

Clarence Lamb Sr.

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NORTH CAROLINA

PARTNERSHIP AGREEMENT

FORSYTH COUNTY

THIS CONTRACT OF PARTNERSHIP made this the 4th day of June, 1987, by and between HAL ALLEN, CLARENCE R. LAMBE, CHRISTI J. LAMBE, CATHI D. LAMBE, and CLARENCE R. LAMBE, JR., of the State of North Carolina:

WITNESSETH:

WHEREAS, the parties above set forth desire to enter into a partnership agreement for the purposes of purchasing, developing, constructing and selling buildings and real estate, wherever located, including that located in the State of North Carolina, together with such other lawful activities, including purchasing, owning, selling, leasing, and otherwise dealing in all kinds of property, both real and personal.

NOW, THEREFORE, in consideration of Ten Dollars and Other Valuable Considerations, together with the mutual promises running to the benefit of each of the parties hereto, the said parties do hereby agree to enter into a partnership with all of the others, for the time, for the purpose, and subject to the rules and regulations for the management of said partnership as hereinafter set forth as follows:

1. PARTNERSHIP NAME AND KIND OF BUSINESS.

This partnership is formed for the purpose of purchasing, developing, and selling real estate and improvements thereon, including activities located within the State of North Carolina. In addition thereto, the partnership shall engage in such other lawful activity, including the owning, selling, developing, leasing and otherwise managing all kinds of property, both real and personal. The name of the partnership shall be called A & L PARTNERS .

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2. PLACE OF BUSINESS.

The place of business of the partnership shall be in Forsyth County, North Carolina, and at such other places as may be agreed to by the partners.

3. DURATION.

This partnership shall begin as of the 4th day of June, 1987, and shall exist and continue until the death of one of the partners or until one of the partners has given the other partners his written notice of his intention to dissolve this partnership. However, this partnership will continue after the death of one of the partners or after the Notice of Dissolution of the partnership in accordance with the terms and conditions as hereinafter set forth including the continuance of said partnership as hereinafter provided.

4. CONTRIBUTION BY PARTNERS.

The initial capital of this partnership shall be \$2,000.00 which has been contributed by the partners as follows:

HAL ALLEN	\$ 1,000.00
CLARENCE R. LAMBE	250.00
CHRISTI J. LAMBE	250.00
CATHI D. LAMBE	250.00
CLARENCE R. LAMBE, JR.	250.00

It is further agreed that if it should be found necessary in the future to increase the capital on account of the growth of the business and the partners agree to such increase, each partner shall have the option of furnishing such additional capital in the same proportion as his share of the original investment.

5. DUTIES AND SALARIES.

The duties and salaries of the partners shall be determined by the partners as both shall agree. The salaries paid to any of

the partners shall be considered as a part of the operating expense of the business and shall be deducted before computing any profits.

6. LIMIT OF AUTHORITY.

Any one of the partners shall be entitled to incur indebtednesses on behalf of the partnership in an amount of not in excess of \$1,000.00 without the approval of any other partner. Any indebtedness in excess of \$1,000.00 shall be agreed to by all the partners. In addition, any one of the partners shall be authorized to sign any checks drawn on any of the accounts in the partnership name.

7. RECORDS OF THE BUSINESS.

The partners shall decide which of them shall be responsible for keeping the records of the business for the overall supervision and the keeping of the books and records of all receipts, all disbursements, all purchases, all sales, and all other matters and things necessary to show the conduct of the business and the condition thereof. All such records shall be opened to the inspection of any partner and each partner shall at all times upon request, insofar as he is able, or has knowledge, give to the other partner, or any of them, any information about the conduct or condition of the partnership business.

8. REPORTS.

The fiscal year of the partnership shall be as determined by the partners and within 30 days at the end of each fiscal year, the partner whose duty it is to keep the records should give to the other partner written statements showing itemized and detailed operating receipts and disbursements for the year, and a trial balance showing the condition of the partnership at the end of the fiscal year or said managing partner shall give said information to the accountant regularly employed by said partnership such information so that such reports may be prepared and completed by said accountant.

9. DIVISION OF PROFITS AND LOSSES.

All profits made by the partnership shall be divided between the partners in proportion to the original investment of each partner, being as follows:

HAL ALLEN	50%
CLARENCE R. LAMBE	12.5%
CHRISTI J. LAMBE	12.5%
CATHI D. LAMBE	12.5%
CLARENCE R. LAMBE, JR.	12.5%

All losses, if the business should show a net loss, shall be borne by the several partners in the same proportions that profits would have been divided, under this contract, if the business had shown a profit.

10. MAJORITY RULES.

Any matter pertaining to the conduct of the business may be decided by the majority vote of the partners provided such decision does not contradict or change any provision of this contract. The vote of any partner shall be given that weight in the same proportion as such partner's division of profits and losses as set forth in paragraph 9 above, and not by the number of partners involved.

11. ARBITRATION.

If any differences should arise between the parties which they are unable amicably to adjust, either with regard to the meaning of this contract or with regard to act or thing which either partner has done or failed to do, such difference shall forthwith be submitted to arbitration. One arbitrator shall be selected by each of the parties and the two arbitrators shall choose a third arbitrator. The majority decision of the arbitrators shall be final and binding upon all of the partners. The cost of said arbitration shall be considered as an expense of the total partnership.

12. VOLUNTARY TERMINATION.

The partnership may be dissolved at any time by agreement of the partners, in which event the partners shall proceed with reasonable promptness to liquidate the business of the partnership. The partnership name shall be sold with the other assets of the business. The assets of the partnership business shall be used and distributed in the following order:

- a) To pay or provide for the payment of all partnership liabilities and liquidating expenses and obligations;
- b) To discharge the balance of the income accounts, if any, of the partners;
- c) To equalize the capital accounts of the partners;
- d) To discharge the balance of the capital accounts of the partners.

13. DISSOLUTION BY WITHDRAWAL OR RETIREMENT.

If any of the partners withdraw or retire from the partnership and dissolve the same, he shall notify all other partners in writing of his intent to do so thirty days prior to the date of dissolution. In said written notice, the partner dissolving the partnership shall set forth the date of dissolution. The purchase price of the withdrawing partner shall be determined as hereinafter set forth. After receipt of the notice of the withdrawing partner, the other partners each shall have the option to buy at a purchase price determined as hereinafter set forth the interest of the withdrawing partner. If the remaining partners elect to purchase the interest of the withdrawing partner in the partnership, the purchase price and method of payment shall be the same as hereinafter set forth. If the remaining partners do not elect to purchase the interest of the retiring partner of the partnership, the partners shall proceed with reasonable promptness to liquidate the business of the partnership. The proce-

dures as to the liquidation and distribution of the assets of the partnership business shall be the same as stated in paragraph 12 entitled "Voluntary Termination".

- a) Purchase Price. The purchase price of the interest of the withdrawing or retiring partner should be an amount equal to the withdrawing partner's capital account on the date of the notice of dissolution, adjusted as herein provided. The withdrawing partner's capital account shall be taken at the beginning of the partnership year in which the notice of dissolution was given and shall be increased or decreased by his share of partnership profits or losses, for the period from the beginning of the partnership year in which the notice of dissolution is given until the date of said notice of dissolution, and decreased by withdrawals during such period. In addition, the withdrawing partner's capital account shall be increased by his proportionate share of the excess, if any, of the fair market value of the tangible assets of the partnership as of the date of the notice of dissolution over its total book value to the partnership on that date. The fair market value of the tangible assets will be determined as hereinafter set forth. The designation of the tangible assets and their book value shall all be determined under the supervision of the accounting firm in charge of auditing the books of the partnership as of the date of the notice of dissolution. As thus adjusted, the withdrawing partner's capital account shall be taken as shown on the books of the partnership, without any allowance for good will, trade name or other intangible assets.

- b) Fair Market Value. The partners may agree as to the fair market value of the tangible assets of the partnership, but if either the withdrawing partner or the purchasing partners disagree as to the fair market value, then the appraisal of the tangible assets of the partnership shall be made by three appraisers, one selected by the withdrawing partner, one selected by the remaining partners, and the third appraiser selected by the other two appraisers. The majority decision of the three appraisers shall be binding on all parties hereto. If there is no majority decision of the three appraisers, then the average of all appraisals shall be determined as the fair-market value. The cost of the appraisal shall be paid from the assets of the partnership and the same shall be deducted as an expense of the partnership as of the date of dissolution.
- c) Purchasing Partners. If more than one partner desires to purchase the interest of the withdrawal partner, the said partners may buy any part of said interest as the remaining partners can agree. If they cannot agree, then each remaining partner who desires to purchase the interest of the withdrawing partner shall purchase the interest of said withdrawing partner in proportion as their respective shares are shown in Paragraph 9 of this Agreement.
- d) Payment of Purchase Price, Time, and Transfer. The partners or partner who actually purchases the interest of the withdrawing or retiring partner shall pay a down payment of 25% of the purchase price as determined herein, and the

balance thereof to be evidenced by a promissory note payable in no less than three annual equal installments plus accrued interest thereon. Interest on the balance of the purchase price shall be 1% above the prime rate of interest being charged by the First Union National Bank in Kernersville, N. C. on the date of dissolution. However, the terms and conditions as to the payment of the purchase price may be under any other terms and conditions as the parties may agree. In addition, all matters herein shall be concluded within 90 days of the date of dissolution unless the time is extended by the agreement of all the parties. In addition, the partner selling his share of the partnership shall execute such bills of sale, deeds of conveyance, and other documents as may be deemed necessary to convey his interest to the purchasing partners.

14. DEATH OF PARTNER.

Upon the death of any partner, the surviving partner shall have the right to either (i) purchase the interest of the decedent in the partnership, or (ii) to terminate and liquidate the partnership business, or (iii) continue the partnership with the personal representative of the decedent's estate or legatee of the decedent's interest as a member in the partnership, if said personal representative or legatee shall agree. If the surviving partners or partner elect to purchase the decedent's interest, he shall serve notice in writing of such election, within three (3) months after the death of the decedent, upon the Executor or Administrator of the decedent, or, if at the time of such election no legal representative has been appointed, upon

any one of the known legal heirs of the decedent at the last known address of such heir.

- a) Purchase of Decedent's Interest. If the surviving partners or partner shall elect to purchase the interest of the deceased partner, then the purchase price, the payment thereof, and the terms and conditions of the sale shall be the same as set forth in paragraph 13 hereinabove entitled "Dissolution By Withdrawal or Retirement". The date of dissolution as set forth in paragraph 13 shall be considered the date of death of the deceased partner. In purchasing said interest, the surviving partners agree to assume all liabilities of the partnership as of the date of death of the deceased partner, and further to save harmless the personal representative of the estate of the deceased partner as well as his heirs or legatees from the payment of the same, but no bond or other security shall be required of the surviving partners for the payment of the same. In addition, the surviving partners shall be entitled to use the trade name of the partnership and shall be entitled to continue the business of the partnership pending the transfer of the interest of the decedent, but in no event shall the personal representative, or any legatee of the decedent be liable for any partnership debts in excess of decedent's interest in the partnership assets.
- b) Liquidation. If the surviving partners or partner does not elect to purchase the interest of the decedent in the partnership, he shall proceed with reasonable promptness to liquidate the business of the partnership. The surviving partner and the estate of the deceased

partner shall share equally in the profits and losses of the business during the period of liquidation, except that the decedent's estate shall not be liable for losses in excess of the decedent's interest in the partnership at the time of his death. No compensation shall be paid to the surviving partner for his services in liquidation. Except as herein otherwise stated the procedure as to liquidation and distribution of the assets of the partnership business shall be the same as stated in paragraph 12 entitled "Voluntary Termination".

- c) Continuation of Partnership. If the surviving partners or partner and the personal representative or legatee of the decedent's interest in the partnership all agree to continue the partnership, then the personal representative or the legatee shall succeed to the interest of the deceased partner and be subject to all the decedent partner's rights and obligations under this agreement, except in the case of the personal representative, he shall not be liable for the partnership debts in excess of his interest in the partnership assets.

15. ASSIGNMENT OF INTEREST.

Except as herein provided, at no time while this contract is in effect shall any of the partners sell, assign, pledge, or hypothecate his interest in the partnership. If, notwithstanding this provision, any stranger to this contract should in any manner whatsoever acquire legal title to the interest of any partner, or any part of such interest, except as otherwise herein provided, the other partners, may at their option purchase such transferred interest at a price to be determined as set forth hereinabove in paragraph 13.

16. MATTERS NOT COVERED BY CONTRACT.

Subject to the provisions for arbitration upon disagreement herein contained, it is understood and agreed that all matters and things whatsoever pertaining to the partnership which are not provided for and regulated by this contract shall be decided by the mutual consent of all the partners.

17. LAW GOVERNING.

The terms and conditions of this contract shall be controlled by and governed by the laws of the State of North Carolina.

18. BENEFIT.

This agreement shall be binding on the partners, their assigns, heirs, administrators and executors.

19. NOTICE.

Notice as required on this Agreement shall be effective if and when mailed by United States Mail, first class, postage prepaid, to the following addresses:

HAL ALLEN

4710 Hawkedale Drive
Winston-Salem, NC 27106

CLARENCE R. LAMBE

125 Allen Street
Kernersville, NC 27284

CHRISTI J. LAMBE

125 Allen Street
Kernersville, NC 27284

CATHY D. LAMBE

125 Allen Street
Kernersville, NC 27284

CLARENCE R. LAMBE, JR.

125 Allen Street
Kernersville, NC 27284

If any of the parties hereto shall change their address, they shall notify the other parties immediately of such change.

20. COUNTERPARTS.

This agreement may be executed simultaneously in three or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

21. MODIFICATIONS AND AMENDMENTS.

This agreement, or any part thereof, may only be amended or modified by written instrument signed by all the parties hereto.

IN WITNESS WHEREOF, this contract has been executed by each of the parties hereto.

All being partners of A-L Partners ✓

Hal Allen (SEAL) ✓
Hal Allen, partner

Clarence R. Lambe (SEAL) ✓
Clarence R. Lambe, partner

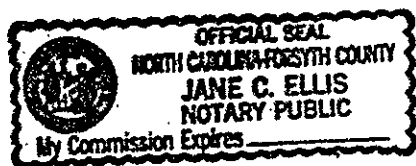
Christi J. Lambe (SEAL) ✓
Christi J. Lambe, partner

Cathi D. Lambe (SEAL) ✓
Cathi D. Lambe, partner

Clarence R. Lambe, Jr. (SEAL) ✓
Clarence R. Lambe, Jr., partner

North Carolina Forsyth County

I, a Notary Public of Forsyth County, North Carolina, certify that HAL ALLEN, CLARENCE R. LAMBE, CHRISTI J. LAMBE, CATHI D. LAMBE and CLARENCE R. LAMBE, JR., ^{all being partners of Asl Partners,} each personally appeared before me this day and acknowledged the execution of the foregoing instrument. Witness my hand and official stamp or seal, this 4th day of June, 1987.



Jane C. Ellis

Notary Public

My commission expires: 4-7-92

STATE OF NORTH CAROLINA—Forsyth County

The foregoing (or annexed) certificate of

Jane C. Ellis, N.P. Forsyth
(here give name and official title of the officer signing the certificate passed upon)

C., N.C.

is (are) certified to be correct. This the

4th
PRESENTED FOR
REGISTRATION
AND RECORDED

E. Speas, Register of Deeds

June 19 87

JUN 4 12 52 PM 1987

Melinda Huffstetter Deputy ~~Register~~

Probate and Filing Fee \$

23.00

paid.

L.E. SPEAS
REGISTER OF DEEDS
FORSYTH CO. N.C.

CC

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