Drawn By and Mail To: Steven C. Garland, Esq.
House, Blanco & Osborn, P. A.
215 Executive Park Boulevard
Winston-Salem, NC 27103

STATE OF NORTH CAROLINA

COUNTY OF FORSYTH

ASSIGNMENT OF RENTS AND LEASES

THIS ASSIGNMENT is made as of the 12 day of August, 1985, by V AND R CORPORATION OF WINSTON-SALEM, a corporation organized under the laws of the State of North Carolina (the "Borrower") to TRIAD BANK, a North Carolina corporation (the "Bank").

RECITALS:

1. The Borrower is the owner of certain real property located in Forsyth County, North Carolina, as more particularly described on Exhibit A attached hereto and made a part hereof.

2. The Bank is the beneficiary and holder of a deed of trust (the "Deed of Trust") covering the said premises and securing Borrower's promissory note dated as of an even date in the principal amount of $22,500 (the "Note"), said Deed of Trust being duly recorded in the land records of the county and state referred to above. (The Note, Deed of Trust and any other documents executed in connection therewith, the "Loan Documents.")

3. The Bank, as a condition to granting the loans secured by the Deed of Trust and as evidenced by the other Loan Documents, has required the execution of this assignment of the rentals, leases, income, issues and profits of the premises encumbered by the Deed of Trust (the "Mortgaged Premises") by the Borrower.

NOW, THEREFORE, in order further to secure the payment of the indebtedness secured by the Deed of Trust and as an essential and integral part of the security therefor, and in consideration of the making of the loans evidenced by the Loan Documents, and in further consideration of the sum of One Dollar ($1.00) paid by the Bank to the Borrower, the receipt and sufficiency of which is hereby acknowledged, the Borrower does hereby immediately and absolutely sell, assign, transfer, and set over unto the Bank, its successors and assigns, the rights, interests and privileges which the Borrower as lessor has and may have in any and all leases now existing or hereafter made and affecting the Mortgaged Premises including, without limitation, specifically that certain lease of even date herewith by Borrower to Johnson's Home of Memory, a sole proprietorship with Mrs. E. T. Johnson as sole proprietor, as such leases may have been, or may from time to time be hereafter, modified, extended and renewed, with all rents, issues, income and profits due and becoming due therefrom, and the acceptance of this assignment and the collection of rents or the payments under the leases

hereby assigned shall not constitute a waiver of any rights of the Bank under the terms of the Loan Documents.

1. So long as there shall exist no default of the Borrower in the payment of any indebtedness secured hereby or in the observance and performance of any other obligation, term, covenant or condition or warranty contained herein or in the Loan Documents, the Borrower shall have the right under a license granted hereby (but limited as provided in the following paragraph) to collect upon accrual all of said rents, arising from or out of the such leases or any renewals or extensions thereof, or from or out of the Mortgaged Premises or any part thereof, and the Borrower shall receive such rents, as a trust fund to be applied, and the Borrower hereby covenants to so apply same, first to the payment of taxes and assessments upon the Mortgaged Premises before penalty or interest are due thereof, second, to the cost of such insurance and of such maintenance and repairs as is required by the terms of the said Deed of Trust, and third, to the payment of interest and principal becoming due on the indebtedness secured hereby, before using any part of the same for any other purposes.

2. In furtherance of the foregoing assignment, the Borrower hereby authorizes the Bank, by its employees or agents, at its option, after the occurrence of a default by the Borrower in the payment of the indebtedness secured hereby or in the observance and performance of any other obligation, term, covenant, condition or warranty herein or in any of the Loan Documents contained (after giving effect in each case to applicable grace periods, if any), to terminate the aforesaid license granted to the Borrower to collect said rents, income, issues and profits and to enter upon the Mortgaged Premises, and to collect, in the name of the Borrower or in its own name, as assignee, the rents accrued but unpaid and in arrears at the date of such default as well as the rents thereafter accruing and becoming payable during the period of the continuance of the said or any other default; and to this end, the Borrower further agrees that it will facilitate in all reasonable ways the Bank's collection of said rents, and will, upon request by the Bank, execute a written notice to each tenant directing the tenant to pay rent to the Bank.

3. Upon such entry, the Bank shall be authorized, but not obligated, to take over and assume the control, care, management, operation, repair and maintenance of the Mortgaged Premises and to perform such other acts as the Bank in its discretion may deem proper, and to expend such sums out of the income of the Mortgaged Premises as may be needful in connection therewith, in the same manner and to the same extent as the Borrower theretofore might do (including the right to effect new leases, to cancel or surrender existing leases, to evict tenants, to bring or defend any suits in connection with the possession of said premises in its own name or Borrower's name, to alter or to amend the terms of existing leases, to renew existing leases, and to make concessions to tenants). The Borrower hereby releases all claims against the Bank arising out of such management, operation, repair and maintenance, excepting the

liability of the Bank to account as hereinafter set forth, and except claims arising from the gross negligence or willful misconduct of the Bank.

4. Unless and until the Bank enters the Mortgaged Premises as described in Paragraph 2 hereof, the Bank shall not be obligated to perform or discharge any obligation or duty to be performed or discharged by the Borrower under any of said leases, and the Borrower hereby agrees to indemnify the Bank for, and to save it harmless from, any liability arising from any of said leases or from this assignment, and this assignment shall not place responsibility for the conduct, care, management, or repair of the Mortgaged Premises upon the Bank, or make the Bank responsible or liable for any negligence in the management, operation, upkeep, repair or control of said Mortgaged Premises resulting in loss or injury or death to any tenant, licensee, employee or stranger.

5. The Borrower covenants and represents that (i) except as hereinafter set forth, it has full right and title to assign to the Bank said leases and the rents, income and profits due or to become due thereunder; (ii) no prior assignment of any interest thereof has been made; (iii) there are no existing defaults under the provisions thereof; and (iv) without the prior written consent of the Bank, it will not hereafter cancel, surrender or terminate any of said leases or change, alter, or modify the same, or require or accept prepayment of any, or allow premature termination of any lease, or execute any other assignment of Borrower's interest in said leases and rents.

6. The Bank shall, after payment of such charges and expenses as the Bank may, in its sole discretion, elect to pay, including reasonable compensation to such managing agent as it may select and employ, and after the accumulation of a reserve to meet taxes, assessments, water, rents, and fire and liability insurance in requisite amounts, credit the net amount of income received by it from the Mortgaged Premises by virtue of this assignment, to any amount due and owing to it by the Borrower under the terms of the Loan Documents, but the manner of the application of such net income and what items shall be credited shall be determined in the sole discretion of the Bank. The Bank shall not be accountable for more moneys than it actually receives from the Mortgaged Premises, nor shall it be liable for failure to collect rents. The Bank shall make reasonable effort to collect rents, reserving, however, within its own discretion, the right to determine the method of collection and the extent to which enforcement of collection of delinquent rents shall be prosecuted.

7. In the event, however, that the Borrower shall reinstate the loan secured by the Deed of Trust completely in good standing, having complied with all the terms, covenants and conditions of the Loan Documents, then the Bank, within one (1) month after demand in writing, shall redeliver possession of the Mortgaged Premises to the Borrower, who shall remain in possession unless and until another default occurs, at which time the Bank may at its option

again take possession of the Mortgaged Premises under authority of this instrument.

8. The provisions of this instrument shall be binding upon the Borrower and its successors or assigns, and upon the Bank and its successors or assigns. The work "Borrower" shall be construed to mean any subsequent owner of the real property interest referred to herein.

9. This document shall be governed by, and construed in accordance with, the laws of the State of North Carolina.

10. It is not the intention of the parties hereto that an entry by the Bank upon the Mortgaged Premises under the terms of this instrument shall constitute the Bank a "mortgagee in possession" in contemplation of law, except at the option of the Bank.

11. Violation of any of the covenants, representations and provisions contained herein by the Borrower shall be deemed a default under the terms of all of the Loan Documents.

12. This Assignment shall remain in full force and effect as long as the indebtedness to the Bank secured by the Deed of Trust remains unpaid in whole or in part. It is understood and agreed that a full and complete cancellation of record of the Deed of Trust shall operate as a full and complete release of all the Bank's rights and interest hereunder, and that after the Deed of Trust has been so cancelled this instrument shall be void and of no further effect.

IN WITNESS WHEREOF, the Borrower has caused this Assignment to be duly executed under seal as of the date first above written.

V AND R CORPORATION OF WINSTON-SALEM

By: _____

Title: President

ATTEST:

_____
Secretary

(CORPORATE SEAL)

K/414/ps

STATE OF NORTH CAROLINA

COUNTY OF FORSYTH

I, a Notary Public of the County and State aforesaid, certify that George Booie, personally came before me this day and acknowledged that he is the ——— Secretary of V AND R CORPORATION OF WINSTON-SALEM, a North Carolina 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 George Booie as its ——— Secretary.

WITNESS my hand and Notarial Seal, this the 12th day of August, 1985.

Lisa A. Overby
Notary Public

My commission expires:

2-22-89

NOTARIAL SEAL:

NOTARY PUBLIC * OFFICIAL SEAL
Lisa A. Overby
My commission expires
2-22-89
County of Forsyth
NORTH CAROLINA

STATE OF NORTH CAROLINA—Forsyth County

The foregoing (or annexed) certificate—— of Lisa A. Overby N. P.
(here give name and official title of the officer signing the certificate—— passed upon)
For Forsyth Co N.C.

is (~~are~~) certified to be correct. This the 12 day of Aug 19 85.

PRESENTED FOR REGISTRATION AND RECORDED
AUG 12 3 54 PM '85
L.E. SPEAS
REGISTER OF DEEDS
FORSYTH CTY. N.C.

L. E. Speas, Register of Deeds
By Jessie Goble Deputy ~~Assistant~~

Probate and Filing Fee $ 12.50 Paid

CC

BOOK 1500 PAGE 285

EXHIBIT A

BEGINNING at an iron in the north edge of Waughtown Road, it being the southwest corner of W. C. Crews' lot; thence with the said road North 83 deg. 10 min. West 48.65 feet to an iron; thence a new line North 3 deg. 35 min. East 183.8 feet to an iron in the south edge of Julia Avenue; thence with the said avenue South 83 deg. 15 min. East 48.65 feet to an iron, Crews' northwest corner; thence with Crews' line South 3 deg. 35 min. West 184 feet to the Waughtown Road, the place of BEGINNING. For further reference see deed recorded in Book 527, Page 70 and Deed Book 353, Page 209, the same being all of that property described in the deed to Rufus H. Swaim and wife, Husie L. Swaim, recorded in Deed Book 738, Page 452.

This is the same property as that described in Deed Book 980 at Page 99 of the Forsyth County Registry.