Prepared by: Shore, Hudspeth and Harding
P.O. Box 936 Benjamin H. Harding Jr.
Yadkinville, NC 27055

DEED OF TRUST

116

CONSTRUCTION - NORTH CAROLINA

THIS DEED OF TRUST made this 7th day of July, 1989 among J & F PARTNERS, a North Carolina General Partnership (hereinafter referred to as "Grantor") and George L. Anderson, Jr. (hereinafter referred to as "Trustee") and First Union National Bank whose principal address is P. O. Box 758, Yadkinville, NC 27055 (hereinafter referred to as "Beneficiary").

WITNESSETH THAT, WHEREAS, Grantor is indebted to Beneficiary for money to be loaned pursuant to a Loan Agreement entered into between Grantor and Beneficiary and dated July 7, 1989 the provisions of which are incorporated herein by reference as fully and to the same extent as though set out herein verbatim.

AND WHEREAS, Grantor has executed and delivered to Beneficiary a Note of even date herewith in the principal sum of Six Hundred Twenty-Five Thousand and no/100 dollars----------------- ($ 625,000.00). The final payment of which is due on ~~February 1, 2005~~ April 3, 2005 together with interest thereon as provided in said Note;

AND WHEREAS, This Deed of Trust is Given Wholly Or Partly to Secure Future Obligations which may be incurred hereunder. The amount of present obligations secured hereunder is None (IF NONE SO STATE); the maximum amount (including present as well as future advances) to be advanced hereunder shall not exceed the face amount of the Note above referred to provided such future obligations are incurred not later than February 1, 1990 provided all conditions of the Note, Security Agreement (if any), Loan Agreement and the Deed of Trust have been met and there is no default in the Note, Security Agreement (if any), Loan Agreement, or this Deed of Trust; Future Advances by the Beneficiary are Obligatory.

☐ If checked, this Deed of Trust secures a Line of Credit under which periodic advances and repayments will be made from time to time. Re-advances will be secured to the same extent as original obligations hereunder.

AND WHEREAS, To induce the making of said loan, Grantor has agreed to secure said debt and interest (together with any future advances) and the undertakings prescribed in the Note, Loan Agreement, and this Deed of Trust by the conveyance of the premises hereinafter described;

NOW, THEREFORE, in consideration of the aforesaid loan, Grantor hereby grants and conveys to Trustee, his successors and assigns, the following described premises located in Forsyth County, North Carolina:

(A-04548) Middlefork Township, Forsyth County, North Carolina;

BEING all that tract containing 8.082 acres, more or less, shown on that plat of survey entitled "Forsyth Villa", which plat is duly recorded in plat book 33, page 147, Forsyth County Registry, to which plat reference is hereby made for a more complete and accurate description.

SUBJECT, however, to the following:

1. Sanitary sewer and greenway easements to the City of Winston-Salem as recorded in book 1670, page 1662, and as shown on plat recorded in plat book 33, page 147.

2. The dedication of a public right-of-way to the City of Winston-Salem as recorded in book 1670, page 1662, and as shown on plat recorded in plat book 33, page 147.

3. All easements, restrictions and conditions of record.

For reference purposes for source of title see: that deed in book 1670, page 1666.

together with improvements, equipment, and /building materials fixtures now or hereafter attached to or used in connection with the premises (hereinafter collectively referred to as "Premises")

X "If checked, fixtures are more specifically described on Exhibit attached hereto and incorporated herein by reference.

BOOK 1871 P 0303

TO HAVE AND TO HOLD the same with all privileges and appurtenances thereunto belonging to Trustee, his successors and assigns, upon the Trusts and for the purposes hereinafter set out. Grantor covenants with Trustee that Grantor is seized of, and has the right to convey, the premises, in fee simple; that the premises are free and clear of all encumbrances; and that Grantor will warrant and defend title to the premises against the lawful claims of all persons whomsoever.

GRANTOR COVENANTS with Trustee and Beneficiary (and their respective heirs, successors and assigns) as follows:

1. **Note Payments.** Grantor shall make timely payments of principal and interest on the above mentioned Note in the amounts, in the manner and at the place set forth therein. This Deed of Trust secures payment of said Note according to its terms, which are incorporated herein by reference.

2. **Taxes.** Grantor shall pay all taxes, charges and assessments which may become a lien upon the premises hereby conveyed before any penalty or interest accrues thereon and shall promptly deliver to Beneficiary official receipts evidencing payment thereof. In the event of the passage after the date of this Deed of Trust of any law changing in any way the laws now in force for state or local taxation of mortgages, deeds of trust or debts secured thereby, or the manner of the collection of any such taxes, so as to affect this deed of Trust, the whole principal sum (together with interest) secured by this Deed of Trust shall at the option of Beneficiary without notice become immediately due and payable.

3. **Insurance.** Grantor shall continually maintain insurance against loss by fire, hazards included in the term "extended coverage" and such other hazards as Beneficiary may require in such a manner and in such companies as Beneficiary may from time to time require on the improvements now or hereafter located on the premises and shall promptly pay all premiums, therefor, when due. All insurance policies and renewals thereof shall be held by Beneficiary and have attached thereto a New York Standard Mortgagee Long-Form Loss Payable Clause in favor of and in a form acceptable to Beneficiary, and provide that no such policy can be cancelled without ten days prior notice to Beneficiary. In the event of loss Grantor shall give immediate notice by mail to Beneficiary, who may make proof of loss. Each insurance company is hereby directed to make payment for such loss directly to Beneficiary (instead of to Grantor and Beneficiary jointly), and the insurance proceeds or any part thereof may be applied by Beneficiary at its option to the debt hereby secured or for the repair or restoration of the premises. If the insurance proceeds are applied to the debt, it may be applied upon the portion last falling due or in such other manner as Beneficiary may desire. In the event of foreclosure of this Deed of Trust or other transfer of title to the premises in extinguishment of the indebtedness secured hereby, all right, title and interest of Beneficiary in any insurance policies then in force shall pass to the grantee.

4. **Escrow Deposits.** Upon demand of Beneficiary, Grantor shall add to each monthly or other periodic payment required under the Note secured hereby the amount estimated by Beneficiary to be sufficient to enable Beneficiary to pay, as they come due, all taxes, charges, assessments, and insurance premiums which Grantor is required to pay hereunder. Any deficiency occasioned by an insufficiency of such additional payments shall be forthwith deposited by Grantor with Beneficiary upon demand.

5. **Repairs.** Grantor will keep the premises in as good order and repair as they are now (reasonable wear and tear expected) and will not commit or permit any waste or any other thing whereby the value of the premises might be impaired. Grantor shall not cut timber on the premises nor sell the timber rights without the written consent of Beneficiary.

6. **Compliance with Laws.** Grantor shall promptly comply with any applicable legal requirements of the State of North Carolina or other governmental entity, agency or instrumentality relating to the use or condition of the premises.

7. **Condemnation Award.** Any award for the taking of, or damages to, all or any part of the premises or any interest therein upon the lawful exercise of power of eminent domain shall be payable to Beneficiary who may apply the sums so received to the portion of the debt hereby secured last falling due or in such other manner as Beneficiary may desire.

8. **Payments by Beneficiary.** If Grantor shall be in default in the timely payment or performance of any obligation under this Deed of Trust, the Loan Agreement or the Note hereby secured, Beneficiary, at its option may pay the sums for which Grantor is obligated. Further, Beneficiary, at its option, may advance, pay or expend such sums as may be proper and necessary for the protection of the premises and the maintenance of this trust including but not limited to sums to satisfy taxes or other levies, and assessments and/or liens, to maintain insurance (including title insurance), to make repairs and to provide security guards. Any amounts so advanced, paid or expended shall be deemed principal advances secured by this Deed of Trust (even though when added to other advances the sum thereof may exceed the face amount of the Note), shall bear interest from the time advanced, paid or expended at the rate prescribed in the Note hereby secured and be secured by this Deed of Trust and its payment enforced as if it were a part of the original debt. Any sum expended, paid or advanced under this paragraph shall be at Beneficiary's sole option and not constitute a waiver of any default or right arising from the breach by Grantor or any covenant or agreement contained herein or in the Note or Loan Agreement.

9. **Rents and Profits.** Grantor hereby assigns to Beneficiary all future rents and profits from the premises as additional security for the payment of the indebtedness hereby secured and full performance of the undertakings of the Grantor hereunder. Beneficiary is given a prior and continuing lien thereon, and Grantor hereby appoints Beneficiary his attorney to collect such rents and profits with or without suit and apply the same (less expenses of collection) to said indebtedness and the performance of said undertaking in such manner as Beneficiary may desire. However, until default hereunder or under the Note secured hereby, Grantor may continue to collect and enjoy such rents and profits without accountability to Beneficiary. This assignment shall be irrevocable and shall be in addition to other remedies herein provided for in event of default and may be put into effect independently of or concurrently with any of said remedies.

10. **Grantor's Continuing Obligation.** The Grantor shall remain liable for full payment of the principal and interest on the Note (or any advancement or obligation) secured hereby, notwithstanding any of the following:

(a.) The sale of all or a part of the premises, (b) the assumption by another party of the Grantor's obligations hereunder, (c) the forbearance or extension of time for payment or performance of any obligation hereunder, whether granted to Grantor or a subsequent owner of the property, and (d) the release of all or any part of the premises securing said obligations or the release of any party who assumes payment of the same. None of the foregoing shall in any way affect the full force and effect of the lien of this Deed of Trust or impair Beneficiary's right to a deficiency judgment (in the event of foreclosure) against Grantor or any party assuming the obligations hereunder.

11. **Substitute Trustees.** Beneficiary shall have the unqualified right to remove the Trustee and to appoint one or more substitute or successor Trustees by instruments filed for registration in the Office of the Register of Deeds where this Deed of Trust is recorded. Any such removal or appointment may be made at any time without notice, without specifying any reason therefor and without any court approval. Any such appointee shall become vested with title to the premises and with all rights, powers and duties conferred upon the Trustee herein in the same manner and to the same effect as though he were named herein as the original Trustee.

12. **Late Charge.** Late charges may be made in accordance with the above referenced Note.

13. **Attorney's Fees.** In the event that Grantor shall default in its obligations hereunder and in the opinion of Beneficiary it becomes necessary or proper to employ an attorney to assist in the enforcement of collection of the indebtedness owed by Grantor to Beneficiary or to enforce compliance by Grantor with any of the provisions of the Loan Agreement or those herein contained, or in the event the Beneficiary or the Trustee voluntarily or otherwise shall become a party or parties to any suit or legal proceeding (including a proceeding conducted under the Bankruptcy Act) to protect the property herein conveyed, to protect the lien of this Deed of Trust, to enforce collection of the indebtedness owed by Grantor to Beneficiary, or to enforce compliance by Grantor with any of the provisions of the Loan Agreement, the Note, or those herein contained, Grantor agrees to pay a reasonable attorney's fee and all of the costs that may reasonably be incurred and such fees and costs shall be secured by this Deed of Trust and its payment enforced as if it were a part of the original debt. Grantor shall be liable for such reasonable attorney's fees and costs whether or not any suit or proceeding is commenced; if suit is instituted by Beneficiary upon default to enforce collection of any unpaid balance of the Note, Grantor stipulates and agrees that the reasonable attorney's fee for which it is liable under this paragraph shall be deemed to be fifteen per cent (15%) of the sum of the unpaid principal and all interest due thereon at the time suit is instituted.

14. **Anti-Marshalling Provision.** The right is hereby given by Grantor to Trustee and Beneficiary to make partial releases or releases of security hereunder (whether or not such releases are required by agreement among the parties) agreeable to Trustee and Beneficiary without notice to, or the consent, approval or agreement of other parties and interests, including junior lienors and purchasers subject to this lien, which partial release or releases shall not impair in any manner the validity of or priority of this Deed of Trust on the premises remaining hereunder, nor release Grantor from personal liability for the indebtedness hereby secured. Notwithstanding the existence of any other security interests in the premises held by Beneficiary or by any other party, Beneficiary shall have the right to determine the order in which any or all of the premises shall be subjected to the remedies provided herein. Beneficiary shall have the right to determine the order in which any or all portions of the indebtedness secured hereby are satisfied from the proceeds realized upon the exercise of the remedies provided herein. Grantor and any party who consents to this who has actual or constructive notice hereof hereby waives any and all right to require the marshalling of assets in connection with the exercise of any of the remedies permitted by applicable law or provided herein.

15. **Sale by Parcels.** Pursuant to the provisions of North Carolina General Statute 45-21.8, the Trustee or Trustees are hereby empowered to sell any parcel of the property described herein whether or not, in the judgment of the Trustee or Trustees, the proceeds of the parcel sold will be sufficient to satisfy the indebtedness secured hereby, and this provision shall govern the sale or sales of the parcels of property herein described.

16. **Notice to Grantor.** All notices required to be given to Grantor including the notice required to be served by North Carolina General Statute 45-21.16 shall be mailed to Grantor at the following address: P. O. Box 1246, Yadkinville, NC 27055.

17. **Notice to Beneficiary.** All notices required to be given to Beneficiary by Grantor or an intervening lienor or encumbrancer pursuant to North Carolina General Statute 45-70(b) shall be mailed to: First Union National Bank, Attention: General Mortgage Loans, Loan-8, Charlotte, North Carolina 28288.

18. **Secondary Financing Prohibited.** Grantor may not pledge or encumber the premises herein conveyed without first obtaining Beneficiary's written consent.

19. **Transfer of Premises.** If all or any part of the premises or an interest therein is sold or transferred by Grantor without Beneficiary's prior written consent, Beneficiary may, at Beneficiary's option, declare all sums secured by this Deed of Trust to be immediately due and payable.

20. **Uniform Commercial Code Security Agreement.** This Deed of Trust is intended to be a security agreement with respect to items referred to herein which may be subject to a security interest pursuant to the Uniform Commercial Code, and Grantor hereby grants Beneficiary a security interest in said items. Grantor agrees that Beneficiary may file this Deed of Trust as a financing statement, or at Grantor's request agrees to execute such financing statements, extensions or amendments as Beneficiary may require to perfect a security interest with respect to said items. In the event of default, Beneficiary shall have, in addition to its other remedies, all rights and remedies provided for in the Uniform Commercial Code as enacted in North Carolina.

21. **Acceleration In Case of Grantor's Insolvency.** If Grantor shall voluntarily file a petition under the Federal Bankruptcy Act, as such Act may from time to time be amended, or under any similar or successor Federal statute relating to bankruptcy, insolvency, arrangements or reorganizations, or under any state bankruptcy or insolvency act, or file an answer in an involuntary proceeding admitting insolvency or inability to pay debts, or if Grantor shall fail to obtain a vacation or stay of involuntary proceedings brought for the reorganization, dissolution or liquidation of Grantor, or if Grantor shall be adjudged a bankrupt, or if a trustee or receiver shall be appointed for Grantor or Grantor's property, or if the property shall become subject to the jurisdiction of a Federal bankruptcy court or similar State court or if Grantor shall make an assignment for the benefit of Grantor's creditors, or if there is an attachment, execution of other judicial seizure of any portion of Grantor's assets and such seizure is not discharged within ten days, then Beneficiary may, at Beneficiary's option, declare all of the sums secured by this instrument to be immediately due and payable without prior notice to Grantor. Any attorney's fees and other expenses incurred by Beneficiary in connection with Grantor's bankruptcy or any of the other aforesaid events shall be additional indebtedness of Grantor secured by this Deed of Trust pursuant to paragraph 13 hereof.

22. **Use of Property.** Unless required by applicable law or unless Beneficiary has otherwise agreed in writing, Grantor shall not allow changes in the use for which all or any part of the premises was intended at the time this Deed of Trust was executed. Grantor shall not initiate or acquiesce in a change in the zoning classification of the premises without Beneficiary's prior written consent.

23. **Books and Records.** Grantor shall keep and maintain at all times at Grantor's address stated above, or such other place as Beneficiary may approve in writing, complete and accurate books of accounts and records adequate to reflect correctly Grantor's financial condition and copies of all the written contracts, leases and other instruments which may affect the premises. Such books, records, contracts, leases and other instruments shall be subject to examination and inspection at any reasonable time by Beneficiary. Upon Beneficiary's request, Grantor shall furnish to Beneficiary within 120 days after the end of each fiscal year of Grantor, a balance sheet, a statement of income and expenses and a statement of changes in financial position, each in reasonable detail and certified by Grantor and, if Beneficiary shall require, by an independent certified public accountant.

24. **Inspection.** Lender may make or cause to be made reasonable entries upon and inspection of the Property, provided that Lender shall give Borrower notice prior to any such inspection specifying reasonable cause therefor related to Lender's interest in the Property.

25. **Application of Payments.** All payments and other sums of money received by Lender shall be applied by Lender first to amounts due Lender pursuant to paragraph 8 hereof, then to interest payable of the Note, then to the principal of the Note.

26. **Definitions.** As used herein the terms "Grantor", "Trustee", "Beneficiary" and other terms shall refer to the singular, plural, neuter, masculine and feminine as the context may require and shall include, be binding upon and inure to the benefit of their respective heirs, successors, legal representatives and assigns.

BUT THIS CONVEYANCE IS MADE UPON THIS SPECIAL TRUST: If the total amount of the debt, interest, advances and other sums secured hereby are paid in full in accordance with the terms of the above mentioned Note and this Deed of Trust, this conveyance shall be null and void and may be cancelled of record at the request and cost of Grantor. If, however, there shall be a default in any of the terms and conditions of this Deed of Trust, the Loan Agreement, or under the Note or any advance secured hereby, all sums owing to Beneficiary thereunder regardless of maturity and without notice shall immediately become due and payable at the option of Beneficiary; and, on application of Beneficiary, Trustee shall foreclose this Deed of Trust by Judicial Proceedings or at Beneficiary's election Trustee shall sell (and is hereby empowered to sell) the premises at public sale to the last and highest bidder for cash (free of any equity of redemption, homestead, dower, curtesy or other exemption, all of which are expressly waived by Grantor) after compliance with applicable North Carolina laws relating to foreclosure sales under power of sale and shall execute a conveyance in fee simple to the successful purchaser at said sale. The proceeds of any such sale shall be applied in the manner and in the order prescribed by applicable North Carolina laws, it being agreed that the expenses of any such sale shall include a commission of five per cent of the gross sales price to Trustee for making such sale and for all services performed by him hereunder. Beneficiary may bid and become the purchaser at any sale under this Deed of Trust. At any such sale Trustee may at its election require the successful bidder immediately to deposit with Trustee cash or certified check in an amount equal to all or any part of the successful bid, and notice of any such requirement need not be included in the advertisement of the notice of such sale.

IN WITNESS WHEREOF, the Deed of Trust has been duly signed, sealed and delivered by Grantor the day and year first above written.

J & F PARTNERS, a North Carolina
General Partnership

By: ______________________ (SEAL)
GENERAL PARTNER

By: ______________________ (SEAL)
GENERAL PARTNER

1671 P0305

STATE OF NORTH CAROLINA)

)

COUNTY OF YADKIN)

I, Dawn A. Disher, a Notary Public, do hereby certify that Jerry R. Chapman & Faiger M. Blackwell, ~~and~~ general partners of J & F Partners, a North Carolina general partnership, personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

WITNESS my hand and official seal this 7th day of July 19 89.

My commission expires:

November 30, 1993. Dawn A. Disher (NOTARY PUBLIC)

DAWN A. DISHER
(SEAL) NOTARY PUBLIC
YADKIN COUNTY, NC
My Commission Expires Nov. 30, 1993

NORTH CAROLINA, ______ **COUNTY,** ______

This ______ day of ______ A.D. ______, personally came before me, ______ a Notary Public ______ ______, who, being by me duly sworn, says that he is ______ ______ of the ______ ______, and that the seal affixed to the foregoing instrument in writing is the corporate seal of said Company and that said writing was signed and sealed by him in behalf of said corporation by its authority duly given. And the said ______ acknowledged the said writing to be the act and deed of said corporation.

My commission expires ______ ______ (NOTARY PUBLIC)

(SEAL)

NORTH CAROLINA, Forsyth **COUNTY,**

The foregoing certificate of Dawn A. Disher, a Notary Public of the County of Yadkin NC, by his Notarial Seal thereto attached, ~~is adjudged~~ certified to be correct. Let the instrument and the certificates be registered.

This 7 day of July, 19 89.

L. E. SPEAS, REGISTER OF DEEDS By: Patsy Davis - Deputy
~~Clerk of Superior Court~~ ~~County, N.C.~~

______

STATE OF NORTH CAROLINA

County of ______

To

DEED OF TRUST

CONSTRUCTION

PRESENTED FOR REGISTRATION AND RECORDED
JUL 3 34 PM '89
L. E. SPEAS
REGISTER OF DEEDS
FORSYTH CTY. N.C.

Filed for registration in the ______ County

Registry this ______ day of ______, 19___, at ______ o'clock ______ M. Recorded

in Book ______ at Page ______ this ______ day of ______, 19___.

Verified and property indexed same date.

______ Register of Deeds ______ County, N.C.

FUNB 1131 (10/87) 25 Pkg.

$16.00 pd AA BOOK 1671 P0306

5404D

RIDER TO SECURITY INSTRUMENT

This Rider is made this 7th day of July, 19 89 and is incorporated into and shall be deemed to amend and supplement the Mortgage, Deed of Trust or Security Deed (hereinafter "Security Instrument") of the same date given by the undersigned (hereinafter "Grantor") to secure Grantor's Note to First Union National Bank of North Carolina, the grantee, beneficiary, or mortagee (hereinafter "Lender") of even date and covering the Property described in the Security Instrument located at: Lansing Drive, Winston-Salem, N.C.
(Property Address)

Additional Covenant. In addition to the other covenants and agreements made in this Security Instrument, Grantor further covenants to Lender and agrees as follows:

Environmental Condition of Property; Indemnification. Grantor warrants and represents to Lender after thorough investigation that: (a) the Property described herein is now and at all times hereafter will continue to be in full compliance with all federal, state and local environmental laws and regulations, including but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"), Public Law No. 96-510, 94 Stat. 2767, 42 USC 9601 et seq, and the Superfund Amendments and Reauthorization Act of 1986 (SARA), Public Law No. 99-499, 100 Stat. 1613, and (b)(i) as of the date hereof there are no hazardous materials, substances, wastes or other environmentally regulated substances (including without limitation, any materials containing asbestos) located on, in or under the Property or used in connection therewith, or (ii) Grantor has fully disclosed to Lender in writing the existence, extent and nature of any such hazardous materials, substances, wastes or other environmentally regulated substances, which Grantor is legally authorized and empowered to maintain on, in or under the Property or use in connection therewith, and Grantor has obtained and will maintain all licenses, permits and approvals required with respect thereto, and is in full compliance with all of the terms, conditions and requirements of such licenses, permits and approvals. Grantor further warrants and represents that it will promptly notify Lender of any change in the nature or extent of any hazardous materials, substances or wastes maintained on, in or under the Property or used in connection therewith, and will transmit to Lender copies of any citations, orders, notices or other material governmental or other communication received with respect to any other hazardous materials, substances, wastes or other environmentally regulated substances affecting the Property.

Grantor shall indemnify and hold Lender harmless from and against any and all damages, penalties, fines, claims, liens, suits, liabilities, costs (including clean-up costs), judgments and expenses (including attorneys', consultants' or experts' fees and expenses) of every kind and nature suffered by or asserted against Lender as a direct or indirect result of any warranty or representation made by Grantor in the preceding paragraph being false or untrue in any material respect or any requirement under any law, regulation or ordinance, local, state or federal, which requires the elimination or removal of any hazardous materials, substances, wastes or other environmentally regulated substances by Lender, Grantor or any transferee of Grantor or Lender.

Grantor's obligations hereunder shall not be limited to any extent by the term of the Note secured hereby, and, as to any act or occurrence prior to payment in full and satisfaction of said Note which gives rise to liability hereunder, shall continue, survive and remain in full force and effect notwithstanding payment in full and satisfaction of said Note and this Security Instrument or foreclosure under this Security Instrument, or delivery of a deed in lieu of foreclosure.

By signing below, Grantor accepts and agrees to the terms and covenants contained in this Rider.

J & F Partners, a N.C. general partnership

Jerry R. Chapman (SEAL)
Grantor Jerry R. Chapman, general partner

Faiger M. Blackwell (SEAL)
Grantor Faiger M. Blackwell, general partner