

RETURN TO: BBCT
PO Box 15008
WINSTON-SALEM NC
27179

ENV

FORSYTH CO, NC 65 FEE: \$ 16.00
PRESENTED & RECORDED: 01/28/1997 12:11PM
DICKIE C. WOOD REGISTER OF DEEDS BY: HODVA

STATE OF NORTH CAROLINA

COUNTY OF Forsyth

SUBORDINATION AGREEMENT
(GENERAL CREDITOR)

THIS SUBORDINATION AGREEMENT ("Agreement") is made this 30th day of DEC 1996, by Charlene B. Cassidy (individually and collectively "Creditor"), and C & C Interior Designs, Inc., a NC corporation ("Borrower") and BRANCH BANKING AND TRUST COMPANY, a North Carolina banking corporation ("Bank").

RECITALS

As an inducement to the Bank to make a loan to Borrower in the principal amount of \$ 25,000.00 evidenced by Borrower's Promissory Note(s) payable to the order of the Bank dated 12-5-95, (the Notes and all modifications, renewals and extensions thereto being collectively referred to as the "Bank Notes") secured by Accounts Receivable and Inventory, the Creditor has agreed to subordinate the Creditor's Claims to the Bank's Claims as defined herein.

THEREFORE, in consideration of the foregoing recitals and for other good and valuable consideration, the receipt of which is hereby acknowledged, Creditor hereby agrees as follows:

1. Any and all of Creditor's Claims and all of Creditor's present or future rights to Creditor's Claims are and shall be subordinate subject, and inferior to Bank's Claims provided, however, the Borrower may pay, and that Creditor may receive and accept payment of obligations owed by the Borrower to Creditor ("Permitted Payments") only if:

- (i) the Bank Notes and any other obligations owed by the Borrower to the Bank are not in default; and
- (ii) the Bank has received the monthly installments due under the Bank Notes, and any other monthly installments due to the Bank under other promissory notes executed by Borrower; and
- (iii) the Borrower is in compliance with any financial covenants imposed by the Bank.

2. "Creditor's Claims" means the indebtedness of the Borrower to Creditor now existing or hereafter incurred and howsoever arising, whether absolute or contingent,

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liquidated or unliquidated, and whether the Borrower may be liable to Creditor individually or jointly with others, as principal, as surety, or as guarantor, including without limitation the Creditor's Note and all extensions, renewals and modifications thereof, described below:

Note to Charlene B. Cassidy originally dated September 5, 1993
with a current balance in the amount of \$16,415.19.

[Describe Creditor's Note]

3. "Bank's Claims" means any and all indebtedness of the Borrower to Bank now existing hereafter incurred, whether absolute or contingent, liquidated or unliquidated, determined or undetermined, and whether the Borrower may be liable to Bank individually or jointly with others, or as principal, as surety, or as guarantor, including without limitation the Bank Notes and all extensions, renewals and modifications thereof.

4. The receipt of any payment or thing of value on Creditor's Claims shall, to the extent necessary to satisfy Bank's Claims in full, be held in trust for Bank and immediately remitted to Bank with any appropriate endorsements.

5. Creditor shall not sell, assign, transfer, or endorse Creditor's Claims to any person or entity so long as any of Bank's Claims remain unpaid or unsatisfied without the prior written consent of Bank.

6. All security interests, liens and pledges howsoever evidenced granted by the Borrower to Creditor to secure payment of Creditor's Claims are and shall be subordinate, subject, and inferior to any and all security interests, liens and pledged howsoever evidenced granted by Borrower to Bank to secure payment of Bank's Claims.

7. From and after the occurrence of an event of default on the Bank's Claims, Creditor shall not demand, receive, collect or undertake any legal proceeding for the recovery of any amount due on Creditor's Claims without the prior written consent of Bank.

8. In the event Bank undertakes legal proceedings (whether voluntary or involuntary) relating to bankruptcy, reorganization, dissolution, or liquidation of the Borrower, or relating to litigation or entry of judgment against the Borrower, or to the application of the Borrower's assets to the payment of any of the Borrower's liabilities or to the sale or assignment of a substantial amount of the Borrower's assets, Bank shall have the right, but not the obligation, and is hereby irrevocably appointed Creditor's attorney-in-fact to:

(a) Collect any payments or distributions which would otherwise be payable to Creditor;

- (b) Prove Creditor's Claims;
- (c) Accept or reject, to the extent to which Creditor would be entitled to accept or reject, any plan of reorganization or compromise;
- (d) Accept any new securities or other property to which Creditor would otherwise be entitled under any plan of reorganization; and
- (e) In general, do any other act with respect to Creditor's Claims which Subordinator might otherwise do.

9. Any notice required hereunder shall be in writing and shall be effective when sent with sufficient postage by certified mail, return receipt requested to Bank at 110 S. Stratford Road, Winston-Salem, NC 27104, ATTN: City Executive, and to Creditor at 352 McClamrock Road, Mocksville, NC 27028, ATTN. Charlene B. Cassidy.

10. No renewal or modification of payment of Bank's Claims, no release or surrender of any collateral, no delay in enforcement of payment of Bank's Claims or in the enforcement of this Agreement, no waiver of any default by Bank under Bank's Claims, and no delay or omission in exercising any right or power under Bank's Claims or under this Agreement shall in any manner impair or affect Bank's rights hereunder. Creditor hereby waives notice of the creation, existence, extension, and renewal of Bank's Claims.

11. No amendment or modification of this Agreement shall be effective unless such amendment or modification is in writing and signed by Bank and Creditor.

12. This Agreement shall extend to and bind the respective successors and assigns, of Bank and Creditor, and the covenants of Creditor respecting subordination of Creditor's Claims in favor of Bank shall extend to, include, and be enforceable by any transferee or endorsee of Bank's Claims or Bank's security interest(s), deed(s) of trust, or other lien(s) in the collateral.

13. In order to carry out the terms and intent of this Agreement, Creditor will perform all acts necessary and appropriate to preserve for Bank the benefits of this Agreement and will execute all documents or agreements (including, but not limited to, and any assignments or powers requested by Bank to facilitate the exercise of any rights under paragraph 8 hereof and the execution of any Uniform Commercial Code Financing statement) which Bank may request for that purpose.

14. This Agreement shall be governed by the laws of the State of North Carolina.

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IN WITNESS WHEREOF, the parties have executed this Agreement under seal,
and if corporate have caused this Agreement to be executed by their duly authorized
officers, attested by their secretaries and their corporate seals affixed.

CREDITOR:

Witness: *Paul S. Canty* *Charlene B. Cassidy* (SEAL)
Charlene B. Cassidy

BANK:

BRANCH BANKING AND TRUST COMPANY

ATTEST:

By: *Robert Phillips*
Assistant Secretary
(Corporate Seal)
ACKNOWLEDGED AND AGREED TO:

By: *Paul S. Canty*
Title: Assistant Vice President

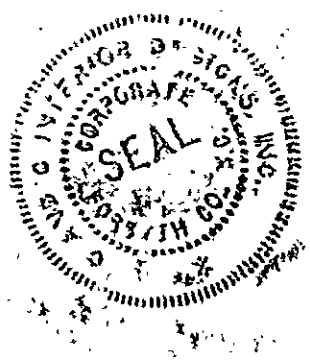
BORROWER:

C & C Interior Designs, Inc.

ATTEST:

By: *Janifer C. Linell*
Secretary
(Corporate Seal)

By: *Charlene B. Cassidy*
Title: President



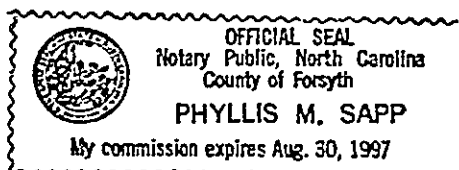
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ACKNOWLEDGEMENT:

STATE OF NORTH CAROLINA, COUNTY OF Forsyth
I Phyllis M. Sapp, a Notary Public of Forsyth County, North
Carolina, do hereby certify that Byron Phillips personally appeared before me this
day and acknowledged that he is Assistant Secretary of Branch Banking & Trust
Company, a corporation, and that by authority duly given and as the act of the corporation, the
foregoing instrument was signed in its name by its Assistant Vice President, sealed with its
corporate seal, and attested by him self as its Assistant Secretary.
Witness my hand and official stamp or seal, this 30 day of December, 1996.

My Commission Expires: 8-30-97

Phyllis M. Sapp
Notary

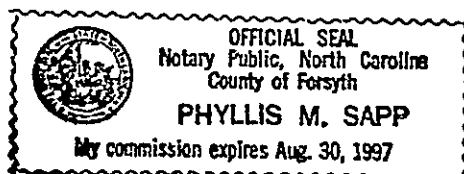


ACKNOWLEDGEMENT:

STATE OF NORTH CAROLINA, COUNTY OF Forsyth
I, Phyllis M. Sapp, a Notary Public of Forsyth County, North
Carolina, do hereby certify that Jennifer C. Linnell personally appeared before me this
day and acknowledged that s he is Secretary of C & C Interior Designs, Inc., a
corporation, and that by authority duly given and as the act of the corporation, the foregoing
instrument was signed in its name by its President, sealed with its corporate
seal, and attested by her self as its Secretary.
Witness my hand and official stamp or seal, this 30 day of December, 1996.

My Commission Expires: 8-30-97

Phyllis M. Sapp
Notary



STATE OF NC - FORSYTH CO

The Foregoing certificate of Phyllis M. Sapp NP

is certified to be correct this the 28th day of January, 1997

Dickie C. Wood, Register of Deeds by: [Signature] Asst/Deputy