

SATISFACTION: The indebtedness secured by the within Deed of Trust together with the instrument(s) secured thereby has/have been satisfied in full.

This the \_\_\_\_\_ day of \_\_\_\_\_, 19 \_\_\_\_\_.

Signed: \_\_\_\_\_

BK 1911 P 3203  
PRESENTED FOR  
REGISTRATION  
AND RECORDED

'96 JUL 26 AB:38

John Holleman  
Register of Deeds  
Forsyth Co., N.C.  
Recording: Date, Time, Book and Page

DRAWN BY Stafford R. Peebles, Jr. *Bot*

STATE OF NORTH CAROLINA  
COUNTY OF DAVIDSON

**This Deed of Trust**, executed this 23rd day of July, 19 96, by and between

C & H PROPERTIES, A NORTH CAROLINA GENERAL PARTNERSHIP

hereinafter called Grantor; JOE H. LEONARD, hereinafter called Trustee; and LEXINGTON STATE BANK, hereinafter called Note Holder;

WITNESSETH: That, whereas, the Grantor is indebted or expects to become indebted to the Note Holder for future obligations which may be incurred from time to time for money loaned or debt guaranteed and

WHEREAS, the amount of present obligations secured by this Deed of Trust is TWO HUNDRED FIFTY THREE THOUSAND SIX HUNDRED AND NO/100 Dollars (\$ 253,600.00 )

and the maximum amount which may be secured by this Deed of Trust at any one time is TWO HUNDRED FIFTY THREE THOUSAND SIX HUNDRED AND NO/100 Dollars (\$ 253,600.00 )

which future obligations may be incurred within a period of fifteen (15) years from the date of this instrument and,

WHEREAS, Grantor has agreed to secure the present obligations and future obligations which may from time to time be incurred by the conveyance of the premises herein after described;

NOW, THEREFORE, as security for said indebtedness and for a valuable consideration, receipt of which is hereby acknowledged, the Grantor has and by these presents does bargain, sell, give, grant and convey to the Trustee, his heirs or successors and assigns, the parcel(s) of land situated in Winston Township, Forsyth County, North Carolina, and more particularly described as follows:

BEING KNOWN AND DESIGNATED as Unit No. 514 as shown on the Map of Cloister Oaks, Phase V, recorded in Condominium Book 3 at page 174 in the office of the Register of Deeds of Forsyth County, North Carolina, to which map reference is hereby made for a more particular description.

Together with all easements, rights, royalties, rents and profits, privileges, tenements, hereditaments and appurtenances thereunto belonging, and all buildings, fixtures, and improvements now or hereafter located thereon, all building materials and supplies at any time delivered to or placed thereon, and any and all equipment and property of Grantor of every kind now or hereafter located thereon, and all right, title and interest of Grantor in and to land lying in public streets or roads abutting the above described property.

TO HAVE AND TO HOLD, the Property, with all rights, privileges and appurtenances thereunto, belonging to Trustee, upon the Trusts and for the uses and purposes hereinafter set out.

BUT THIS CONVEYANCE IS MADE UPON THIS SPECIAL TRUST:

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If the total amount of the debt, interest, advances and other sums secured hereby are paid in full in accordance with the terms of all loans and advances, renewals or extensions thereof, this conveyance shall be null and void and may be cancelled of record at the request and cost of the Grantor, and title shall reinvest as provided by law. If, however, there shall be a default in any of the terms and conditions of this Deed of Trust, the note, any loan agreement, guaranty, any other instrument securing the note or any advance secured thereby, all sums owing the Note Holder regardless of maturity and without notice shall immediately become due and payable at the option of the Note Holder, and it shall be lawful for and the duty of the Trustee upon the request of the Note Holder to sell the property herein conveyed at public auction for cash, after having first given such notice of hearing as to commencement of foreclosure proceedings and obtaining such findings or leave of Court as may be then required by law and giving such notice and advertising the time and place of such sale in such manner as may be then provided by law, and upon such and any resales and upon compliance with the law then relating to foreclosure proceedings, convey title to the purchaser in fee simple to the successful purchaser. The Note Holder may bid and become the purchaser at any sale under this Deed of Trust. At any sale the Trustee may at his election require the successful bidder immediately to deposit with the Trustee cash or certified check in an amount equal to all or any part of the successful bid, and notice of any such requirement need not be included in the advertisement of the notice of sale. The proceeds of sale shall be applied to costs and expenses of sale, the Trustee's commission, reasonable attorney's fees incurred by the Note Holder, the amount due on all indebtedness hereby secured and the balance in the manner and in the order prescribed by law. The Trustee's commission shall be five percent (5%) of the gross proceeds of sale or the minimum sum of Three Hundred Dollars (\$300), whichever is greater.

GRANTOR COVENANTS WITH TRUSTEE AND NOTEHOLDER, THEIR SUCCESSORS, SUBSTITUTES AND ASSIGNS AS FOLLOWS:

1. **Payment of Indebtedness.** Grantor shall make timely payments of principal and interest on all indebtedness secured hereby in the manner set forth therein. This Deed of Trust secures payment of the indebtedness referred to herein and all future indebtedness incurred hereunder and the terms of said notes, bonds, evidence of indebtedness and other undertakings and agreements are incorporated herein by reference.
2. **Taxes.** Grantor shall pay all taxes, charges and assessments which may become a lien upon the premises hereby conveyed before any penalty or interest accrues thereon and shall promptly deliver to Note Holder official receipts evidencing payment thereof.
3. **Insurance.** Grantor shall continually maintain insurance against loss by fire, hazards included in the term "extended coverage" and such other hazards as Note Holder may require in such amount and in such companies as Note Holder may from time to time require on the improvements now or hereafter located on the premises and shall promptly pay all premiums therefor when due. All insurance policies and renewals thereof shall be held by Note Holder and have attached thereto a New York Standard Mortgage Long Form Loss Payable Clause in favor of and in a form acceptable to Note Holder and provide that no such policy can be cancelled without ten days prior notice to Note Holder. In the event of loss, Grantor shall give immediate notice by mail to Note Holder, who may make proof of loss. Each insurance company is hereby directed to make payment for such loss directly to Note Holder (instead of to Grantor and Note Holder jointly), and the insurance proceeds or any part thereof may be applied by Note Holder at its option to the debt hereby secured or for the repair or restoration of the premises. If the insurance proceeds are applied to the debt, it may be applied upon the portion last falling due or in such other manner as Note Holder may desire. In the event of foreclosure of this Deed of Trust or other transfer of title to the premises in extinguishment of the indebtedness secured hereby, all right, title and interest of Note Holder in any insurance policies then in force shall pass to the Grantee.
4. **Escrow Deposits.** Upon demand of Note Holder, Grantor shall add to each monthly or other periodic payment required under the Note secured hereby the amount estimated by Note Holder to be sufficient to enable Note Holder to pay, as they come due all taxes, charges, assessments, and insurance premiums which Grantor is required to pay hereunder. Any deficiency occasioned by an insufficiency of such additional payments shall be forthwith deposited by Grantor with Note Holder upon demand.
5. **Repairs.** Grantor will keep the premises in as good order and repair as they are now (reasonable wear and tear excepted) and will not commit or permit any waste or any other thing whereby the value of the premises might be impaired. Grantor shall not cut timber on the premises nor sell the timber rights to standing timber without the written consent of Note Holder.
6. **Compliance with Laws.** Grantor shall promptly comply with any applicable legal requirements of the State of North Carolina or other governmental entity, agency or instrumentality relating to the use or condition of the premises.
7. **Condemnation Award.** Any award for the taking of, or damages to, all or any part of the premises or any interest therein upon the lawful exercise of power of eminent domain shall be payable to Note Holder who after deducting its expenses including attorney's fees, may apply the sums so received to the portion of the debt hereby secured last falling due or in such other manner as Note Holder may desire.
8. **Payments by Note Holder.** If Grantor shall be in default in the timely payment or performance of any obligation under this Deed of Trust or the Note hereby secured, Note Holder, at its option, may pay the sums for which Grantor is obligated. Further, Note Holder, at its option, may advance, pay or expend such sums as may be proper and necessary for the protection of the premises and the maintenance of this trust including but not limited to sums to satisfy taxes or other levies, and assessments and/or liens, to maintain insurance (including title insurance), to make repairs and to provide security guards. Any amounts so advanced, paid or expended shall be deemed principal advances secured by this Deed of Trust (even though when added to other advances the sum thereof may exceed the face amount of the Note), shall bear interest from the time advanced, paid or expended at the rate prescribed in the Note hereby secured and be secured by this Deed of Trust and its payment enforced as if it were a part of the original debt. Any sum expended, paid or advanced under this paragraph shall be at Note Holder's sole option and not constitute a waiver of any default or right arising from the breach by Grantor of any covenant or agreement contained herein or in the Note.
9. **Rents and Profits.** Grantor hereby assigns to Note Holder all leases, rents and profits from the premises as additional security for the payment of the indebtedness hereby secured and full performance of the undertakings of the Grantor hereunder. Note Holder is given a prior and continuing lien thereon, and Grantor hereby appoints Note Holder his attorney to collect such rents and profits with or without suit and apply the same (less expenses of collection) to said indebtedness and the performance of said undertakings in such manner as Note Holder may desire. However, until default hereunder or under the Note secured hereby, Grantor may continue to collect and enjoy such rents and profits without accountability to Note Holder. This assignment shall be irrevocable and shall be in addition to other remedies herein provided for in event of default and may be put into effect independently of or concurrently with any of said remedies.
10. **Grantor's Continuing Obligation.** The Grantor shall remain liable for full payment of the principal and interest on the Note or any advancement or obligation secured hereby, notwithstanding any of the following:
  - (a) The sale of all or part of the premises, (b) the assumption by another party of the Grantor's obligations hereunder, (c) the forbearance or extension of time for payment or performance of any obligation hereunder, whether granted to Grantor or a subsequent owner of the property, and (d) the release of all or any part of the premises securing said obligations or the release of any party from payment of the same. None of the foregoing shall in any way affect the full force and effect of the lien of this Deed of Trust or impair Note Holder's right to a deficiency judgment (in the event of foreclosure) against Grantor or any party assuming the obligations hereunder.
11. **Substitute Trustees.** Note Holder shall have the unqualified right to remove the Trustee and to appoint one or more substitute or successor Trustees by instruments filed for registration in the Office of the Register of Deeds where this Deed of Trust is recorded. Any such removal or appointment may be made any time without notice without specifying any reason therefor and without any court approval. Any such appointee shall become vested with title to the premises and with all rights, powers and duties conferred upon the Trustee herein in the same manner and to the same effect as though he were named herein as the original Trustee.
12. **Late Charge.** Note Holder may collect a late charge of 4% of each installment fifteen (15) days or more in arrears to cover the extra expense involved in handling delinquent payments.
13. **Attorney's Fees.** In the event that Grantor shall default in its obligations hereunder and in the opinion of Note Holder it becomes necessary or proper

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to employ an attorney to assist in the enforcement of collection of the indebtedness owed by Grantor to Note Holder or to enforce compliance by Grantor with any of the provisions herein contained, or in the event of the Note Holder or the Trustee voluntarily or otherwise shall become a party or parties to any suit or legal proceeding (including a proceeding conducted under the Bankruptcy Act) to protect the property herein conveyed, to protect the lien of this Deed of Trust, to enforce collection of the indebtedness owed by Grantor to Note Holder, or to enforce compliance by Grantor with any of the provisions of the Note or those contained herein, or otherwise on account of any transaction secured hereby, Grantor agrees to pay a reasonable attorney's fee and all of the costs that may reasonably be incurred in such fees and costs shall be secured by this Deed of Trust and its payment enforced as if it were a part of the original debt. Grantor shall be liable for such reasonable attorney's fees and costs whether or not any suit or proceeding is commenced; if suit is instituted by Note Holder upon default to enforce collection of any unpaid balance of the Note, Grantor stipulates and agrees that the reasonable attorney's fee for which it is liable under this paragraph shall be deemed to be fifteen percent (15%) of the sum of the unpaid principal and all interest due thereon at the time suit is instituted.

**14. Anti-Marshalling Provisions.** The right is hereby given by Grantor to Trustee and Note Holder to make partial release or releases of security hereunder agreeable to Trustee and Note Holder without notice to, or the consent, approval or agreement of other parties and interests, including junior lienors and purchasers subject to this lien, which partial release or releases shall not impair in any manner the validity of or priority of this Deed of Trust on the premises remaining hereunder, nor release Grantor from personal liability for the indebtedness hereby secured. Notwithstanding the existence of any other security interests in the premises held by Note Holder or by any other party, Note Holder shall have the right to determine the order in which any or all of the premises shall be subjected to the remedies provided herein. Note Holder shall have the right to determine the order in which any or all portions of the indebtedness secured hereby are satisfied from the proceeds realized upon the exercise of the remedies provided herein. Grantor and any party who consents to this or who has actual or constructive notice hereof hereby waives any and all right to require the marshalling of assets in connection with the exercise of any of the remedies permitted by law or provided herein.

**15. Secondary Financing Prohibited.** Grantor may not pledge or encumber the premises herein conveyed without first obtaining Note Holder's written consent.

**16. Transfer of Premises.** If all or any part of the premises or an interest therein is sold or transferred by Grantor without Note Holder's prior written consent, Note Holder may, at Note Holder's option, declare all sums secured by this Deed of Trust to be immediately due and payable.

**17. Acceleration in Case of Grantor's Insolvency.** If Grantor shall voluntarily file a petition under the Federal Bankruptcy Act, as such Act may from time to time be amended, or under any similar or successor Federal statute relating to bankruptcy, insolvency, arrangements or reorganizations, or under any state bankruptcy or insolvency act or file an answer in an involuntary proceeding admitting insolvency or inability to pay debts, or if the Grantor shall fail to obtain a vacation or stay of involuntary proceedings brought for the reorganization, dissolution or liquidation of Grantor, or if Grantor shall be adjudged bankrupt, or if a Trustee or receiver shall be appointed for Grantor or Grantor's property, or if the property shall become subject to the jurisdiction of a Federal Bankruptcy Court or similar state court or if Grantor shall make an assignment for the benefit of Grantor's creditors or if there is an attachment, execution or other judicial seizure of any portion of Grantor's assets and such seizure is not discharged, then Note Holder may, at its sole option, declare all of the sums secured by this instrument to be immediately due and payable without prior notice to Grantor. Any attorney's fees and other expenses incurred by Note Holder in connection with Grantor's bankruptcy or any of the other aforesaid events shall be additional indebtedness of Grantor secured by this Deed of Trust.

**18. Use of Property.** Unless required by applicable law or unless Note Holder has otherwise agreed in writing, Grantor shall not allow changes in the use for which all or any part of the premises was intended and used at the time this Deed of Trust was executed. Grantor shall not initiate or acquiesce in any change in the zoning classification of the premises without beneficiary's prior written consent.

**19. Books and Records.** Grantor shall keep and maintain at all times complete and accurate books of accounts and records adequate to reflect currently Grantor's financial condition and copies of all written contracts, leases and other instruments which may affect the premises. Such books, records, contracts, leases and other instruments shall be subject to examination and inspection at any reasonable time by Note Holder. Upon request, Grantor shall furnish annually such financial records and statements as may be requested by Note Holder.

**20. Future Advances.** Upon request of Grantor, Note Holder, at its sole option, may within fifteen (15) years from the date of this Deed of Trust or any amendment thereto make future advances to Grantor, permit Grantor to secure future obligations in whole or in part and as an obligation secured hereby is paid or is reduced by partial payment, permit future advances and obligations, provided that the unpaid balance of the principal outstanding shall not exceed the maximum amount outstanding at any one time as set forth herein.

**21. Cross Default.** In the event of default by Grantor in the performance of (a) Grantor's obligations under this Deed of Trust (b) any other obligation of Grantor to Note Holder, (c) default or failure of Grantor to perform any of the conditions or covenants of the instrument(s) evidencing any indebtedness secured hereby, such default may be deemed at the option of Note Holder a default in all indebtedness due Note Holder by Grantor and the entire indebtedness, interest thereon and advances in regard thereto shall become due and payable immediately without notice to Grantor, which notice Grantor hereby expressly waives.

**22. Security Agreement.** This Deed of Trust also constitutes a Security Agreement as to any property referred to or described herein which may be subject to the Uniform Commercial Code, and the Grantor specifically grants to Note Holder a security interest in said Property and the proceeds thereof. All fixtures and attachments are located upon the real property described herein, and it is agreed that this Deed of Trust is a financing statement, and that Note Holder shall have all of the rights and remedies of a secured party under the Uniform Commercial Code as enacted in North Carolina.

**23. Indemnification in Event of Adverse Claims.** In the event that Note Holder or Trustee or both voluntarily or otherwise shall become parties to any suit or legal proceeding involving the Property, Grantor agrees to indemnify and save harmless both and to reimburse them for any amounts paid including all costs, charges and attorney's fees incurred in any such suit or proceeding, and the same shall be secured by this Deed of Trust and payable upon demand.

**24. Inspection.** Note Holder, its agents and representatives shall be permitted upon reasonable notice to enter upon the premises described herein and to inspect the same or make an appraisal of the same as in its sole discretion may determine necessary or advisable, and the Grantor agrees to pay all costs and expenses incurred by Note Holder in connection with the same.

**25. Warranties.** Grantor covenants with the Trustee and Note Holder that Grantor is seized of the Property in fee simple, has the right to convey the same in fee simple, that title to the Property is marketable and free and clear of all encumbrances, and that Grantor will warrant and defend the title to the Property and the priority of the lien of this Deed of Trust against the claims of all persons whomsoever subject only to any declarations, easements, restrictions or encumbrances listed in the title opinion or title insurance policy which Note Holder obtained in the transaction involved in the granting of this Deed of Trust.

**26. Notices.** Any notice required to be given Grantor shall be given by delivering it or by mailing it by first class mail unless applicable law requires use of another method. The notice shall be addressed to the property address or any other address Grantor may designate to Note Holder in writing or a notice may be posted upon the real property described in this Deed of Trust.

**27. Environmental.** Grantor warrants and represents to Note Holder after appropriate inquiry and investigation that, (a) while Note Holder has any interest in or lien on the Property, the Property described herein is and at all times hereafter, will continue to be in full compliance with all federal, state and local environmental laws and regulations, including but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"), Public Law No. 96-510, 94 Stat. 2767, 42 USC 9601 et seq, and the Superfund Amendments and Reauthorization Act of 1986 (SARA), Public Law No. 99-499, 100 Stat. 1613, and (b) (i) as of the date hereof there are no hazardous materials, substances, wastes or other environmentally regulated substances (including without limitations, any materials containing asbestos) located on, in or under the Property or used in connection therewith, or (ii) Grantor has fully disclosed to Note Holder in writing the existence, extent and nature of any such hazardous materials, substances, wastes or other environmentally regulated substances, which Grantor is legally authorized and empowered to maintain on, in or under the Property or use in connection therewith, and Grantor has obtained and will maintain all licenses, permits and approvals required with respect thereto, and is in full compliance with all of the terms, conditions and requirements of such licenses, permits and approvals. Grantor further warrants and represents that it will promptly notify Note Holder of any change in the nature or extent of any hazardous materials, substances or wastes maintained on, in or under the Property or used in connection therewith,

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and will transmit to Note Holder copies of any citations, orders, notices or other material governmental or other communication received with respect to any other hazardous materials, substances, wastes or other environmentally regulated substances affecting the Property.

Grantor shall indemnify and hold Note Holder harmless from and against any and all damages, penalties, fines, claims, liens, suits, liabilities, costs (including clean-up costs) judgments and expenses (including attorneys', consultants' or experts' fees and expenses) of every kind and nature suffered by or asserted against Note Holder as a direct or indirect result of any warranty or representation made by Grantor in the preceding paragraph being false or untrue in any material respect or any requirements under any law, regulation or ordinance, local, state or federal, which requires the elimination or removal of any hazardous materials, substances, wastes or other environmentally regulated substances.

Grantor's obligations hereunder to Note Holder shall not be limited to any extent by the term of the Note secured hereby, and, as to any act or occurrence prior to payment in full and satisfaction of said Note which gives rise to liability hereunder, shall continue, survive and remain in full force and effect notwithstanding payment in full and satisfaction of said Note and this Security Instrument or foreclosure under this Security Instrument, or delivery of a deed in lieu of foreclosure.

28. Definition. As used herein, the terms "Grantor", "Trustee", "Note Holder", "Note", "indebtedness" and other terms shall refer to the singular, plural, neuter, masculine and feminine as the context may require and shall include, be binding upon and inure to the benefit of their respective heirs, successors, legal representatives and assigns.

IN WITNESS WHEREOF, this Deed of Trust has been duly signed, sealed and delivered by Grantor the day and year first above written and each of the undersigned has adopted as his seal the word "Seal" appearing beside his signature, or if the Grantor is a corporate entity, has caused this instrument to be executed by its duly authorized officers and its seal hereinto affixed.

C & H PROPERTIES, a North Carolina General Partnership

(SEAL) BY: Russell T. Hunt, partner (SEAL)  
RUSSELL T. HUNT, General Partner

(SEAL) BY: Gregory C. Carlton, partner (SEAL)  
GREGORY C. CARLTON, General Partner

(Name of Corporation)

Attest:

By:

(President)

(Secretary)

(Corporate Seal)

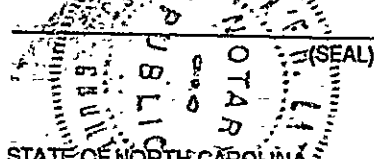
#### INDIVIDUAL ACKNOWLEDGEMENT

STATE OF NORTH CAROLINA, Davidson COUNTY

I, Gregory C. Carlton, a Notary Public, do hereby certify that RUSSELL T. HUNT and GREGORY C. CARLTON, General Partners of C & H Properties, a NC General Partnership personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and official seal, this 23 day of July, A.D. 1998

My Commission Expires:



Gregory C. Carlton  
Notary Public  
Commission expires 3-27-2001

#### CORPORATE ACKNOWLEDGEMENT

STATE OF NORTH CAROLINA, \_\_\_\_\_ COUNTY

I, a Notary Public of the County and State aforesaid, certify that \_\_\_\_\_ personally appeared before me this day and acknowledged that \_\_\_\_\_ he is \_\_\_\_\_ Secretary of \_\_\_\_\_

\_\_\_\_\_ a North Carolina corporation, and that by authority duly given as an act of the corporation, the foregoing instrument was signed in its name by its \_\_\_\_\_

President, sealed with its corporate seal and attested by \_\_\_\_\_ as its \_\_\_\_\_ Secretary.

Witness my hand and official stamp or seal, this \_\_\_\_\_ day of \_\_\_\_\_, 19 \_\_\_\_\_

My commission expires: \_\_\_\_\_ Notary Public

FORSYTH

NORTH CAROLINA, DAVIDSON COUNTY

The foregoing certificate Gregory C. Carlton

Notary (Notaries) Public of Davidson County, N.C.,

is (are) certified to be correct. This 26 day of July, 19 98

Register of Deeds

Recording fees \$ \_\_\_\_\_ paid By John Holleman

JOHN HOLLEMAN, REGISTER OF DEEDS

Deputy Register of Deeds