

Prepared by Carl E. Bell, Attorney at Law
P.O. Box 1355, Mount Airy, NC 27030

FORSYTH CO., NC 86 FEE: \$ 22.00
PRESENTED & RECORDED: 09/28/1998 11:52AM
DICKIE C. WOOD REGISTER OF DEEDS BY: HODDVA
BK2026 P2573 - P2580

SURREY BANK & TRUST

STATE OF NORTH CAROLINA
FORSYTH COUNTY

ASSIGNMENT OF RENTS, LEASES AND PROFITS

THIS ASSIGNMENT, made this 21st day of September, 1998 by and between Tara Associates, A North Carolina General Partnership (hereinafter "Assignor") and Surrey Bank & Trust, Mount Airy, North Carolina (hereinafter "Assignee").

WITNESSETH

Assignor, for good and valuable consideration, the receipt of which is hereby acknowledged, does hereby bargain, sell, transfer, assign, convey, set over and deliver to Assignee all rights, title and interest of the Assignor in, to and under the Leases and all future Leases hereinafter entered into by Assignor relating to the Premises (the "Premises") described in Exhibit A, attached hereto and made a part hereof, and all amendments, extensions and renewals of said Leases and any of them, all of which are hereinafter called the "Leases," and all rents, income and profits which may now or hereafter be or become due or owing under the Leases, and any of them, or on account of the use of the Premises.

This Assignment is made for the purpose of securing:

- A. The payment of the indebtedness (including any extensions or renewals thereof) evidenced by one (1) certain Promissory Note of even date herewith in the original principal amount of \$340,000 (the "Note") to Tara Associates, a North Carolina General Partnership, secured by a certain Deed of Trust of even date herewith upon the Premises (the "Deed of Trust").
- B. The payment of any other indebtedness or liability of Assignor to Assignee, now or hereafter arising.
- C. The payment of all other sums with interest thereon becoming due and payable to Assignee under the provisions of the Deed of Trust, or any other instrument constituting security for the Note; and;
- D. The performance and discharge of each and every term, covenant and condition of Assignor contained in the Note and Deed of Trust.

Assignor warrants, covenants and agrees with Assignee as follows:

- 1. That it is the sole owner of the entire lessor's interest in the Leases, that it has not and shall not execute any other assignment of any of the Leases or the rents, income and profits accruing from the Premises, and that it has not and shall not perform any acts or execute any other instruments which might prevent Assignee from fully exercising its rights under any other terms, covenants and conditions of this Assignment.

RECORDED BY:

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2. That the Leases are valid and enforceable in accordance with their terms and have not been altered, modified, amended, terminated, renewed nor have any of the terms and conditions thereof been waived in any manner whatsoever except as approved in writing by Assignee and shall not be altered, modified, amended, terminated, renewed or any term and condition thereof be waived without the prior written approval of Assignee.
3. That there are not defaults now existing under any of the Leases and there exists no state of facts which with the giving of notice or the lapse of time or both would constitute a default under any of the Leases; and that Assignor will fulfill or perform each and every condition and covenant of each of the Leases by lessor to be fulfilled or performed, give prompt notice to Assignee of any notice of default by Assignor under any of the Leases received by Assignor, together with a complete copy of such notice. Assignor shall, at the sole cost and expense of the Assignor, enforce, short of termination of any Lease, the performance or observance of each and every covenant and condition of all such Leases by the Lessee(s) to be performed or observed.
4. That it has not collected and shall not collect, or accept pay of, rent under any of the Leases more than six months in advance.
5. That it shall and does hereby assign and transfer to the Assignee any and all subsequent leases upon all or any part of the Premises and shall execute and deliver at the request of Assignee all such further assurances and assignments as Assignee shall from time to time deem necessary.

The parties further agree as follows:

This Assignment is absolute and is effective immediately. Notwithstanding the foregoing until notified by the Assignee in writing that default has occurred under the terms and conditions of the Note and Deed of Trust or any other instrument constituting additional security for the Note, Assignor may receive, collect and enjoy the rents, income and profits accruing from the Premises.

In the event of any default in the Note and Deed of Trust or any other instrument constituting additional security for the Note, Assignee may, at its option, receive and collect all such rents, income and profits as they become due from such Premises and under any and all Leases of all or any part of the Premises. Assignee shall thereafter continue to receive and collect all such rents, income and profits during the remainder of the loan term, during the pendency of any foreclosure proceedings, and if there is a deficiency during any redemption period.

Assignor hereby appoints Assignee its true and lawful attorney with full power of substitution and with power for Assignee in its own name and capacity, or in the name and capacity of Assignor, to demand, collect, receive and give complete acquittances for any and all rents, income and profits accruing from the Premises, and at Assignee's discretion to file any claim or take any other action or proceeding and make any settlement of any claims, either in its own name or in the name of Assignor or otherwise, which Assignee may deem necessary or desirable in order to collect and enforce the payment of the rents, income and profits. Lessee(s) of the Premises are hereby expressly authorized and directed to pay any and all amount due Assignor pursuant to its respective Lease to Assignee or such nominee as Assignee may designate in writing to and delivered to and received by such lessee(s) who are expressly relieved of any and all duty, liability or obligation to Assignor in respect of all payments so made.

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Assignee is hereby vested with full power to use all measure, legal and equitable, deemed by it necessary or proper to enforce this Assignment and to collect the rents, income and profits assigned hereunder, including the right of Assignee or its designee, to enter upon the Premises or any part thereof, with or without force and with or without process of law, and take possession of all or any part of the Premises, together with all personal property, fixtures, documents, books, records, papers and accounts of Assignor relating thereto, and may exclude the Assignor, its agents or servants, wholly therefrom. Assignor hereby grants full power and authority to Assignee to exercise all rights, privileges and powers herein granted at any and all times hereafter, without notice to Assignor, with full power to use and apply all of the rents and other income herein assigned to the payment of the costs of managing and operating the Premises and of any indebtedness or liability of Assignor to Assignee, including but not limited to, the payment of taxes, special assessments, insurance premiums, damage claims, the costs of maintaining, repairing, rebuilding and restoring the improvements on the Premises, or of making same rentable, attorneys' fees incurred in connection with the enforcement of this Assignment and of principal and interest payments due from Assignor to Assignee on the Note and the Deed of Trust, all in such order as Assignee may determine. Assignee shall be under no obligation to exercise or perform or carry out any of the obligations of the lessor under any of the Leases and does not assume any of the liabilities in connection with or arising or growing out of the covenants and agreements of Assignor in the Leases. Assignor hereby agrees to indemnify Assignee and to hold it harmless from any liability, loss or damage, including without limitation reasonable attorneys' fees of this Assignment, and from any and all claims and demands whatsoever which may be asserted against part or perform or of the Leases. It is further understood that this Assignment shall not operate to make Assignee liable for the performance of any of the terms and conditions of any of the Leases or for any waste of the Premises by the lessee(s) under any of the Leases or any other party, or for any negligence in the management, upkeep, repair or control of the Premises resulting in loss or injury or death to any lessee(s), employee(s), or stranger(s).

Assignee may take or release other security, may release any party primarily or secondarily liable for any indebtedness secured hereby, may grant extension, renewals, or indulgences with respect to such indebtedness, and may apply any other security herefor held by it to the satisfaction of such indebtedness without prejudice to any of its rights hereunder.

Assignee may, at its option, although it shall not be obligated to do so, perform any Lease covenant for and on behalf of the Assignor and any monies expended in so doing shall be chargeable with interest to the Assignor and added to the indebtedness secured hereby.

Waiver of or acquiescence by Assignee in any default by the Assignor, or failure of the Assignee to insist upon strict performance by the Assignor of any warranties or agreements in this Assignment, shall not constitute a waiver of any subsequent or other default or failure, whether similar or dissimilar.

The rights and remedies of Assignee under this Assignment are cumulative and are not in lieu of, but are in addition to, any other Deed of Trust and Security Agreement, or any other instrument constituting security for the Note, or at law or in equity.

If any term of the Assignment or the application thereof to any person or circumstances shall, to any extent, be invalid or enforceable, the remainder of this Assignment or the application of such terms to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each term of this Assignment shall be valid and enforceable to the fullest extent permitted by law.

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Whenever, pursuant to this Agreement, consent by Assignee is necessary for the taking of any action, such consent shall not be unreasonably withheld.

All notices to be given pursuant to this Assignment shall be sufficient if mailed, postage prepaid, certified or registered mail, return receipt requested, to the above addresses of the parties hereto, or to such other address as a party may request in writing. Any time period provided in the giving of any notice hereunder shall commence upon the date such notice is deposited in the mail.

The term "Assignor" and "Assignee" shall be construed to include the successor and assigns thereof. The gender and number used in this Agreement are used as a reference term only and shall apply with the same effect whether the parties are of the masculine or feminine gender, corporate or other form, and the singular shall likewise include the plural.

This Assignment may not be amended, modified, or changed, nor shall any waiver of any provision hereof be effective, except only by an instrument in writing and signed by the party against who enforcement of any waiver, amendment, change modification or discharge is sought.

The term of this Assignment shall be until the certain Note and Deed of Trust (or any extension or renewal thereof) dated September 21, 1998, made and executed and delivered by Assignor in favor of Assignee, secured by the premises described herein in the original principal amount of Three Hundred and Forty Thousand and 00/100 Dollars (\$340,000) executed by Tara Associates, a North Carolina General Partnership has been fully paid and satisfied.

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IN WITNESS WHEREOF, the Assignor has caused this instrument to be signed and sealed as of the date first above written.

John L. Jenkins
Witness

Diane W. Jenkins
Witness

Diane W. Jenkins
Witness

John L. Jenkins
Witness

Attest:
Lisa Goad
Lisa Goad, Asst. Secretary

Tara Associates, A North Carolina General Partnership

Charles R. Bokesch (SEAL)
Charles R. Bokesch

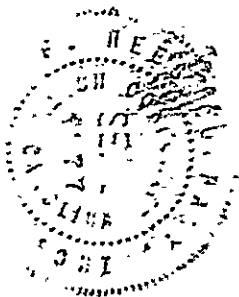
Kenneth E. Flynt (SEAL)
Kenneth E. Flynt

Forrest Galyean
Forrest Galyean

C. Frank Lowry, Jr. (SEAL)
C. Frank Lowry, Jr.

F. REES COMPANY, INC.

F. Eugene Rees
F. Eugene Rees, President



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STATE OF NORTH CAROLINA, Surry COUNTY
I, a Notary Public of the County and state aforesaid, certify that Charles R. Bokesch, General Partner of Tara Associates, A NC Gen Pship Grantor, personally appeared before me this day and acknowledged the due execution of the foregoing instrument
Witness my hand and official stamp or seal this 22nd day of September, 1998

(N.P. SEAL)

ROBIN L. SIMMONS
NOTARY PUBLIC
North Carolina - Surry County

My Commission Expires: 1-22-99

STATE OF NORTH CAROLINA, Surry COUNTY
I, a Notary Public of the County and state aforesaid, certify that Lisa Goad, personally appeared before me this day and acknowledged that she is Secretary of F. Rees Company, Inc., General Partner of Tara Associates *
a NC corporation, and that by authority duly given and as an act of the corporation, the foregoing Deed of Trust was signed in its name by its President, sealed with its corporate seal and attested by herself as its Secretary.

*a NC Gen Pship

(N.P. SEAL)

ROBIN L. SIMMONS
NOTARY PUBLIC
North Carolina - Surry County

My Commission Expires: 1-22-99

STATE OF NORTH CAROLINA, _____ COUNTY
I, a Notary Public of said County and state, do hereby certify that _____, personally appeared before me this day and acknowledged the due execution of the foregoing instrument for and on behalf of the Grantor/Debtor.
WITNESS my hand and notarial stamp or seal, this _____ day of _____, 1998

(N.P. SEAL)

My Commission Expires: _____

STATE OF NORTH CAROLINA, _____ COUNTY
The foregoing certificate of _____ a Notary Public of _____ County, North Carolina is certified to be correct. This the _____ day of _____, 1998

Register of Deeds

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XXXXXXXXXXXXXXXXXXXXXXXXXXXX

XXXXXXXXXXXX

STATE OF NORTH CAROLINA
COUNTY OF SURRY

I, Robin L. Simmons, a Notary Public of said
County, do hereby certify that C. Frank Lowry, Jr., General Partner of Tara
Assoc. a NC Gen Pship personally appeared before me this day and
acknowledged the execution of the foregoing instrument.

Witness my hand and notarial seal, this the 22nd day
of September, 1998.

Robin L. Simmons
Notary Public

My Commission Expires: 1-22-99

ROBIN L. SIMMONS
NOTARY PUBLIC
North Carolina - Surry County
My Commission Expires

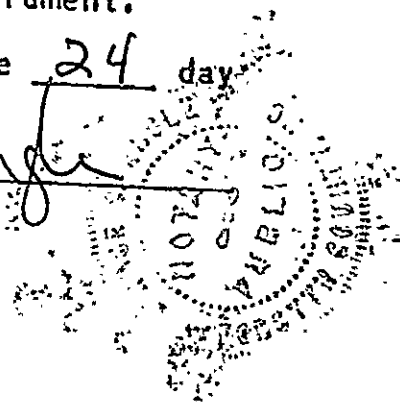
STATE OF NORTH CAROLINA
COUNTY OF Forrest

I, Rose C. Engle, a Notary Public of said
County, do hereby certify that Kenneth E. Flynt, General Partner of Tara Assoc.
a NC Gen Pship personally appeared before me this day and
acknowledged the execution of the foregoing instrument.

Witness my hand and notarial seal, this the 24 day
of September, 1998.

Rose C. Engle
Notary Public

My Commission Expires: Oct 16, 1999



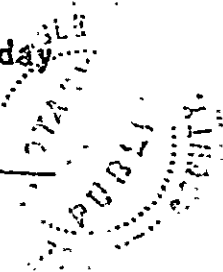
STATE OF NORTH CAROLINA
COUNTY OF Forrest

I, Rose C. Engle, a Notary Public of said
County, do hereby certify that Forrest Galyean, General Partner of Tara Assoc
a NC Gen Pship personally appeared before me this day and
acknowledged the execution of the foregoing instrument.

Witness my hand and notarial seal, this the 24 day
of September, 1998.

Rose C. Engle
Notary Public

My Commission Expires: Oct 16, 1999



STATE OF NC - FORSYTH CO

The foregoing certificate(s) of:
Robin L. Simmons & Rose C. Engle

NP(s) is/are certified to be correct this the 28 day of Sept, 1998
Dickie C. Wood, Register of Deeds by: 12/2/98 Deputy/Asst

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EXHIBIT "A"

BEGINNING at a point located in the Southern right-of-way line of Cole Road and at a Northwest corner of the Paul W. Mulligan and Don C. Caudle property; runs thence with Mulligan and Caudle line South 04 degs. 12' 33" West 356.81 feet to a point; runs thence North 88 degs. 50' 05" West 162.23 feet to a point being a Southeast corner of the property owned by C. D. Williams and wife, Colleen W. Williams; runs thence with the Williams property line North 04 degs. 12' 33" East 315.18 feet to a point in the right-of-way line of Cole Road, a Northeast corner of the Williams property; runs thence with the right-of-way line of Cole Road North 76 degs. 58' 38" East 169.61 feet to the point of BEGINNING, as per the survey of property of Tara Associates, a North Carolina General Partnership, prepared by Gupton-Skidmore-Foster Associates, dated 1/7/85, revised date 6/17/87.

FEL
WJ
1987
DL

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