

DEED OF TRUST

THIS INSTRUMENT DRAFTED BY: *Wilton P. Hatfield*

(SIGNATURE OF DRAFTSMAN) *Boyo*

54.

THIS DEED OF TRUST, executed this 12th day of September, 1978, by and among O & A, INC., a corporation of Forsyth County, North Carolina hereinafter called "Grantor"; JERRY BAROCH hereinafter called "Trustee", and THE NORTHWESTERN BANK, a North Carolina banking corporation having an office in Winston-Salem, North Carolina, hereinafter called "Beneficiary" or "Note Holder".

WITNESSETH:

WHEREAS, the Grantor is indebted or is to become indebted to the Beneficiary in an amount not to exceed --Five Hundred Forty-Eight Thousand Five Hundred and No/100 (\$548,500.00) Dollars----- for money loaned as evidenced by a promissory note of even date herewith, or any extensions or renewals thereof, the terms of which note are incorporated herein by reference, said note requiring all principal and accrued interest to be paid in full on or before September 11, 1988;

And, WHEREAS, both principal and interest are payable in lawful money of the United States at any office of The North-western Bank in Winston-Salem, North Carolina, or at such other place as the Beneficiary or Note Holder shall from time to time direct;

And, WHEREAS, it is agreed that this Deed of Trust is given to secure present obligations and future obligations which may be incurred hereunder; that the amount of present obligations secured hereby is \$548,500.00 and the maximum, including present and future obligations, which may be secured hereby at any one time is \$548,500.00; that all future obligations, if any, shall be incurred on or before 19; that all future obligations, if any, shall be evidenced by a written instrument or notation, signed by the obligor (Grantor), stipulating that such obligation is secured by this Deed of Trust; and it is further agreed that in the event partial payments on the obligation have been received so that the maximum amount is not outstanding, further obligations may be incurred from time to time within the time limit set forth above, provided the total unpaid principal balance shall never exceed the maximum amount specified above.

NOW, THEREFORE, in consideration of the premises, the indebtedness evidenced by the Note, and for the purpose of securing payment thereof, and in consideration of the sum of One Dollar paid to Grantor by Trustee, the receipt of which is hereby acknowledged, Grantor has bargained, sold, granted and conveyed to Trustee, their heirs, successors, and assigns, certain land located in Forsyth County, North Carolina, more particularly described as follows:

See attached Exhibit "A" which is attached hereto and incorporated herein by reference as though fully set forth herein.

Together with all the buildings and improvements thereon, and all rights, easements, hereditaments and appurtenances thereunto belonging, including all heating, plumbing, ventilating, lighting and other fixtures and equipment now and hereafter attached to or reasonably necessary to the use of such premises.

TO HAVE AND TO HOLD said land and premises with all the rights, privileges and appurtenances thereunto belonging, unto said Trustee, his heirs, successors, and assigns, upon the trusts and for the uses and purposes hereinafter set forth, and no other.

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AND, Grantor covenants with Trustee that he is seized of said premises, in fee, that he has the right to convey the same, that the same is free and clear of all encumbrances and restrictions not specifically mentioned herein, and that he does hereby warrant and will forever defend the title of the same against all claims of all persons whomsoever.

THIS DEED OF TRUST, HOWEVER, IS MADE UPON THE TRUSTS and for the uses and purposes following:

That if Grantor shall pay and discharge said obligations and interest on any notes given in renewal of the notes herein, or any notes given as evidence of interest, or any extensions of time of payment of the debt herein secured when the same shall become due and shall pay such sums as shall be necessary to discharge taxes and maintain insurance and repairs and the costs, fees and expenses of making, enforcing, and executing this trust when they shall severally be due and payable, and observe all covenants, conditions and agreements contained in this Deed of Trust, then this conveyance shall become void and be released by the Beneficiary at the cost and expenses of the Grantor, or the title to said premises shall be reverted in Grantor as provided by law; otherwise to be of full force and effect.

But if default shall occur by reason of the failure of Grantor to pay when due and any payment of principal, advances or interest, as required by the terms and provisions of this Deed of Trust or of the Note, or by reason of the failure of Grantor to perform and observe each and every covenant, condition and agreement specified in this Deed of Trust, then and in such event it shall be lawful for and the duty of Trustee, upon the request of Beneficiary, to sell the premises herein described, at public sale, to the highest bidder, for cash, and in one or more parcels, at such place in the County wherein the premises are located as provided by applicable law after first giving notice of the time, place, and terms of such sale as required by law, and upon compliance with all other applicable provisions of the law of the state in which the property is located, and Trustee shall collect the purchase money arising from such sale, and shall convey title to the Purchaser at such sale in fee simple, and out of the proceeds arising from such sale, Trustee shall pay the costs and expenses of advertising and making such sale, all unpaid taxes and assessments, and fees or commissions for selling and conveying the property, including a reasonable commission to Trustee for making such a sale and for all services performed by him hereunder, and a reasonable attorney's fee, and Trustee shall pay Beneficiary so much of the balance of the proceeds as shall be necessary to pay and discharge all principal, advances and interest due Beneficiary under the terms and provisions of this Deed of Trust and the Note, and shall pay the surplus thereafter, if any remain, to those lawfully entitled thereto; and Beneficiary shall have the right to purchase at such sale.

AND GRANTOR FURTHER COVENANTS AND AGREES:

FIRST: That he will pay the indebtedness as hereinbefore provided.

SECOND: That he will pay all taxes and assessments against said property and all water rates and other governmental or municipal charges, fines, or impositions, and that he will promptly deliver the official receipts therefore to the Beneficiary; that he will also pay taxes which may be levied upon the interest of the Beneficiary in the said real estate and improvements, and which may be levied upon this Deed of Trust or the debt secured hereby (but only to the extent that such is not prohibited by law and only to the extent that such will not make this loan insecure) but excluding any income tax, State or Federal, imposed on the Beneficiary, and will file official receipts showing such payment with said Beneficiary. Upon violation of this undertaking to pay said taxes, or if the said Grantor is prohibited by any law now or hereafter existing from paying the whole or any portion of the aforesaid taxes, or upon the rendering of any court decree prohibiting payment by the Grantor of any such tax, or if any such law or decree provides that any amount so paid by the Grantor shall be credited on the indebtedness, the said Beneficiary shall have the right to require the payment of the entire indebtedness, and said note and debt shall become immediately due and payable and collectible, anything in said note or Deed of Trust hereinbefore contained to the contrary notwithstanding.

THIRD: That the holder of the note may add to each monthly payment required hereunder or under the evidence of debt secured hereby an amount not to exceed 1/12 of the aggregate taxes and insurance premiums for the current year, to enable the holder of the note to pay, as they become due, all taxes, assessments, fire and hazard insurance premiums, and similar charges upon the premises subject hereto, which additional amounts the Grantor agrees to pay; any deficiency because of the insufficiency of such additional payments shall be forthwith deposited with the holder of the note upon demand by the holder of the note.

FOURTH: That he will keep the improvements which are now or may hereafter be upon said land unceasingly insured for the benefit of said Beneficiary until said principal debt hereby secured is fully paid, and will keep the policy or policies and renewals thereof, with satisfactory mortgagee clause attached, constantly assigned or pledged and delivered to the said Beneficiary, and will pay all insurance premiums when due, if the premises covered hereby, or any part thereof, shall be damaged by fire or other hazard against which insurance is held, as herein provided, the amounts paid by any insurance company pursuant to the contract of insurance shall, to the extent of the indebtedness then remaining unpaid, be paid to Beneficiary, and its option, may be applied to the debt or released for the repairing or rebuilding of the premises, if the insurance money so collected is applied upon the debt, it may be applied upon the indebtedness last falling due, or in such manner as Beneficiary may desire.

FIFTH: That he will protect the improvements upon said property by proper repairs and maintain them in good repair and condition, and will not do, permit, or suffer any act or thing whatsoever whereby the security herein conveyed might or could be impaired.

SIXTH: That he will pay such expenses and fees as may become necessary or be incurred in the protection of the property and the maintenance and execution of this trust.

SEVENTH: That the Beneficiary may, at its discretion, advance and pay such sums as may be proper to satisfy taxes or any prior lien on said premises, maintain insurance and repairs, protect and preserve the property, and such amounts as paid, shall, at the option of the Beneficiary, become part of the principal debt, be a lien on said property, shall bear interest at the rate specified in the note hereby secured, and be secured and collectible hereby, without waiver of any right arising from the breach of any covenants or agreements herein contained.

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EIGHTH: That said Grantor, for himself, his heirs and assigns, does hereby assign and set over to the Beneficiary all rents, issues and profits from the above mortgaged property hereafter accruing as additional security for the indebtedness and other items herein secured, and for the purpose of keeping said mortgaged property in proper repair, and the Trustee is given a prior and continuing lien thereon and said Grantor does appoint the said Beneficiary his attorney to collect said rents and profits, with or without suit, and apply the same, less expenses of collection to the said indebtedness, other secured items, and repairs, in such manner as said Beneficiary may elect, provided, however, that until there be a default under the terms of this Deed of Trust the Grantor may continue to collect and enjoy said rent, issues, and profits without accountability to said Beneficiary. This assignment of rents and power of attorney shall be irrevocable and shall be in addition to the other remedies herein provided for in event of default, and may be put into effect independently or concurrently with any of said remedies; but no liability shall attach to Beneficiary for failure or inability to collect any rents herein assigned. This assignment, lien and power of attorney shall apply to all rents, issues and profits hereinafter accruing from present leases and renewals thereof the mortgaged property and from all leases or renewals hereafter made by the present or any future owners of the property, and any purchases of the mortgaged property shall take subject to all of the provisions and conditions hereof.

NINTH: That no sale of the premises described above and no forbearance on the part of the Beneficiary, and no extension of time for the payment of the debt secured hereby given by said Beneficiary shall operate to release, discharge, modify, change or affect the original liability to the Grantor herein, either in whole or in part.

TENTH: That Beneficiary may immediately, after any default, under the terms and conditions of the Deed of Trust apply for the appointment of a Receiver of the rents, income and profits from said premises, without notice, and Beneficiary shall be entitled to the appointment of such Receiver as a matter of right, without consideration to the value of the mortgaged premises as security for the amounts due or the solvency of any person or persons liable for the payment of such amounts. This right is cumulative and is not a waiver of the right to advertise and sell under Trustee's power of sale, or any other rights.

ELEVENTH: That the irrevocable power to appoint a substitute Trustee or Trustees is hereby expressly granted to Beneficiary, its successors or assigns, to be exercised at any time hereafter, without notice and without specifying any reason therefore: by filing for record in the office where this instrument is recorded a proper instrument effecting such substitution. The Grantor, for himself, his heirs, executors, administrators, successors and assigns, and the Trustee herein named, or that may be substituted hereunder, expressly waive notice of the exercise of this power and any necessity for making oath or giving bond by any trustee, as well as any requirement for application to any court for the removal, appointment or substitution of any trustee hereunder, and the Beneficiary, its successors or assigns, may elect to appoint a substitute trustee in accordance with applicable law.

TWELFTH: That if, (a), Grantor shall default in any respect in the performance of any one or more of the covenants, conditions, or agreements specified herein, (b), for any reason Grantor's covenant to pay all taxes specified above shall be or become legally inoperative or unenforceable in any particular, (c), any lien, charge or encumbrance prior to or affecting the validity of this Deed of Trust be found to exist, or proceedings be instituted to enforce any lien, charge or encumbrance against any of said premises, (d), the removal or demolition of any of the buildings or improvements upon the premises is threatened, or (e), Grantor be declared bankrupt or insolvent, or abandon the premises, then upon the occurrence of any such event, the entire balance of principal, advances, and interest shall, at the option of Beneficiary, become due and payable immediately and neither the advance of funds by Beneficiary under any of the terms and provisions hereof nor the failure of Beneficiary to exercise promptly any right to declare the maturity of the debt under any of the foregoing conditions shall operate as a waiver of Beneficiary's right to exercise such option thereafter as to any past or current default.

THIRTEENTH: The term "Grantor," as used herein, shall include all parties hereinbefore named as Grantor, his heirs, legal representatives, successors and assigns, and subsequent owners of the property hereby conveyed; the terms "Beneficiary," as herein, shall include any lawful owner or holder of the indebtedness secured hereby; the term Trustee shall include any subsequent trustee or trustees hereunder; the singular as used herein shall include the plural; and the use of one gender shall include all genders.

IN WITNESS WHEREOF, Grantor (if an individual) has hereunto set his hand and seal, or (if a corporation) has caused this Deed of Trust to be executed in its corporate name by its duly authorized officers and its seal to be hereunto affixed, the day and year first above written.

O & A, INC.

CORPORATE BORROWER:

By

President

Secretary

(SEAL)

INDIVIDUAL BORROWER:

(SEAL)

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(SEAL)

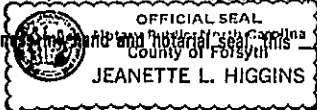
NORTH CAROLINA, COUNTY OF Forsyth

I, Jeanette L. Higgins, a Notary Public of said County, and State of North Carolina, certify that Darin L. Oakley personally appeared before me this day and acknowledged that

he is _____ Secretary of O & A, 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 himself as its _____ Secretary.

Witness my hand and notarial seal this 12 day of September, 1978



My Commission Expires: 1-29-83

Jeanette L. Higgins
Notary Public

NORTH CAROLINA, COUNTY OF 1

I, _____, a Notary Public for said County and State, do hereby certify that _____ and _____, his wife, both of whom are personally known to me, personally appeared before me this day and acknowledged the due execution of the annexed Deed of Trust.

Witness my hand and notarial seal, this _____ day of _____, 19____

Notary Public

My Commission Expires: _____

STATE OF NORTH CAROLINA—Forsyth County

The foregoing (or annexed) certificate of Jeanette L. Higgins N.P.
Forsyth Co, N.C. (here give name and official title of the officer signing the certificate, passed upon)

is (are) certified to be correct. This the 12th day of Sept., 1978.

Probate fee \$1.00 paid.

PRESENTED FOR
REGISTRATION
AND RECORDED

Eunice Ayers, Register of Deeds

By Jessie Elder Deputy ~~Assistant~~

SEP 12 1 45 PM '78

EUNICE AYERS
REGISTER OF DEEDS
FORSYTH CTY., N.C.

GRQ 87.00

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EXHIBIT A

TRACT I:

BEGINNING at an iron stake in the eastern right-of-way line of Patterson Avenue (old U.S. Highway 52), the same being South 28 degrees 54 minutes East 147.0 feet from a monument at the southeast intersection of North Carolina Highway 8 and Patterson Avenue, and running thence North 87 degrees 59 minutes East 412.81 feet to an iron stake; thence North 07 degrees 27 minutes East 249.25 feet to an iron stake; thence South 76 degrees 24 minutes East 666.53 feet to an iron stake; thence South 04 degrees 04 minutes West 642.09 feet to an iron stake; thence South 89 degrees 11 minutes 18 seconds West 521.27 feet to an iron stake; thence North 87 degrees 45 minutes 09 seconds West 234.33 feet to an iron stake in the eastern right-of-way line of Patterson Avenue (old U.S. Highway 52); thence with said eastern right-of-way line North 28 degrees 22 minutes West 239.95 feet to an old iron in said eastern right-of-way; thence continuing with said eastern right-of-way North 28 degrees 54 minutes West 369.60 feet to an iron the point and place of BEGINNING, and containing a 12.88 acre tract, more or less, and being the same property described in Deed Book 902, page 284, and 1015, page 49, Forsyth County Registry and a 1.38 acre tract, more or less, as described in Deed Book 1224, page 1307, Forsyth County Registry.

O & A, Inc.

(Corporate Seal)



By: Eugene C. Oakley
President

Doris S. Oakley
Secretary

BOOK 1249P0471