

CULP ELLIOTT & CARPENTER, P.L.L.C.

Attorneys at Law

Section II: Client Services Terms and Conditions

Generally. The Firm shall provide services in good faith and with due professional care. By acceptance of services, the client accepts the terms of this “Client Services Terms and Conditions.”

Fees. Members of the Firm and support staff record time spent (including time written up or down) on client matters for entry into the Firm’s billing system. Prior to billing, a printout setting forth the time recorded and expenses advanced for the client is prepared for review, and the actual number of hours is adjusted as described below. Invoices for fees and out-of-pocket expenses are normally sent out on a monthly basis unless another time is chosen by the Firm for administrative convenience or mutually agreed upon by the parties. If a contemporaneous record of time spent on a matter is not maintained, then a good faith estimate of time charges will be recorded.

Except as modified by written agreement, the client will be charged a base fee for legal services at an hourly fee rate of \$365 to \$800 per hour for attorney services, \$190 to \$400 per hour for non-attorney tax preparation or accounting services, \$210 to \$310 per hour for paralegal services, \$95 to \$180 per hour for secretarial services and \$40 per hour for courier services. The hourly rates will be charged for all time spent on client matters, including, but not limited to, meetings (with clients, other professionals and other members of the Firm relating to the client’s business), telephone calls, letters, research, documents or materials prepared or reviewed, pleadings, travel, depositions, court hearings, and any other activities related to the matter. The hourly rates will also be charged for all time spent as an attorney, trustee, fiduciary, expert or witness preparing for and participating in any depositions, mediations, arbitrations or court proceedings relating to any documents or work performed on any client matters. The hourly rates quoted above are subject to increase from time to time and such increase will be reflected in the bills sent to the client. If the client does not wish to be charged at the new hourly rates, the client shall notify the Firm in writing of the termination of this attorney-client relationship and agrees to pay the Firm for services rendered up to the date the written notice is received by the Firm. If the Firm continues to represent the client past the date of the increase, the new hourly rates will be in effect and the client shall pay said rates for all services rendered thereafter.

Without limiting the foregoing, if a professional of the Firm or person rendering services to the Firm is deposed, called to testify, or required to respond to discovery in the context of

legal proceedings concerning any matter related to services provided by the Firm, the client shall be responsible for and will compensate the Firm for all time spent on such matter at prevailing hourly rates. Further, the client will pay the Firm at its hourly rates for all time incurred and will fully reimburse the Firm for all costs incurred in connection with the production of documents in response to subpoenas and requests for the production of documents issued in any legal proceedings. The Firm may at any time in its discretion require additional retainer amounts to cover any of the foregoing fees and costs. Client will pay such retainer amounts immediately upon request.

The actual time charges based on stated billing rates is generally the initial factor considered in billing, but time expended constitutes one factor and is ultimately not the sole factor, in determining that a fair and appropriate bill is rendered. In addition to the time spent on a project, it is understood and agreed that the Firm will base its fees on reasonably considered additional factors in billing for services rendered, including: (1) intensity of labor required; (2) novelty, complexity, and difficulty of the questions involved; (3) special experience and skill necessary to perform the task; (4) responsibility and legal liability assumed; (5) the experience, reputation and ability of the lawyer or lawyers performing the services; (6) results obtained; (7) productivity improvements instituted by the Firm; and (8) extraordinary time limitations imposed by the circumstances of a client and the matter involved. The Firm has a right to bill a reasonable bonus in addition to its hourly rate, based on the factors listed above. If the client disputes any bill and the dispute cannot be resolved by the Firm and the client, then, if the client cooperates, the issue of the billing amount and expenses shall be submitted to the fee arbitration program of the North Carolina State Bar Association for resolution prior to the institution of formal collection proceedings by the Firm. The client shall also have the right to utilize the North Carolina State Bar’s fee dispute resolution program prior to the institution of formal collection procedures by the Firm.

Reimbursement of Expenses. The client shall reimburse the Firm for all expenses and charges incurred by the Firm in rendering professional and legal services to or on behalf of the client, including, but not limited to, all costs for copies, long distance telephone calls, postage, express mail charges, courier expenses, electronic research, facsimile charges, travel charges, investigation costs, court fees, depositions, witness fees, photographs, exhibits, and any other expenses necessary to resolve the case or matter.

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Client's Review of Statements. The client agrees to review the Firm's monthly billing statements upon receipt and to promptly notify the Firm in writing of any objections to services rendered or the amount charged for such services. If no written objections are raised by the client within the ninety (90) days of the date of the billing statement, the client will be presumed to have accepted the statement as presented and have agreed to pay the statement in full.

Payment. Statements for services rendered and expenses incurred will be mailed by the Firm to the client on a monthly basis unless another time is chosen by the Firm for administrative convenience or mutually agreed upon by the parties. Payment on all statements is due and payable from the client within fifteen (15) days of the date of each statement. Interest at the rate of one and one half (1½) percent per month will be charged on the unpaid balance of all statements more than thirty (30) days past due from the statement date. All clients understand and agree that if any statement remains unpaid for more than thirty (30) days, the Firm may withdraw from further representation of the client in the matter. The client agrees and consent to execute any documents that may be necessary to effect such withdrawal. Should it become necessary for the Firm to proceed with collection procedures against the client to collect any unpaid fees and expenses incurred, the client agrees to pay reasonable attorneys' fees and court costs incurred in such collection procedures.

Termination and Attorney Client Relationship. Either the client or the Firm may terminate this agreement at any time by providing written notice to the other party. In the event that the client desires to terminate all services of the Firm contracted for by the client, the Firm shall promptly cease providing any service to the client, subject to court approval of the Firm's withdrawal as may be necessary. The client agrees to pay the Firm for all fees and expenses advanced and/or incurred for services rendered through the date of termination of the Firm's services. If the Firm sends the client notice of termination, the client agrees to pay the Firm for all fees and expenses advanced and/or incurred for services rendered through the date of termination of the Firm's services. Whether the client or the Firm terminates the representation, if the Firm represents the client in court proceedings and prior court approval is needed in order for the Firm to cease rendering legal services, the Firm shall continue to render legal services to the client until such time as the court determines that the Firm may cease rendering services.

In addition, if the Firm does not receive additional assignments within ninety (90) days of the conclusion of the last assignment for which the client has engaged the Firm, the Firm will consider our attorney-client relationship to have been terminated upon the completion of the specific services the client has engaged the Firm to perform. If the client later retains the Firm to perform further or additional services, the attorney-

client relationship will recommence, subject to these and any supplemental terms of the engagement that the Firm may agree upon at that time. The fact that the Firm may inform the client from time to time of developments in the law which may be of interest to the client, by newsletter or otherwise, should not be understood as a recommencement of an attorney-client relationship. The Firm undertakes no obligation to inform the client of such developments in the law unless the client has engaged the Firm in writing to do so. Our consenting to be a party notified under agreements or other instruments on the client's behalf shall not alone constitute our being considered as the client's attorneys notwithstanding such consent.

Default. A default under the terms of this Agreement shall be deemed a material default under the terms of the Agreement and shall entitle the Firm to exercise all rights and remedies available under the Agreement or at law or in equity.

Client Representations and Responsibilities. The client shall cooperate with the Firm in the performance by the Firm of the services, including, without limitation, providing the Firm with reasonable facilities and timely access to data, information and personnel of the client. The client shall be responsible for the performance of its personnel and agents and for the accuracy and completeness of all data and information provided to the Firm for purposes of the Firm's performance of the services. The client acknowledges and agrees that the Firm's performance is dependent upon the timely and effective satisfaction of the client's responsibilities hereunder and timely decisions and approvals of the client in connection with the services. The Firm shall be entitled to rely on all decisions and approvals of the client. The client shall be solely responsible for, among other things: (a) making all management decisions and performing all management functions; (b) reviewing the appropriateness of the services; (c) designating a competent person to oversee the services; (d) evaluating the adequacy and results of the services; (e) accepting responsibility for the results of the services; (f) promptly responding to requests for information or decisions by the Firm; and (g) establishing and maintaining internal controls, including, without limitation, continuously monitoring ongoing activities. The client agrees to notify the Firm immediately in writing if the client feels or believes that any matter is not receiving proper attention or is otherwise not being properly handled or if the client suspects any misunderstanding about what the Firm is to do for the client. The client represents that the client is solvent and does not intend to make a fraudulent transfer of assets. The client understands that if a fraudulent transfer is made, the client may not be able to obtain a discharge of debts in a later bankruptcy filing. The client represents that it does not anticipate filing for bankruptcy protection. This latter representation does not apply if the client has specifically retained the Firm to represent the client with respect to bankruptcy proceedings.

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Limitation on Warranties. This is a services agreement. The Firm warrants that it shall perform the services in good faith and with due professional care. The Firm disclaims all other warranties, either express or implied, including, without limitation, warranties of merchantability and fitness for a particular purpose.

Disclaimer of Guarantee. Nothing in the Firm's statements to the client will be construed as a promise or guarantee about the outcome of the client's legal matters, and unless otherwise expressly set forth in writing and signed on behalf of the Firm payment of the Firm's fee shall in no way be contingent on such outcome. The Firm makes no promises or guarantees of success. The Firm, in many cases, assists clients with tax planning strategies and tax return positions to minimize, defer, or avoid taxes. Tax laws governing many areas of tax planning are uncertain and subject to change. In all tax matters, the client assumes the risk that the IRS or other taxing authority will not accept the client's plan or position, and the client will be obligated to pay additional taxes, penalties and interest. The client shall be solely responsible for payment of all such amounts. In certain cases, the Firm may be willing to provide a formal written Opinion Letter (as defined below) stating the Firm's legal opinion as to the client's likelihood of success in a particular tax matter. An attorney's oral comments regarding a particular tax planning matter are generally subject to misinterpretation, and the client should only rely on written materials when determining the level of risk the client is assuming in a particular tax matter.

Limitation of Scope of Work. Under federal and state tax laws, the client generally may not rely on the advice of the Firm to avoid tax related penalties. The client may only rely on advice of the Firm to avoid tax penalties under certain limited conditions and then only if a formal written opinion is provided that complies with very specific rules and regulations. The Firm does not provide any guarantee that Federal, or state taxing authorities will not challenge any tax advice or tax planning recommended by the Firm or that penalties will not be assessed. Unless specifically agreed in writing, the Firm does not undertake to provide legal advice that will allow the client to avoid potential tax penalties imposed by any taxing authorities, and the client is solely responsible for the payment of any penalties or fines or for any legal fees associated with defending against the imposition of any penalties or fines. Any statements provided by the Firm made orally, in a letter, email, memorandum or other written document (other than a document that is specifically described in writing by the parties as a formal "Opinion Letter") that include the use of the words such as "should," "will," "may," "likely" or "probably" are not intended to convey a particular outcome. The client also understands and agrees that taxing authorities typically charge taxpayers interest on any unpaid taxes including any increase in taxes due by the client as a result of an audit or otherwise.

Interest on tax deficiencies represents the time value of money, and the client is solely responsible for payment of any interest due on any tax deficiencies.

Document Safe Keeping and Retention. It is the policy of the Firm to not retain any client original documents, prepared, reviewed, or received by the Firm such as wills, trusts, transaction documents (including closing documents and all schedules), deeds, transfer documents, etc. All such original documents will be given to the client for safekeeping. If the client fails to pick up originally executed documents within three months of execution, the Firm may ship the documents to the client at the client's expense. The client assumes responsibility for document safekeeping. It is the client's responsibility to retain copies of any documents or other client material provided by the client to the Firm. The Firm may also dispose of any copies of documents or records in its possession in accordance with its document retention policy.

Executor and Trustee Services. Clients of the Firm sometimes select an attorney of the Firm to serve as executor of their estate or trustee or special power holder of one or more trusts. Service by an attorney as an executor or trustee is not considered the practice of law but it is a law related service. Executor and trustee services may be provided by banks, trust companies or other attorneys. The client is strongly encouraged to carefully consider alternative entities and persons to provide executor or trustee services prior to selection of an attorney of the Firm to serve in that capacity.

Specific Legal Matters. This Agreement is intended to cover any and all legal services provided by the Firm to the client or Affiliates unless otherwise agreed in writing and supersedes all prior written and oral agreements. In the event the client and the Firm enter into a separate written agreement covering services rendered for a specific matter the separate agreement shall control any specific items addressed in the separate agreement. All other matters not specifically covered in the separate agreement shall be governed by this Agreement and the Client Services Terms and Conditions.

Effective Date. Any written fee agreement will take effect upon execution by the client and the Firm and payment of any designated retainer, but its effective date will be retroactive to the date the Firm first provided services. The date at the beginning of a written fee agreement is for reference only. If a written fee agreement is not executed or otherwise does not become effective, the client shall pay the Firm the amount billed by the Firm to the client in accordance with the Firm's normal billing policy as set forth herein. Unless otherwise agreed in writing by the Firm, the client agrees that by accepting services from the Firm, the client is accepting the terms and conditions of the Firm's Client Services Terms and Conditions as set forth herein.