted to Tenant by this instrument. Tenant covenants and agrees that it will pay or cause to be paid all sums legally due and payable by it on account of any labor performed or materials furnished in connection with any work performed on the Premises on which any lien is or can be validly and legally asserted against its leasehold interest in the Premises or the improvements thereon and that it will save and hold Landlord harmless from any and all loss, cost or expense based on or arising out of said asserted claims or liens against the leasehold estate or against the right, title and interest of Landlord in the Premises or under the terms of this Lease.

25. ASSIGNMENT AGREEMENT. The parties acknowledge and agree that neither would have entered into this Lease but for the agreement of the other to enter into the Assignment Agreement, which sets forth the terms of the transition of operations of the Hospital and Affiliated Operations from Landlord to Tenant. This Lease is hereby executed contemporaneously with the Assignment Agreement, a copy of which is attached hereto and labeled as Exhibit C, and which is hereby incorporated as if fully set forth herein.

26. MEDICAL STAFF. The Hospital's medical staff shall remain separate from the medical staff of Tenant, with its own Medical Staff Bylaws and responsibility for the credentialing and peer review of its members. Any amendment of the Medical Staff Bylaws by Tenant shall be accomplished in accordance with the procedures for amendment thereof described in the Medical Staff Bylaws. No member of the medical staff of the Hospital shall have the rights and privileges he or she enjoyed prior to the Commencement Date terminated, suspended, restricted, modified, or otherwise changed merely as a result of the commencement of this Lease and operation of the Hospital by Tenant. Notwithstanding the foregoing, Tenant shall have the power to adopt or amend the Medical Staff Bylaws, which power shall not be dependent upon the ratification thereof by the medical staff.

27. NO ASSUMED LIABILITIES. Except as expressly provided herein or in the Assignment Agreement, Tenant hereby assumes no liabilities whatsoever of Landlord or any previous tenant including, but not limited to, liability for any claim, demand, action, or suit arising from an occurrence prior to the Commencement Date of this Lease or after the termination of this Lease; provided however, if Tenant exercises its right to purchase the Hospital Real Property and/or the Hospital and Affiliated Operations pursuant to Paragraph 30 of this Lease, Tenant shall be liable for occurrences after the termination date of this Lease.

Except as expressly provided herein or in the Assignment Agreement, Landlord hereby assumes no liabilities whatsoever of Tenant including, but not limited to, liability for any claim, demand, action or suit arising from an occurrence subsequent to the Commencement Date but prior to the termination date of this Lease; provided however, if Tenant exercises its right to purchase the Hospital Real Property and/or the Hospital and Affiliated Operations pursuant to

Paragraph 30 of this Lease, Landlord shall not be liable for occurrences after the termination date of this Lease.

28. RECORDING AND FILING. This Lease and every supplement, assignment and modification hereof, shall be recorded in such public office or offices as may be at the time provided by law as the proper place for the recordation of a deed conveying the Premises or, at Tenant's option, the parties may record a memorandum of the same, in the form described by Exhibit D.

29. NOTICES. Each provision of this instrument or of any applicable governmental laws, ordinances, regulations, or other requirements with reference to the sending, mailing, or delivery of any notice by Landlord to Tenant or with reference to the sending, mailing, or delivery of any notice or the making of any payment by Tenant to Landlord shall be deemed to be complied with when and if the following steps are taken:

(a) All lease payments and other payments required to be made by Tenant to Landlord hereunder shall be payable to Landlord at the address set forth below or at such other address as Landlord may specify from time to time by written notice delivered in accordance herewith.

(b) Any notice or document required or permitted to be delivered hereunder shall be deemed to be delivered whether actually received or not when deposited in the United States Mail, postage prepaid, sent by Federal Express or other nationally recognized overnight courier, Certified or Registered Mail, return receipt requested, addressed to the parties hereto at the respective addresses set out below, or at other such addresses as they have heretofore specified by written notice delivered in accordance therewith.

LANDLORD:

County of Bladen
Attn: County Manager
106 East Broad Street
Elizabethtown, North Carolina

TENANT:

Cape Fear Valley Health System
Attn: Chief Executive Officer
1638 Owen Drive
Fayetteville, North Carolina 28304

All parties included within the terms "Landlord" and "Tenant", respectively, shall be deemed to have received notices in accordance with the provisions of this paragraph with the same effect as if each had received such notice.

30. RIGHT TO PURCHASE.

(a) Commencing on the three (3) year anniversary of the Commencement Date and continuing throughout the Term thereafter, Tenant shall have a continuing right to purchase the Hospital Personal Property and any other tangible or intangible assets of the Hospital or the Affiliated Operations not previously conveyed pursuant to Section 4(a) of the Assignment Agreement (the "Additional Assets") for an amount equal to One Million Two Hundred Thousand Dollars (\$1,200,000). If Tenant elects to purchase the Hospital Personal Property and the Additional Assets, Tenant shall give Landlord written notice of its election from and after the thirty (30) month anniversary of the Commencement Date. Upon such notice, (i) Landlord shall either provide Notice of Termination of this Lease within thirty (30) days pursuant to Paragraph 4(d) with a termination date of one hundred eighty (180) days from Tenant's notice of intent to exercise its purchase option or (ii) the parties shall negotiate a contract for the purchase of the Hospital Personal Property and the Additional Assets within thirty (30) days of such notice, with a closing date within one hundred eighty (180) days from Tenant's notice of intent to exercise its purchase option, in form and substance reasonably acceptable to Landlord and Tenant except that the parties agree that purchase price for the Hospital Personal Property and the Additional Assets shall be One Million Two Hundred Thousand Dollars (\$1,200,000). In the event that Tenant exercises its purchase option under this Paragraph 30(a) as to the Hospital Personal Property and the Additional Assets, but does not exercise its purchase option under Paragraph 30(b) as to the Hospital Real Property, upon the closing of such sale, Tenant shall continue to pay the rent due and owing under Paragraph 5(a), but all Capital Expenditure Commitments under Paragraph 5(b) shall immediately cease as of the date of the closing of such sale.

(b) Commencing on the three (3) year anniversary of the Commencement Date and continuing throughout the Term thereafter, Tenant shall have a continuing right to purchase the Hospital Real Property for an amount equal to the fair market value of said Hospital Real Property at the time Tenant exercises its right to purchase same. If Tenant elects to purchase the Hospital Real Property, Tenant shall give Landlord written notice of its election from and after the thirty (30) month anniversary of the Commencement Date. Upon such notice, the parties shall negotiate a contract for the purchase of the Hospital Real Property within thirty (30) days of such notice, with a closing date within one hundred eighty (180) days from Tenant's notice of intent to exercise its purchase option, in form and substance reasonably acceptable to Landlord and Tenant except that the parties agree that purchase price for the Hospital Real Property shall be determined as set forth herein. If Tenant elects to purchase the Hospital Real Property and the parties are unable to agree upon the fair market value of the Hospital Real Property, each party shall appoint a person who is an appraiser and a member of the American Institute of Real Estate Appraisers (each being an "Appraiser"). The two (2)

Appraisers so appointed shall appoint an impartial third appraiser, similarly qualified, who has no business relationship with either Landlord or Tenant, within ten (10) days after the appointment of the last appointed Appraiser, and shall notify the parties of the identity of such third Appraiser. The decision of the fair market value of the Hospital Real Property by a majority of the three (3) Appraisers shall be binding upon Landlord and Tenant. Each party shall pay any cost of the Appraiser selected by such party and one half of the cost of the third Appraiser so selected plus one half of any other costs incurred in resolving the disagreement regarding the fair market value.

(c) Notwithstanding any other provision of this Lease, upon written request by Tenant, at any time during the initial three (3) years of the Term, Landlord in its discretion may elect to sell the Hospital Real Property and/or the Hospital Personal Property and the Additional Assets pursuant to the terms of this Paragraph 30.

(d) Any exercise of Tenant's option to purchase under this Paragraph 30 will be made subject to the County's reversionary rights and obligations set forth in North Carolina General Stats. § 131E-13(a) to the extent applicable; provided however, the parties acknowledge and agree that any such right of reversion is only related to a purchase under this Paragraph 30 and shall not effect the rights and obligations of the parties set forth in Paragraphs 4 and 5 hereof as they relate to termination of this Lease.

31. NON-COMPETITION. Landlord agrees that as a result of this Lease with Tenant, Tenant has the right and responsibility to conduct the Hospital and Affiliated Operations in accordance with the terms of this Lease. Therefore, during the Term of this Lease, Landlord shall not, within the Hospital Primary Service Area, own, lease, manage, operate, market, or engage in any business, enterprise or other activity relating to the operation of a hospital or any other health-care-related activity in which Tenant or an affiliate thereof is engaged, or lease real or personal property owned by the Landlord to any third party for the purpose of operation of a hospital or any other health-care-related activity in which Tenant or an affiliate thereof is engaged; provided, however, that nothing in this paragraph shall be construed to prohibit the County from providing public health services. Landlord further acknowledges and agrees that enforcement of the provisions of this paragraph would not unduly impact the availability of medical services within the Hospital Primary Service Area, or otherwise pose a threat of harm to the public health, or promote monopolization of medical services at the public's expense. Landlord further agrees that if Landlord should engage in a health-care-related activity as defined herein (in which Tenant or an affiliate thereof is engaged) in violation of the provisions of this paragraph, then such activity shall constitute a material breach of this Lease and afford Tenant its full rights of termination under this Lease. If Tenant exercises its right to purchase the Land and Buildings and/or the Hospital and Affiliated Operations pursuant to Paragraph 30 of this Lease, Landlord's obligation not to compete with Tenant within the Hospital Primary Service Area shall continue and be documented in the purchase agreement to be executed by the parties.

32. MISCELLANEOUS.

(a) Words of any gender used in this Lease shall be held and construed to include any other gender, and words in the singular number shall be held to include the plural, unless the context otherwise requires.

(b) The terms, provisions and covenants and conditions contained in this Lease shall apply to, inure to the benefit of, and be binding upon the parties hereto and upon their respective heirs, legal representatives, successors and permitted assigns, except as otherwise herein expressly provided. Each party agrees to furnish to the other, promptly upon demand, a resolution, or other appropriate documentation evidencing the due authorization of such party to enter into this Lease.

(c) The captions inserted in this Lease are for convenience only and in no way define, limit or otherwise describe the scope or intent of this Lease, or any provision hereof, or in any way affect the interpretation of this Lease.

(d) Each party hereto agrees from time to time, within ten (10) days after request of another party hereto, to deliver to said other party hereto, or its designee, an estoppel certificate stating that this Lease is in full force and effect, the date to which the lease payments have been paid, the unexpired term of this Lease and such other matters pertaining to this Lease as may be requested by a party hereto.

(e) This Lease may not be altered, changed or amended except by an instrument in writing signed by all parties hereto or their successors in interest.

(f) If any clause or provision of this Lease is illegal, invalid or unenforceable under present or future laws effective during the term of this Lease, then and in that event, it is the intention of the parties hereto that the remainder of this Lease shall not be affected thereby, and it is also the intention of the parties to this Lease that in lieu of each clause or provision of this Lease that is illegal, invalid or unenforceable, there be added as a part of this Lease contract a clause or provision as similar in terms to such illegal, invalid or unenforceable clause or provision as may be possible and be legal, valid and enforceable.

(g) Time is of the essence of this Lease.

(h) No party hereto shall have any liability for any incidental or consequential damages of another party hereto, or anyone claiming by, through or under a party hereto, for any reason whatsoever.

(i) This Lease does not create the relationship of partner or joint venturer between Landlord and Tenant. This Lease shall not result in the creation of an estate for years in Tenant. Landlord and Tenant acknowledge that neither is the agent, employee, or servant of the other, and the relationship of independent parties exists between them.

(j) The laws of the State of North Carolina shall govern the interpretation, validity, performance and enforcement of this Lease.

(k) No remedy conferred herein is intended to be exclusive of any other remedy and each and every remedy shall be cumulative and shall be in addition to every other remedy given hereunder or thereunder or now or hereafter existing at law or in equity or by statute or otherwise.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK--
SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have executed this Lease under seal as of the day and year first above written.

LANDLORD:

THE COUNTY OF BLADEN, NORTH
CAROLINA

ATTEST:
By: _____
_____ Clerk

By: _____
Print Name: _____
Title: Chair, Board of County Commissioners

BLADEN COUNTY HOSPITAL

ATTEST:
By: _____
_____ Secretary

By: _____
Print Name: _____
Title: Chair, Board of Trustees

TENANT:

CUMBERLAND COUNTY HOSPITAL SYSTEM,
INC.

ATTEST:
By: _____
_____ Secretary

By: _____
Print Name: _____
title: _____

Exhibit A

[Description of Land]

Exhibit B

[Hospital Personal Property]

Exhibit C

[Assignment Agreement]

Exhibit D

[Recording Memorandum Form]