

John Richardson Box

BK1851 P0092 ✓



STATE OF NORTH CAROLINA)
COUNTY OF FORSYTH)

40

LEASE

This Lease made this 1ST day of MARCH, 1995 by and between P & S INVESTMENT PARTNERSHIP, the Lessor, and K & R CLEANERS the Lessee, and DAVID POWELL, the Guarantor.

WITNESSETH:

1. PREMISES LEASED: (a) P & S Investment Partnership, The Lessor, in consideration of the rents to be paid and the covenants and agreements to be performed by the Lessee, does hereby lease unto the Lessee the following described premises located in the Winston-Salem, North Carolina (hereinafter the Premises):

All of that parcel or tract, and all improvements presently located thereon, located at 3435 Robinhood Road, Winston-Salem, North Carolina

2. TERM:

(2.1) INITIAL TERM: The initial term of the Lease shall be for a period of ten (10) years commencing on the date K & R Cleaners, Inc. moves into the facilities which is anticipated to be on June 1, 1995. (the "Commencement Date").

(2.2) OPTION TO EXTEND: Provided Lessee is not in default hereunder, Lessee shall have the right to extend the term hereof upon the same terms and conditions for one (1) succeeding period of five (5) years by giving Lessor written notice of its intention to extend this Lease at least one hundred eighty (180) days prior to the expiration of the initial term.

3. Rents: Lessee shall pay rental in accordance with the following:

For the period from June 1, 1995 through May 31, 1996, Lessee shall pay rent for each rental year at an annual rate of Forty Thousand Eight Hundred Dollars (\$40,800.00) (the "base rent"), payable in equal monthly installments of Three Thousand Four Hundred Dollars (\$3,400.00) each. Rent shall be increased annually thereafter in accordance with the increase in the Consumer Price Index (the "Index") with each increase to be effective upon the beginning of each rental year, except that in no event will the annual increase be less than five percent (5%).

For the rental year beginning on June 1, 1996 and for each rental year thereafter during the term of this Lease and any extension hereof, the annual rent due during such rental year shall be determined by multiplying the base rent by a fraction, the

numerator of which shall be the Index as of the most recent date prior to the beginning of such rental year and the denominator of which shall be the Index as of March 1995.

In no event shall Lessee pay rent for any rental year in an amount less than the base rent.

As used in this Paragraph 3, the term "Consumer Price Index" shall mean the Consumer Price Index for all Urban Consumers, all items, based on the reference date 1982-84=100, as published by the U.S. Department of Labor or if there be no such Index, then the most nearly compatible successor index.

The term "rental year" shall mean that period beginning on June 1st and ending on May 31st throughout the term of this Lease.

All rent provided for under this Paragraph 3 shall be paid in equal monthly installments of one-twelfth (1/12) of the rent due for any rental year, to be paid in advance on the first day of each month during the term of this Lease at the office of the Lessor or at such other place as Lessor may, from time to time, designate in writing, commencing on June 1, 1995.

4. TAXES: (a) Lessee shall pay all real estate taxes, or any substitute therefor, assessed against the Premises, during the term hereof, the due date of which shall fall during the term of this Lease, before any penalty for nonpayment attaches thereto, and shall deliver to Lessor, at least ten (10) days prior to any delinquencies, receipts showing the payment thereof. In the event lessee shall fail to timely pay the taxes or other charges as provided in the Paragraph 4, the Lessor, may at its option, pay said taxes plus interest, penalties and other charges resulting from Lessee's failure to timely pay and the amounts thereof shall be paid by the Lessee as additional rent due and payable upon the next ensuing rent day in accordance with the provisions of Paragraph 18 of this Lease. "Real Estate Taxes", as used herein, shall mean real estate taxes, assessments (whether they be general or special, ordinary or extraordinary), and such other ad valorem tax on real property which may now or hereafter be imposed, levied or assessed, against the Premises. "Real Estate Taxes" shall also include any personal property taxes imposed upon the furniture, fixtures, machinery, equipment, apparatus, systems, and appurtenances used in connection with the Premises, or the operation thereof, and on any other personal property placed in, upon, or about the Premises and for which any charge against the Premises may be assessed or retained by any taxing authority.

(b) Lessee may contest the amount or validity of any imposition of Real Estate Taxes or other governmental levies against the Premises by appropriate proceedings; provided, however, Lessee shall promptly pay such imposition unless such proceeding or the posting of a bond or other securities actually operates to

the posting of a bond or other securities actually operates to prevent of stay the collection of the imposition so contested. The Lessor, at lessee's sole cost and expense, shall join in any such proceeding if it shall be required properly to contest said imposition.

5. UTILITIES: The Lessee shall be solely responsible for, and shall promptly pay as the same shall become due, all charges made against the Premises for gas, water, heat, sewer, electricity, and any other utilities used upon or furnished to the Premises during the term of this Lease.

6. FIRE AND CASUALTY INSURANCE: At its own expense the Lessee shall keep the building, improvements, and appurtenances situated on the Premises insured against loss or damage with all-risk coverage in amounts equivalent to estimated replacement cost. In the event Lessor shall determine at any time during the term of this Lease, or any extension thereof, that the Premises are not insured in an amount equal to the approximate replacement cost thereof (without deduction for depreciation), and so notify Lessee, Lessee shall forthwith cause such insurance to be increased to such amount. Such insurance shall be issued by financially responsible insurers duly authorized to do business in the State where the Premises are located and acceptable to Lessor and Lessee, and all policies of insurance required to be maintained by Lessee shall name the Lessee and Lessor as the insured, as their respective interests may appear. The policies of insurance shall also name the holder of any mortgage securing indebtedness of Lessor, as the interest of such holder may appear, pursuant to a standard mortgage clause. The original of said policy or policies, or a certificate or memorandum of such insurance, together with receipts evidencing payment in full of the premiums thereon, shall be delivered to the Lessor at the inception of this Lease, upon any renewal, addition or substitution of such insurance, and thereafter as said premiums are due. Such policies shall contain a provision that the Lessor and the holder of any mortgage shall be notified in writing by the insurance carrier at least thirty (30) days prior to any cancellation, or material restriction, or reduction, amendment, or modification of such policies.

7. NET LEASE: It is the intention of the parties by their execution of this Lease that the Lessor shall receive the rents reserved herein and all other sums which shall or may become payable hereunder by Lessee under any contingency free from all taxes, charges, expenses, damages and deductions of every kind or sort whatsoever, and that the Lessee shall and will and hereby expressly agrees to pay all such other sums which, except for the execution and delivery of this Lease, would have been chargeable against the Premises and payable by the Lessor. The Lessee, however, shall not be under any obligation to pay any interest on any mortgage or mortgages which may be a lien against the fee simple of the Premises or the Lessor's estate or interest therein, or any franchise, or income tax which is or may become payable by

the Lessor, or any gift, inheritance, transfer, estate or succession tax by reason of any existing law or any law which hereafter may be enacted.

8. CONDITION OF PREMISES AT THE TIME OF LEASE: Lessee acknowledges that it has examined the Premises prior to the making of this Lease, and knows the condition thereof. No representations as to the condition or state of repairs of the Premises have been made by the Lessor, or its agents, and the Lessee hereby accepts the Leased Premises in their present condition at the date of the execution of this Lease.

9. ASSIGNMENT AND SUBLETTING: Lessee shall not have the right to assign this Lease, or sublet the Premises or any part thereof.

10. BANKRUPTCY AND INSOLVENCY: Neither this Lease, nor any interest therein, nor any estate thereby created, shall pass to any trustee or receiver or assignee for the benefit of creditors of Lessee or otherwise by operation of law.

11. LESSOR'S RIGHT TO MORTGAGE: (a) The Lessor reserves the right to subject this Lease at all times to the lien of any mortgage hereafter placed upon the lessor's interest in the Premises, and to any and all advances to be made thereunder, and to any interest thereon, and all renewals, replacements, and extensions thereof. Lessee also agrees that the mortgagee named in such mortgage may elect to have this lease become a prior lien to its mortgage whether this Lease is dated prior or subsequent thereto. Lessee further covenants and agrees to execute and deliver upon demand such further instrument or instruments as shall be required by the Lessor or any such mortgagees to carry out the intent of this Paragraph, and hereby irrevocably appoints the Lessor the attorney-in-fact of the Lessee to execute and deliver any such instrument or instruments for and in the name of the Lessee. Nothing herein shall be deemed to alter the terms of this Lease, it being understood and agreed that any mortgagee shall have only such rights as Lessor has hereunder.

(b) Lessee agrees, within ten (10) days after the written request therefor by Lessor, to execute in recordable form and deliver to Lessor a statement, in writing, certifying (i) that this Lease is in full force and effect; (ii) the date of commencement of the term of this Lease; (iii) that rent is paid currently without any offset or defense thereto; (iv) that there are no uncured defaults by Lessor, or stating those claimed by Lessee; provided that, in fact, such facts are accurate and ascertainable.

(c) In the event any proceedings are brought for the foreclosure of, or in the event of the conveyance by deed in lieu of foreclosure of, or in the event of exercise of the power of sale under, any mortgage or deed of trust made by Lessor covering the Premises, Lessee upon written request, shall attorn to, and

covenants and agrees to execute an instrument in writing reasonably satisfactory to the new owner, whereby Lessee attorns to such successor in interest and recognizes such successor as the lessor under this Lease.

12. USE AND OCCUPANCY: (a) The Premises, during the term of this Lease, shall be used for a laundry and dry cleaning establishment and related activities only.

(b) Lessee hereby covenants and agrees that it shall continuously operate its Business in and upon the Premises, provided, however, it shall be deemed continuous operation if such business shall be opened to the public during regular business hours on customary business days in the community, holidays and Sundays excluded, int he discretion of Lessee. Interruption of business because of damage resulting from insured casualty or for necessary maintenance and upkeep of the Premises shall not be deemed in violation of this provision so long as such interruption shall be only for such time as shall be necessary for expeditious conduct of the needed repairs or renovation.

13. DAMAGE OR DESTRUCTION OF BUILDING: If the building located on the Premises be damaged or destroyed by fire or other casualty during the term hereof, the Lessee shall promptly notify Lessor of such occurrence and shall cause the Premises and the building situated thereon to be repaired and restored to good tenantable condition with reasonable dispatch. Lessor agrees to permit use of the insurance proceeds for such purposes. If any insurance proceeds paid or payable as a result of such casualties shall be insufficient to carry out the undertakings of the lessee for repair and restoration of the Premises, and the building and improvements situated thereon, the Lessee covenants and agrees to promptly provide its own funds for the completion of such repairs and restoration. If any portion of the insurance proceeds shall remain after full payment of the cost of such repair or restoration, the same shall be paid to and be the sole property of Lessor, other than proceeds from insurance on trade fixtures installed in or on the Premises at Lessee's sole cost and expense. Proceeds arising from the loss to Lessee's trade fixtures shall be the sole property of Lessee. There shall be no abatement of rental or any other tenant obligation in the event that the Premises, or any, part thereof, be damaged or destroyed in whole or in part by fire or other casualty during the term of this Lease.

14. INDEMNIFICATION OF LESSOR: The Lessee agrees to indemnify and hold Lessor harmless (except for loss or damage resulting from the willful or negligent acts of Lessor, its agents or employees) from any and all claims, actions, damages, liability, and expense, including attorney fees in connection with loss of life, personal injury and/or damage to property arising out of any occurrence in, upon or at the Premises from any causes whatsoever; and Lessee will procure and keep in effect, during the term hereof, public liability insurance from bodily injury and property damage insurance for the benefit of the Lessor in the minimum sums of

Five Hundred Thousand and 00/100 Dollars (\$500,000.00) for damages resulting to one person, and One Million and 00/100 Dollars (\$1,000,000.00) for damages resulting from any one casualty, and Two Hundred and Fifty Thousand and 00/100 Dollars (\$250,000.00) property damage resulting from any one occurrence. Lessee further agrees, upon request of Lessor to increase any or all of the foregoing minimum limits of coverage to reflect changes in the purchasing power of the dollar. Said policy or policies of insurance shall be acceptable to Lessor and certificates evidencing such policies shall be delivered to Lessor. Upon Lessee's failure to obtain such insurance or increased limits required by this paragraph, the Lessor may, at its option, obtain such insurance or increased limits, and the cost thereof shall be paid as additional rent due and payable upon the next ensuing rent day; but, the failure on the part of the Lessor to obtain such insurance shall not release the Lessee from its obligations under this Paragraph 14.

15. CARE AND MAINTENANCE OF LEASED PREMISES:

(a) Lessee shall keep and maintain in good operation condition and repair (including replacement) the Premises, and every part thereof, including the building and other improvement thereon, and any and all appurtenances thereto wherever located, including, but without limitation, plate glass, all plumbing and sewage facilities, fixtures (other than trade fixtures installed by Lessee at its sole cost and expense), heating and air conditioning and electrical systems, sprinkler systems, walls, floors, and ceilings within the buildings situated on the Premises, all landscaping, walks, pavements, and parking areas. Further, Lessee shall not perform any act, or carry on any practice which may injure any portion of the Premises, and shall at all times keep the Premises and adjoining public walkways clean and free from rubbish, dirt, and weeds; and shall, as the occasion arises, promptly clean snow and ice from parking areas and adjoining public walkways.

(b) Lessee shall keep and maintain the Leased Premises in a clean, sanitary, and safe condition, complying with State and local laws and in accordance with all directions, rules and regulations of the health officer, fire marshall, building inspector, or other proper officials of the governmental agencies having jurisdiction thereof, at the full cost and expense of Lessee, and Lessee shall comply with all requirements of law, ordinance, and otherwise affecting the Premises. If Lessee refuses or neglects to commence and to complete its obligations under this Paragraph 15 promptly and reasonably, Lessor may, but shall not be required to do so, make and complete said obligations and Lessee shall pay the cost thereof to lessor upon demand.

(c) Lessee, at its expense, shall install and maintain such fire protection devices as may be required from time to time by any agency having jurisdiction thereof or the insurance underwriters insuring the building upon the Premises.

16. HOLDING OVER: It is hereby agreed that in the event of the Lessee herein holding over after the termination of this Lease, thereafter the tenancy shall be from month to month in the absence of a written agreement to the contrary; provided that Lessee shall pay rent for any month-to-month tenancy at two times the annual rate charge for the last year of the term hereof.

17. ACCESS TO PREMISES: The Lessor, and Lessor's agents, shall have the right to enter upon the Premises or any part thereof at all reasonable business hours for the purpose of inspecting the same. If the Lessor deems any repairs necessary, it may demand that the Lessee make the same; and, if the lessee refuses or neglects forthwith to commence such repairs and complete the same with reasonable dispatch, the Lessor may make or cause to be made such repairs and shall not be responsible to the Lessee for any loss or damage that may accrue to its stock or business by reason thereof. If the Lessor makes or causes to be made such repairs, the Lessee agrees that it will forthwith, on demand, pay to the Lessor the cost thereof; and, if Lessee shall default in such payment, the Lessor shall have the remedies provided in Paragraph 20.

18. TENANT'S FAILURE TO MAKE PAYMENTS: Without prejudice to Lessor's rights as set forth in Paragraph 20 hereof, if the Lessee shall default in any payment or expenditure (other than rent) required to be paid or expended by the Lessee upon the terms hereof, whether or not specific reference is made to this Paragraph, the Lessor may at its option make such payment or expenditure, in which event the amount thereof shall be payable as rental to the Lessor by the Lessee on the next ensuing rent day, together with interest computed thereon at the rate of fifteen percent (15%) per annum from the date of such payment. The Lessor shall have the same remedies as on default in the payment of rent.

19. QUIET ENJOYMENT: Upon payment by the Lessee of the rents herein provided, and upon the observance and performance of all the covenants, terms, and conditions on Lessee's part to be observed and performed, Lessee shall peaceably and quietly hold and enjoy the Premises for the term hereby demised without hindrance or interruption by Lessor, or any other person or persons lawfully or equitably claiming by, through or under Lessor, subject nevertheless, to the terms of this Lease.

20. DEFAULT: In the event of the failure of Lessee to pay any rental due hereunder by the tenth (10th) day of the month during which such rent is due, or the failure to perform any other of the terms, conditions, or covenants of this Lease to be observed or performed by Lessee, or if Lessee shall become bankrupt or insolvent, or file any debtor proceedings, or take or have taken against Lessee in any court pursuant to any statute, either of the United States or any state, a petition in bankruptcy or insolvency or for reorganization, or for the appointment of a receiver or trustee of all or a portion of Lessee's property, or if Lessee makes an assignment for the benefit of creditors, or petitions for

or enters into an arrangement, or if Lessee shall abandon the Premises, or suffer this Lease to be taken under any writ of execution, then Lessor, its attorneys, successors and assigns, in addition to any other rights or remedies it may have hereunder, shall have the right to declare this Lease terminated and the term ended, and shall have the immediate right of re-entry and may remove all persons and property from the Premises, and such property may be removed and stored in a public warehouse or elsewhere at the cost of, and for the account of Lessee, all without service of notice or resort to legal process and without being deemed guilty or trespassing or becoming liable for any loss or damage which may be occasioned thereby.

Should Lessor elect to re-enter, as herein provided, or should it take possession pursuant to legal proceedings or pursuant to any notice provided by law, it may either terminate this Lease or it may from time to time, without terminating this Lease, make such alterations and repairs as Lessor, in its sole discretion, determines is necessary in order to relet the Premises, or any part thereof, for such term or terms (which may be for a term extending beyond the term of this Lease), and at such rental or rentals, and upon such other terms and conditions as Lessor in its sole discretion may deem advisable. Upon each such reletting shall be applied first to the payment of any indebtedness other than rent due hereunder from Lessee to Lessor; second, to the payment of reasonable costs and expenses of such reletting, including brokerage and attorney fees, and the cost of any such alterations and repairs; third, to the payment of rent due and unpaid hereunder. The residue, if any, shall be held by Lessor and applied in payment of future rent as the same may become due and payable hereunder. If such rentals received from such reletting during any month be less than that to be paid during that month by Lessee hereunder, Lessee shall pay any such deficiency to Lessor. Such deficiency shall be construed as an election on its part to terminate this Lease unless a written notice of such intention is given to Lessee, or unless the termination thereof be decreed by a court of competent jurisdiction. Notwithstanding any such reletting without termination, Lessor may at any time thereafter elect to terminate this Lease. In addition to any other remedies Lessor may have, it may recover from Lessee all damages it may incur by reason of such breach, including the cost of recovering the Premises, reasonable attorney fees incidental thereto, all expenses and commissions which may be paid in and about the reletting of the same, and any and all other damages incurred by Lessor as a result thereof.

It is agreed that each and every one of the rights, remedies, and benefits provided by this Lease shall be cumulative, and shall not be exclusive of any other rights, remedies, and benefits, or of any other rights, remedies, and benefits allowed by law.

21. WAIVER: One of more waivers or any covenant or condition by either party hereto shall not be construed as a waiver of a subsequent breach of the same covenant or condition, and the consent or approval by Lessor to or of any act by Lessee requiring Lessor's consent or approval shall not be deemed a waiver of Lessor's consent or approval to or of any subsequent similar act by Lessee. No payment by Lessee or receipt by Lessor of a less amount than the monthly rental herein stipulated shall be deemed to be other than on account of the earliest stipulated rent, nor shall any endorsement or statement on any check or any letter accompanying any check of payment as rent be deemed an accord and satisfaction, and Lessor shall accept such check or payment without prejudice to Lessor's right to recover the balance of such rent or pursue any other remedy in this Lease provided.

22. MECHANIC'S LIENS: Lessee shall have no authority to bind the Lessor's interest in the Premises as a result of any contractual or other obligation incurred by Lessee with respect to the Premises, including, but not limited to, any obligation to a mechanic's lien claimant. In the event a mechanic's lien shall be filed against the Premises or Lessee's interest therein as a result of any work undertaken by Lessee, or as a result of any repairs or alterations made by Lessee, or any other act of Lessee, Lessee shall, within ten (10) days after receiving notice of such lien, discharge such lien either by payment of the indebtedness due the mechanic's lien claimant or by filing a bond (as provided by statute) as security therefor. In the event Lessee shall fail to discharge such lien, Lessor shall fail to discharge such lien, Lessor shall have the right to procure such discharge by filing such bond, and Lessee shall pay the cost of such bond to Lessor as additional rent upon the first day that rent shall be due thereafter in accordance with Paragraph 3 hereof.

23. EMINENT DOMAIN: If, at any time, during the term hereof, the whole of the Premises or such substantial part thereof, as may render the entire Premises unsuitable for the use being made by the Lessee, shall be taken or appropriated for any public or quasi-public use under any court decision, law, ordinance, regulation or by right of eminent domain, then in such event, when possession shall have been taken of the Premises by the condemning authority, the term hereby granted, shall immediately cease and terminate. Rent shall be apportioned and paid to the date of such termination and the Lessee shall not be liable for any rent after such termination. In the event of the taking of all of the Premises or such part thereof as to cause the Lease to terminate, pursuant to the foregoing provisions, Lessor shall be entitled to the entire award made for such taking, except that Lessee shall be entitled to such portion of the award as may be made for trade fixtures installed by Lessee as its sole expense. Nothing contained herein shall prevent the Lessor and the Lessee from making separate applications to the condemning authority for separate awards based upon their said interest.

In the event of the partial taking or appropriation for

any public or quasi-public use under any court decision, law, ordinance, regulation or by right of eminent domain, which does not render the entire Premises unsuitable for use being made by the Lessee, the term of this Lease shall not terminate but the rental for the period subsequent to such taking, shall be reduced in proportion to the amount of the Premises taken. In the event of partial taking, which does not render the entire Premises unsuitable for use being made by the Lessee, the Lessor shall be entitled to the entire award made for such taking.

In the event of the termination of this Lease pursuant to this Paragraph 23, each party shall be deemed to have been discharged and released from any further obligation to the other party.

24. TERMINATION: Upon termination of this Lease, whether at the end of the term or for any other reason, the Lessee shall surrender to Lessor physical possession of the Premises in good condition, reasonable wear and tear excepted (however, in the event of any loss by insured casualty which is not repaired by Lessee the proceeds of insurance shall be Lessor's); provided, that Lessee shall thereupon have the right to remove trade fixtures and equipment install in or on the Premises at its expense, and any damage to the Premises occasioned by such removal shall forthwith be repaired or restored by Lessee.

25. NOTICES: Any notice provided for herein shall be given by certified mail, return receipt requested, postage prepaid, addressed, if to Lessor, to:

P & S Investment Partnership
3809 Forrestgate Drive
Suite D
Winston-Salem, North Carolina 27103

and if to Lessee then to:

K & R Cleaners, Inc.
P.O. Box 25384
Winston-Salem, North Carolina 27114-5384

26. WASTE: Lessee shall not commit or suffer to be committed any waste upon the Premises or allow any act to occur at the Premises which would constitute a nuisance.

27. WAIVER OF SUBROGATION: Each party hereto does hereby remise, release, and discharge the other party hereto, and any officer, agent, employee or representative of such party, of and from any liability whatsoever hereafter arising from loss, damage, or injury caused by fire or other casualty for which insurance (permitting waiver of liability and containing a waiver of subrogation) is carried by the injured party at the time of such loss, damage, or injury to the extent of any recovery by the injured party of such insurance.

28. NOTICE TO LESSOR: Lessee shall give immediate notice to Lessor in the event of casualties, accidents, or injuries in the Premises, or of defects therein, or in any fixtures or equipment.

29. TRANSFER BY LESSOR: If Lessor conveys, assigns or otherwise transfers its interest in the Premises or this Lease, except as collateral security for a loan, upon such transfer Lessor shall be released and relieved from all liability with respect to the performance of all obligations on the part of Landlord to perform hereunder from and after the date of such transfer. It is intended that the obligations on the part of lessor to be performed hereunder shall be binding on each holder of landlord's interest hereunder only during and in respect of its respective period of ownership of a fee or leasehold interest in the Premises or in this Lease. This provision shall not be deemed, construed or interpreted to be or constitute an agreement, express or implied, that Lessor's interest hereunder and in the Premises or any part thereof shall be subject to impressment of an equitable lien.

30. LESSOR'S LIABILITY: Notwithstanding anything in this Lease to the contrary, Tenant shall look solely to the estate and property of Lessor in the land and buildings comprising the Premises for the collection of any judgment (or other judicial process) requiring the payment of money by Lessor to Lessee; no other asset of Lessor shall be subject to levy, execution or other judicial process for the satisfaction of Lessee's claim.

31. GOVERNING LAW: This Lease is being entered into and executed in the State of North Carolina and all questions with respect to the construction of this Lease and the rights and liabilities of the parties shall be determined in accordance with the provisions of the laws of the State of North Carolina.

32. CAPTIONS AND PARAGRAPH NUMBERS: The captions and paragraph numbers appearing in this Lease are inserted only as a matter of convenience, and in no way define, limit, construe, or describe the scope or intent of such paragraph of this Lease, nor in any way affect this Lease.

33. GUARANTY: (a) In consideration of the letting of the premises to the Lessee, and of one dollar to the Guarantor in hand paid by the Lessor, David W. Powell guarantees to Lessor and the his heirs, successors and assigns, payment by Lessee of the rents within provided for, and the performance by Lessee of all provisions of this lease during the initial term and any extensions thereof. Upon failure of lessee to pay rent or comply with any of the provisions in this Lease, Guarantor shall be liable to the Lessor as if he, the Guarantor, were the Lessee under this Lease. Failure of the Lessor to enforce such liability against the Guarantor shall not be deemed a waiver of Lessor's right to do so. Notice of all defaults is waived and consent is given by Guarantor to all extensions of time that Lessor may grant.

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(b) The Guaranty made by Guarantor shall in no way and under no circumstances operate to release the Lessee from his liabilities and obligations to the Lessor under this Lease.

34. The covenants, conditions, and agreements made and entered into by the parties hereto are declared binding on their respective successors, representatives, and assigns.

IN WITNESS WHEREOF, the parties hereto have executed this Lease, the individuals by affixing their hands and seals, and the Corporation through its duly authorized officers and its corporate seal affixed hereto.

LESSOR:

P & S Investment Partnership

By:  (SEAL)
General Partner

By:

LESSEE:

By:  (SEAL)
K & R Cleaners, Inc., President

GUARANTOR:

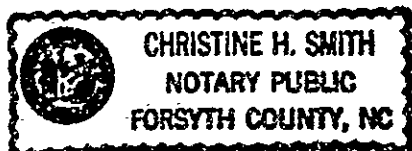
 (SEAL)
David W. Powell

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NORTH CAROLINA
FORSYTH COUNTY

I, CHRISTINE H SMITH, A NOTARY PUBLIC FOR SAID COUNTY AND STATE, DO HEREBY CERTIFY THAT WILLIAM W STANALAND III, General Pte. PERSONALLY APPEARED BEFORE ME THIS DAY AND ACKNOWLEDGED THE DUE EXECUTION OF THE FOREGOING INSTRUMENT.

WITNESS MY HAND AND OFFICIAL SEAL, THIS THE 7TH DAY OF MARCH, 1995.



Christine H Smith
NOTARY PUBLIC

MY COMMISSION EXPIRES MAY 7, 1997.

NORTH CAROLINA
FORSYTH COUNTY

I, CHRISTINE H SMITH, A NOTARY PUBLIC FOR SAID COUNTY AND STATE, DO HEREBY CERTIFY THAT DAVID W POWELL ^{as Guarantor and as President of K&B Cleaners, Inc.} PERSONALLY APPEARED BEFORE ME THIS DAY AND ACKNOWLEDGED THE DUE EXECUTION OF THE FOREGOING INSTRUMENT.

WITNESS MY HAND AND OFFICIAL SEAL, THIS THE 7TH DAY OF MARCH, 1995.



Christine H Smith
NOTARY PUBLIC

MY COMMISSION EXPIRES MAY 7, 1997.

PRESENTED FOR
STATE OF NORTH CAROLINA
REGISTRATION
AND RECORDS Forsyth County

The foregoing (or attached) instrument is of Christine H. Smith, NP, Forsyth Co, NC
(here give name and official title of the officer signing the certificate passed upon)

95 MAR -8 11:12 8 day of March, 1995
is (are) certified to be correct. This the

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

L. E. Speas, Register of Deeds

By Deborah P. Bell Deputy Assistant

Probate and Filing Fee \$ 32.00 paid.

Heida Wren