

Prepared by Petree Stockton, L.L.P.
Attorney:
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BK1935

P1490

FORSYTH CO, NC

13

FEE: \$ 18.00

PRESENTED & RECORDED: 02/18/1997 10:57AM
DICKIE C. WOOD REGISTER OF DEEDS BY: GORDON

Kane Gordon

STATE OF NORTH CAROLINA

COUNTY OF FORSYTH

**MODIFICATION OF NOTE AND
DEED OF TRUST ("Modification")**

THIS MODIFICATION OF NOTE AND DEED OF TRUST made and entered into effective the 31st day of August, 1996, by and among P&O PROPERTIES, LLC, a North Carolina Limited Liability Company, hereinafter called "Grantor/Borrower," CHARLES K. PHILLIPS and ANN C. PHILLIPS, residents of Nacogdoches County, Texas, hereinafter collectively referred to as "Beneficiaries/ Noteholders" and JEFFREY T. LAWYER, hereinafter referred to as "Substitute Trustee";

WITNESSETH:

THAT WHEREAS, Grantor/Borrower did execute a promissory note to Beneficiaries/ Noteholders dated July 31, 1995, in the principal amount of Seventy-Five Thousand and No/100ths DOLLARS (\$75,000.00) (herein "Note"), which Note is secured by a deed of trust to CELESTE A. BERON, as Trustee, for Beneficiaries/Noteholders recorded in Deed of Trust Book 1865, at Page 1543, of the Forsyth County, North Carolina Office of the Register of Deeds (herein "Deed of Trust"); and

WHEREAS, Beneficiaries/Noteholders, by instrument of even date herewith, have substituted the Substitute Trustee as Trustee under the Deed of Trust; and

WHEREAS, the Grantor/Borrower and the Beneficiaries/Noteholders have agreed to a modification of the current principal balance and payment terms of the Note to reflect an additional advance in the amount of \$40,000 and to reflect the transfer by Ann C. Phillips of her interest in the Note to Charles K. Phillips, and are desirous of documenting that modification and recording public notice of said change;

NOW THEREFORE, the Grantor/Borrower and the Beneficiaries/Noteholders, do hereby modify the Note and the Deed of Trust to provide that Charles K. Phillips is the sole holder of the Note and that the principal balance of the Note as secured by the Deed of Trust shall be increased to One Hundred Thousand Eight Hundred Ninety-Four and 33/100 Dollars (\$100,894.33) and the monthly payments due under the terms of the Note shall be changed to monthly payments of principal and accrued interest based upon a five (5) year amortization and a final payment date of August 31, 2001. The outstanding principal balance plus accrued interest shall be due and payable in full on August 31, 2001. The monthly payments of principal and accrued interest beginning September 30, 1996, and continuing on the last day of each consecutive month thereafter shall be One Thousand Nine Hundred Ninety-Seven and 83/100ths Dollars (\$1,997.83).

The Grantor/Borrower does hereby ratify and confirm in all respects all of the terms, provisions and covenants as contained in the Note and Deed of Trust, except as modified herein.

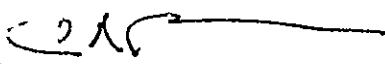
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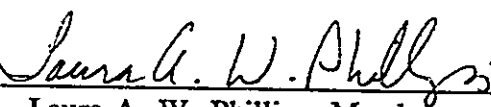
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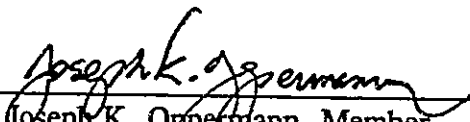
Substitute Trustee under the Deed of Trust joins herein for the purpose of consenting to the terms of this Modification.

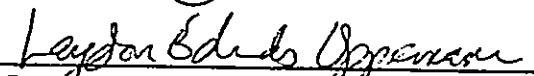
IN WITNESS WHEREOF, the Grantor/Borrower, the Beneficiaries/Notcholders, and the Substitute Trustee have hereunto set their hands and seals as of the day and year first above written.

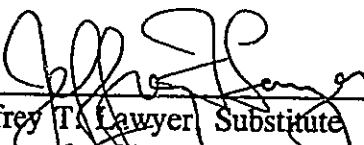
P&O PROPERTIES, LLC, a North Carolina
Limited Liability Company

By:  (SEAL)
Charles A. Phillips, Member


By:  (SEAL)
Laura A. W. Phillips, Member

By:  (SEAL)
Joseph K. Oppermann, Member

By:  (SEAL)
Langdon Edmunds Oppermann, Member

 (SEAL)
Jeffrey T. Lawyer, Substitute
Trustee for Charles K. Phillips
and Ann C. Phillips

 (SEAL)
Charles K. Phillips

 (SEAL)
Ann C. Phillips

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STATE OF NORTH CAROLINA

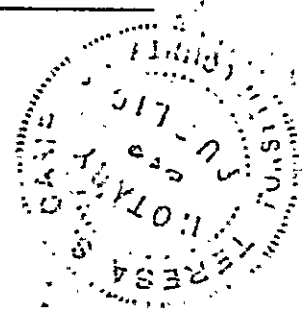
COUNTY OF FORSYTH

I, a Notary Public of the State and County aforesaid, do hereby certify that Charles A. Phillips, Member, personally appeared before me and acknowledged the due execution of the foregoing instrument.

Witness my hand and official stamp or seal, this 28 day of January, 1997.

Loren S. Gump
Notary Public

My Commission Expires Commission Expires August 30, 2000



STATE OF NORTH CAROLINA

COUNTY OF FORSYTH

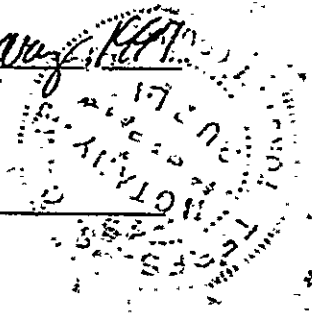
I, a Notary Public of the State and County aforesaid, do hereby certify that Laura A. W. Phillips, Member, personally appeared before me and acknowledged the due execution of the foregoing instrument.

Witness my hand and official stamp or seal, this 28 day of January, 1997.

Loren S. Gump
Notary Public

My Commission Expires: _____
165424748

My Commission Expires August 30, 2000



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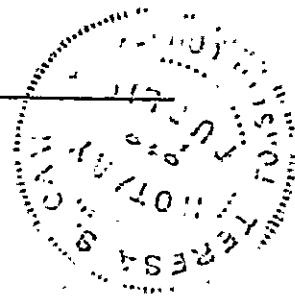
STATE OF NORTH CAROLINA

COUNTY OF FORSYTH

I, a Notary Public of the State and County aforesaid, do hereby certify that Joseph K. Oppermann, Member, personally appeared before me and acknowledged the due execution of the foregoing instrument.

Witness my hand and official stamp or seal, this 28 day of January, 1997.

Jerem S. Camp
Notary Public



My Commission Expires: My Commission Expires August 30, 2000

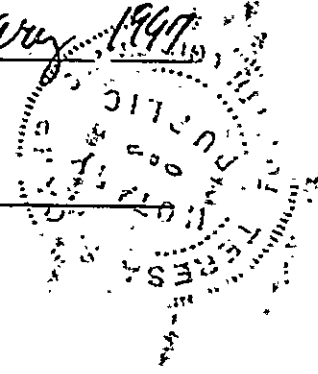
STATE OF NORTH CAROLINA

COUNTY OF FORSYTH

I, a Notary Public of the State and County aforesaid, do hereby certify that Langdon Edmunds Oppermann, Member, personally appeared before me and acknowledged the due execution of the foregoing instrument.

Witness my hand and official stamp or seal, this 28 day of January, 1997.

Jerem S. Camp
Notary Public



My Commission Expires: My Commission Expires August 30, 2000

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STATE OF NORTH CAROLINA

COUNTY OF FORSYTH

I, a Notary Public of the State of North Carolina and County of Davie, do hereby certify that Jeffrey T. Lawyer, Substitute Trustee for Charles K. Phillips and Ann C. Phillips, personally appeared before me and acknowledged the due execution of the foregoing instrument.

Witness my hand and official stamp or seal, this 3rd day of February, 1997

Brenda B. Mecham
Notary Public

My Commission Expires: 11/16/98



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STATE OF Texas

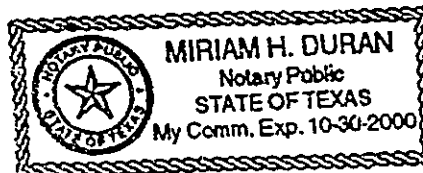
COUNTY OF Nacogdoches

I, a Notary Public of the State and County aforesaid, do hereby certify that Charles K. Phillips, personally appeared before me and acknowledged the due execution of the foregoing instrument.

Witness my hand and official stamp or seal, this 30 day of December, 1996

Miriam H. Duran
Notary Public

My Commission Expires: 10-30-2000



STATE OF Texas

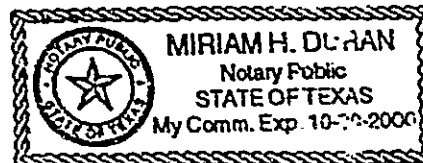
COUNTY OF Nacogdoches

I, a Notary Public of the State and County aforesaid, do hereby certify that Ann C. Phillips, personally appeared before me and acknowledged the due execution of the foregoing instrument.

Witness my hand and official stamp or seal, this 30th day of December, 1996

Miriam H. Duran
Notary Public

My Commission Expires: 10-30-2000
165V424748



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STATE OF NORTH CAROLINA - Forsyth County

The foregoing (or annexed) certificate(s) of Teresa S. Camp, n.p. ; Brenda B. Mechem, n.p.
(here give name and official title of the officer signing the certificate(s) passed upon)

Miriam H. Duran, n.p.

is (are) certified to be correct. This the 18 day of Feb. 1997.

Dickie C. Wood, Register of Deeds

By: [Signature] Deputy/Assistant