

Drawn by: Donald A Matamoras 245
Mail to: House Blue 208th St

NORTH CAROLINA)
FORSYTH COUNTY)

DEED OF TRUST,
SECURITY AGREEMENT and
ASSIGNMENT OF RENTS

THIS DEED OF TRUST, SECURITY AGREEMENT and ASSIGNMENT
OF RENTS (hereinafter referred to as the "Deed of Trust") is
made this 6 day of June, 1986 by and among
TOWERGATE ASSOCIATES

whose address is County of Forsyth, North Carolina,
(hereinafter referred to,
together with any successors and assigns, as the "Grantor"),
Barbara Wall Spearman, as Trustee, (hereinafter
referred to, together with any successor as the "Trustee"), and
FIRST FINANCIAL SAVINGS AND LOAN ASSOCIATION, INC., a corporation
organized under the laws of the State of North Carolina, and
having an address of Post Office Box 190, Lewisville, North
Carolina 27023 (hereinafter referred to, together with any
successors and assigns, as the "Beneficiary");

W I T N E S S E T H:

WHEREAS, the Grantor is indebted to the Beneficiary in
the principal sum of SEVEN HUNDRED SIXTY-NINE THOUSAND AND
NO/100* * * * * (\$ 769,000) as evidenced by its promis-
sory note in such principal amount of even date herewith made
payable to the order of the Beneficiary (the "Note") with
interest and principal payable as set forth in the Note. The
final maturity of the Note is July 1, 1989;

WHEREAS, the Note provides for adjustments to the
interest rate and corresponding changes in the payment amounts
from time to time based upon the movement of an index as set
forth in the Note;

WHEREAS, the Grantor desires to secure its performance
and payment of the Note and all extensions or renewals thereof,
including payment of all principal and interest and other charges
payable under the Note (whether before or after the maturity
thereof) and the additional payments herein required to be made
by the conveyance to the Trustee of the property hereinafter
described;

NOW, THEREFORE, in consideration of the foregoing
recitals and for the purposes herein stated and in further
consideration of the sum of One Dollar (\$1.00) paid to the
Grantor by the Trustee, receipt of which is hereby acknowledged,
the Grantor has given, granted, bargained and sold, and by these
presents does give, grant, bargain, sell and convey unto the
Trustee, his heirs, successors and assigns the following de-
scribed lot or parcel of real property (hereinafter referred to
as the "Real Property") lying and being in Town-
ship, Forsyth County, North Carolina, and more particularly
described as follows:

SEE "EXHIBIT A" ATTACHED HERETO AND MADE A PART HEREOF.

TOGETHER WITH all buildings or improvements of every description now or at any time hereafter erected or placed on the Real Property and all fixtures related thereto (the "Improvements");

TOGETHER WITH all right, title and interest of the Grantor in and to all options to purchase or lease the Real Property, the Improvements or any portion thereof or interest therein, and any greater estate in the Real Property and/or Improvements owned or hereafter acquired by Grantor;

TOGETHER WITH all interests, estate or other claims, both in law and in equity, which the Grantor now has or may hereafter acquire in the Real Property and Improvements;

TOGETHER WITH all easements, rights-of-way and rights used in connection therewith or as a means of access to the Real Property and Improvements, and all tenements, hereditaments and appurtenances thereof and thereto belonging;

TOGETHER WITH all right, title and interest of the Grantor, now owned or hereafter acquired, in and to any land lying within the right-of-way of any street, open or proposed, adjoining the Real Property, and any and all sidewalks, alleys and strips of land adjacent to or used in connection with the Real Property;

TOGETHER WITH all the estate, interest, right, title, other claim or demand, including claims or demands with respect to the proceeds of insurance in effect with respect thereto, which the Grantor now has or may hereafter acquire in the Real Property and Improvements, and any and all awards made for the taking by eminent domain, or by any proceeding or purchase in lieu thereof, of the whole or any part of the estate, property and interest conveyed to the Trustee;

AND AS ADDITIONAL SECURITY FOR THE INDEBTEDNESS SECURED HEREBY, the Grantor hereby assigns, conveys and grants the Beneficiary a security interest in all personal property now or hereafter owned by the Grantor and located on or in or used in connection with the Real Property and Improvements, including, but not limited to, all fixtures; furniture; furnishings; apparatus; machinery; equipment; motors; elevators; fittings; radiators; ranges; lighting fixtures; refrigerators; appliances; awnings; shades; screens; blinds; storm doors and windows; floor coverings; office equipment; all plumbing, heating, lighting, cooking, laundry, ventilating, refrigerating, incinerating, air conditioning equipment; fire control mechanisms; air compressors; pneumatic tube systems; building materials; construction equipment and tools; water heaters, antennas; and all renewals or replacements thereof or articles in substitution thereof, whether or not the same are or shall be attached to the Real Property and/or Improvements in any manner, together with all proceeds thereof (the "Personal Property") (the Personal Property, together with the entire estate, interest and property hereby conveyed to the Trustee, including without limitation the Real Property and the Improvements, being hereinafter referred to as the "Trust Estate");

AND AS ADDITIONAL SECURITY FOR THE INDEBTEDNESS SECURED HEREBY, the Grantor has assigned all of his right, title, and interest in or by virtue of any and all leases of the Trust

Estate or any part thereof reserving only the right to collect the rents and revenues therefrom as long as the Grantor is not in default hereunder as set forth in Section 1.14;

TO HAVE AND TO HOLD the same, together with all privileges, hereditaments and appurtenances thereunto belonging, to the Trustee, his heirs, successors and assigns, upon the trust set forth herein and to secure the indebtedness herein recited;

AND THE GRANTOR COVENANTS WITH THE TRUSTEE that it is seized of the Trust Estate in fee simple and has the right to convey the same in fee simple, that the Real Property and Improvements are free and clear of all encumbrances except those specifically set forth herein, and that the Grantor will warrant and defend the title to the Real Property and Improvements against the lawful claims of all persons or parties whomsoever;

THIS DEED OF TRUST IS GIVEN for the purpose of securing:

a. Payment of the entire indebtedness, including principal, interest and other charges, evidenced by the Note executed by the Grantor, which has been delivered to and is payable to the order of the Beneficiary and which by this reference is hereby made a part hereof and including any and all modifications, extensions and renewals thereof (the "Loan");

b. Payment of all sums advanced by the Beneficiary to protect the Trust Estate, with interest thereon at the lesser of 5% per annum above the rate of interest accruing under the Note immediately prior to such payment or the amount of default interest which Beneficiary is permitted, by law, to collect.

c. Performance of the Grantor's obligations and agreements contained in this Deed of Trust, the Note and any other instrument given to evidence or further secure the payment and performance of any obligation secured hereby and any and all modifications or amendments thereof;

PROVIDED, HOWEVER, if the Grantor shall pay the Note secured hereby in accordance with its terms and all future advances made thereunder, together with interest thereon, and any renewals or extensions thereof in whole or in part, and any advances made by the Beneficiary for the protection of the Trust Estate, and shall comply with all its covenants, terms and conditions contained in this Deed of Trust, then this conveyance shall be null and void and may be cancelled of record at the request and at the cost of the Grantor.

TO PROTECT THE SECURITY OF THIS DEED OF TRUST, the Grantor, the Trustee and the Beneficiary covenant, represent and agree as follows:

ARTICLE I

Grantor's Covenants, Representations and Agreements

1.1 The Grantor will punctually pay the principal of and interest on the Note and all other sums secured hereby at the time and place and in the manner specified in the Note and this Deed of Trust.

1.2 The Grantor will pay as they become due all taxes, general and special assessments, and all other amounts which if unpaid would be or become a lien or encumbrance upon the Trust Estate. The Grantor will, upon request, submit to the Beneficiary receipts evidencing such payments.

1.3 The Grantor covenants to keep the Trust Estate insured, throughout the term of the Loan, against loss or damage,

by policies of fire, extended coverage, liability, sprinkler damage, vandalism, malicious mischief, tornado, rental and rental-value insurance coverage and insured against such other hazards and risks as may be required by the Beneficiary. The policies will be written on a replacement-cost basis and will contain the standard New York mortgagee clause in favor of the Beneficiary. The Grantor shall keep the rental value of all buildings now or hereafter comprising a part of the Trust Estate insured against loss or damage by fire and such other insurable risks, casualties and hazards as the Beneficiary may from time to time specify. Rental and rental-value coverage will be in an amount at least adequate to cover twelve (12) months rent from all leases and subleases of the Trust Estate plus the amount of any expense reimbursements to be made by any Tenant of the all or any part of the Trust Estate.

1.4 The Grantor covenants to maintain or cause to be maintained general accident and public liability insurance against all claims for bodily injury, death or property damage occurring upon, in or about any part of the Trust Estate, in such amounts as may be required by Beneficiary.

1.5 The Grantor agrees to deliver to the Beneficiary the policies of and certificates evidencing such insurance as are required by Sections 1.3 and 1.4 hereof and of any additional insurance which shall be taken out upon the Trust Estate while any part of the Loan shall remain unpaid. Renewals of such policies shall be so delivered at least thirty (30) days before any such insurance shall expire. The insurance policies are to be for such amounts and issued by such insurance companies as are satisfactory to the Beneficiary. The proceeds of any insurance required by this Deed of Trust shall be applied by the Beneficiary, at its option, to the restoration or repair of the property damaged or to a reduction of the indebtedness secured hereby. The Grantor shall pay when due the premiums for all policies of insurance required herein. All policies of insurance shall provide for not less than thirty (30) days prior written notice to Beneficiary of cancellation or modification (including any reduction in the scope or limits of coverage).

1.6 If a default has occurred hereunder, to provide for the payment of taxes, assessments and insurance premiums referred to in Sections 1.2, 1.3, and 1.4 hereof, the Grantor will deposit with the Beneficiary, on the due date of each monthly installment to be paid pursuant to the Note, a sum which, in the estimation of the Beneficiary, shall be equal to one-twelfth (1/12) of the annual taxes, assessments and premiums for hazard insurance and other required insurance (the "Deposits"). The Beneficiary will hold the Deposits free of any obligations to pay interest thereon and free of any liens or claims on the part of creditors of the Grantor. The Beneficiary shall use the Deposits to pay current taxes, assessments and insurance premiums on the Trust Estate as they accrue and are payable. The Deposits shall not be nor be deemed to be trust funds, but may commingled with the general funds of the Beneficiary. If the Deposits are insufficient to pay the taxes, assessments and insurance premiums in full as the same become payable, the Grantor will on demand deposit with the Beneficiary such additional sum or sums as may be necessary. The Grantor shall furnish the Beneficiary with bills in sufficient time to pay the taxes and assessments before any penalty is attached and the insurance premiums before the policies lapse.

1.7 If the Grantor shall fail to pay when due any tax, assessment or charge levied or assessed against the Trust Estate or any insurance premium or if it shall fail to procure the insurance coverage and deliver the insurance policies required hereunder, the Beneficiary, at its option, may pay or procure the same. The Grantor will reimburse the Beneficiary, immediately and without demand, for any sums of money paid by the Beneficiary

pursuant to this Section, together with interest on each such payment at the rate set forth herein for payments made to protect the Trust Estate, and all such sums and interest thereon shall be secured hereby.

1.8 The Grantor agrees to execute and deliver to the Beneficiary, concurrently with the execution of this Deed of Trust and upon the request of the Beneficiary from time to time hereafter, all financing statements and all other documents reasonably required to perfect and maintain the security interest created hereby.

1.9 The Grantor will not sell, encumber or otherwise dispose of the fixtures or the Personal Property comprising part of the Trust Estate except to incorporate such into the Improvements or replace such with goods of quality and value at least equal to that replaced.

1.10 If all or any part of the Real Property or Improvements or any of the leases assigned to Beneficiary herein, or any interest therein is sold or transferred (or if a beneficial interest in Grantor is sold or transferred and Grantor is not a natural person) without Beneficiary's prior written consent, Beneficiary may, at its option, require immediate payment in full of all sums secured by this Deed of Trust. However, this option shall not be exercised by Grantor if exercise is prohibited by federal law as of the date of this Deed of Trust without further notice.

If Beneficiary exercises this option, Beneficiary shall give Grantor notice of such acceleration. The notice shall provide a period of not less than 30 days from the date the notice is delivered or mailed within which Grantor must pay all sums secured by this Deed of Trust. If Grantor fails to pay these sums prior to the expiration of this period, Beneficiary may invoke any remedies permitted by this Deed of Trust without further notice or demand on Grantor.

1.11 If the Grantor is a corporation or partnership, it shall continue in existence duly organized and in good standing under the laws of the state under which it is organized and it shall not liquidate, dissolve or suffer an expiration or a revocation of its charter or partnership agreement, and no change in the management or control of such Grantor, whether by sale of assets, merger or consolidation, or any other circumstances where the effect is to pass control or management of the Grantor from the persons now exercising control and management to others, shall occur except with the prior written consent of the Beneficiary.

1.12 The Grantor assigns to the Beneficiary any proceeds or awards which may become due by reason of any condemnation or other taking for public use of the whole or any part of the Trust Estate or any rights appurtenant thereto. The Beneficiary may, at its option, either apply the same to the reduction of the indebtedness secured hereby in such order as Beneficiary shall determine or release the same to the Grantor without thereby incurring any liability to any other person. The Grantor agrees to execute such further assignments and agreements as may be reasonably required by the Beneficiary to assure the effectiveness of this Section. In the event any governmental agency or authority shall require or commence any proceedings for the demolition of any building or structures constituting a part of the Trust Estate, or shall commence any proceedings to condemn or otherwise take all or any part of the Real Property and Improvements which is important to the operation of the Real Property and Improvements located thereon, then and in any of said events, the Beneficiary may, at its option, declare the Note to be immediately due and payable in full.

1.13 Notwithstanding any other provision of this Deed of Trust or the Note, the Grantor will pay or reimburse the Beneficiary for all reasonable attorney's fees, costs and expenses incurred by the Beneficiary in any action, legal proceeding or dispute of any kind which affects the Loan, the estate or interests created herein, or the Trust Estate (including, but not limited to, any foreclosure of this Deed of Trust, enforcement of payment of the Note, any condemnation action involving the Trust Estate or any action to protect the security hereof). Any such amounts paid by the Beneficiary shall be added to the indebtedness secured hereby and, if the Beneficiary has paid such costs or expenses, shall bear interest at the rate set forth herein for advances to protect the Trust Estate from the date the Beneficiary pays such costs or expenses to the date the Grantor reimburses the Beneficiary for such costs or expenses.

1.14 As security for the obligation secured hereby, Grantor assigns to Beneficiary all of its right, title and interest in, under or by virtue of any and all leases of the Trust Estate or any part thereof, reserving only the right to collect the rents, issues, profits and revenues therefrom so long as the Grantor is not in default hereunder. In the event of any default hereunder, the Grantor hereby authorizes the Beneficiary and any of its agents or employees to enter upon and take possession of the Trust Estate or any part thereof, to collect all rents, issues, profits and revenues therefrom and to perform all acts necessary or desirable in the operation and maintenance of said premises in the same manner and to the same extent as the Grantor could do. Upon a default hereunder, Grantor authorizes the Beneficiary to send a notice to all tenants under such leases directing them to send all rents and other revenues from such leases to Beneficiary. Grantor authorizes all of such tenants to make such payments to Beneficiary and to conclusively rely on any notice from Beneficiary that such is appropriate. Grantor shall have no claim against any tenant for any rents or other payments made by any such tenant to Beneficiary.

Beneficiary shall have the right to assign Grantor's right, title, and interest in any or all of such leases to any subsequent holder of the Deed of Trust and to any person acquiring title to the Real Property and Improvements, or any part thereof, through foreclosure or otherwise. After Grantor shall have been barred and foreclosed of all right, title, interest, and equity of redemption in the Real Property and Improvements, or any part thereof, no assignee of Grantor's interest in any or all of such leases shall be liable to account to Grantor for the rents, income, and profits thereafter accruing.

Grantor shall perform all covenants to be performed by it as lessor under any and all leases of the Trust Estate or any part thereof. The Beneficiary may rely on any notice of default received from any tenant and may act thereon even though the existence of such default or the nature thereof may be questioned or denied by the Grantor and such notice shall be conclusive evidence that a default exists for purposes of this Section. The Grantor shall not, without the written consent of the Beneficiary, cancel, surrender, modify or waive any provision in or breach of any lease in which the Grantor has assigned any rights or interests to the Beneficiary. Upon demand, the Grantor will furnish the Beneficiary with copies of all leases of the Trust Estate or any part thereof.

Grantor agrees to indemnify and hold Beneficiary harmless of and from any and all liability, loss, or damage which Beneficiary may incur under any of such leases or by reason of this assignment, and of and from any and all claims and demands whatsoever, which may be asserted against Beneficiary by reason of any alleged obligation or undertaking to be performed or discharged by Beneficiary under any of such leases or this assignment. Nothing herein contained shall be construed to bind

Beneficiary to the performance of any of the terms and provisions contained in any or all of such leases, or otherwise to impose any obligation on Beneficiary including, without limitation, any liability under the covenant of quiet enjoyment contained in any or all of such leases in the event that the tenant shall have been joined as party defendant in any action to foreclose this Deed of Trust and shall have been barred and foreclosed thereby of all right, title, interest and equity of redemption in said premises. Prior to actual entry and taking possession of the Real Property or Improvements, this assignment shall not operate to place responsibility for the control, care, management, or repair of said premises upon Beneficiary or for the carrying out of any of the terms and provisions of any such lease. Should Beneficiary incur any liability by reason of actual entry and taking possession or for any other reason or occurrence or sustain loss or damage under any such lease or under or by reason of this assignment or in the defense of any such claims or demands, Grantor shall immediately upon demand reimburse Beneficiary for the amount thereof including interest at the rate set forth herein for advances to protect the Trust Estate, plus costs and expenses and reasonable attorneys' fees, and Beneficiary may retain possession and collect the rents, income, and profits and, from time to time, apply them in or toward satisfaction of, or reimbursement for, said loss or damage.

Grantor covenants and warrants to Beneficiary that it is seized of the leases hereby assigned in fee simple and has the right to assign the same as set forth herein and that the leases hereby assigned are free and clear of all encumbrances and that Grantor will warrant and defend the same against the lawful claims of all persons and that Grantor will not convey or assign any interest in said leases without the prior written consent of Beneficiary.

1.15 The Grantor shall perform all covenants and conditions to be performed by it under this Deed of Trust, the Note, and all other agreements securing the Note.

1.16 The Grantor will not accept any prepayment of rents or installments of rent for more than one month in advance without the prior written consent of the Beneficiary.

1.17 The Grantor will abstain from and will not permit the commission of waste in or about the Trust Estate and will maintain the Trust Estate in good condition and repair, reasonable wear and tear excepted. The Grantor will not remove or demolish or change the structural character of the Improvements without the Beneficiary's prior written consent.

1.18 The Grantor will do, or cause to be done, all such things as may be required by law in order fully to protect the security and all rights of the Beneficiary under this Deed of Trust. The Grantor shall not cause or permit the priority of this Deed of Trust be impaired in any way.

1.19 The Grantor shall permit the Beneficiary, or its agents, at all reasonable times, to enter, pass through or over the Real Property and Improvements for the purpose of inspecting the Trust Estate.

1.20 The Grantor agrees that none of the following shall in any way diminish the Grantor's obligations to the Beneficiary or affect the lien or charge of this Deed of Trust or have the effect of releasing the Grantor from full responsibility to the Beneficiary for the complete discharge of each and every one of the Grantor's obligations hereunder or under the Note: release by the Beneficiary of any of the Grantor's successors in title from liability on the Loan; release by the Beneficiary of all or any portion of the Trust Estate; subordination of this Deed of Trust; forbearance on the part of the Beneficiary to

collect on the Loan, or any part thereof; extension of the maturity or alteration of any of the terms of any obligation secured hereby; the granting of any other indulgences related to the loan; waiver of any right granted or remedy available to the Beneficiary; or any other action taken or not taken by the Beneficiary. The provisions of N.C. Gen. Stat. 45-45.1 or any similar statute hereafter enacted in substitution or replacement thereof shall be inapplicable to this Deed of Trust.

ARTICLE II

Events of Default

The occurrence of any of the following events shall constitute a default under the terms of this Deed of Trust:

2.1 The failure of Grantor to pay any installment of principal or interest on the Note as and when due and payable (without any requirement for notice by Beneficiary that such payment is due); or the failure of Grantor to pay any other sum required to be paid by the Note or by this Deed of Trust within ten (10) days of the date such payment becomes due and payable (without any requirement for notice by Beneficiary that such payment is due unless said payment is due Beneficiary);

2.2 A failure or default after ten (10) days prior written notice, in the performance or observance of any other covenant, obligation or agreement of Grantor or any other person, firm, or corporation under the terms of the Note, this Deed of Trust, or any other instrument evidencing or securing the principal, interest, or any other sum due or to become due pursuant to the terms of the Note or this Deed of Trust;

2.3 If Grantor shall make an assignment for the benefit of creditors;

2.4 If a custodian, trustee, receiver or agent is appointed or takes possession of substantially all of the property of Grantor and possession is not restored within sixty (60) days;

2.5 If Grantor becomes "insolvent" as that term is defined in Section 101(26) of the "Bankruptcy Code" (Title 11 of the U.S. Code; 11 U.S.C. Sections 101 et seq.);

2.6 If Grantor shall (i) file a petition with the bankruptcy court for relief under the Bankruptcy Code, or (ii) otherwise file any petition or apply to any tribunal for appointment of a custodian, trustee, receiver or agent of Grantor or commence any proceeding relating to Grantor under any bankruptcy or reorganization statute or under any arrangement, insolvency, readjustment of debts, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect;

2.7 If any petition is filed against Grantor under the Bankruptcy Code and either (i) the bankruptcy court orders relief against Grantor under the chapter of the Bankruptcy Code under which the petition was filed, or (ii) such petition is not dismissed by the bankruptcy court within sixty (60) days of the date of filing;

2.8 If any petition or application of the type described in Section 2.7 is filed against Grantor, or a proceeding of the type described in Section 2.6 is commenced, and either (i) Grantor by any act indicates approval thereof, consent thereto, or acquiescence therein; or (ii) an order is entered appointing any custodian, trustee, receiver or agent of Grantor, adjudicating Grantor bankrupt or insolvent, or approving such

petition or application in any such proceeding, and such order remains in effect for more than sixty (60) days;

2.9 Any representation or warranty made, or certificate, document, letter or opinion made herein or furnished pursuant to any loan commitment between Grantor and Beneficiary or pursuant to the Deed of Trust or in connection with the Loan, or a supplement or amendment thereto, proves to be false or misleading in any material respect;

2.10 The Trust Estate or any part thereof shall be made subject to any lien, encumbrance or security interest which has priority over this Deed of Trust;

2.11 A final judgment for the payment of money shall be entered against the Grantor and the Grantor shall not discharge the same or cause it to be discharged within sixty (60) days from the entry thereof, or shall not appeal therefrom or from the order, decree or process upon which or pursuant to which the judgment was granted, based or entered, and secure a stay of execution pending such appeal;

2.12 If any default shall occur under the terms of any indebtedness existing at any time between Grantor and Beneficiary whether or not described herein or secured hereby; or

2.13 The Trust Estate or any interest therein is transferred without the prior written consent of the Beneficiary in violation of Section 1.10 hereof.

ARTICLE III

Power of Sale

3.1 Upon the occurrence of a default, the entire principal balance of the Loan, including all accrued interest, shall, at the option of the Beneficiary and without notice to the Grantor, become immediately due and payable. Thereupon, upon the request of Beneficiary it shall be lawful for and the duty of the Trustee to sell the Real Property and Improvements as set forth herein.

3.2 In exercising the power of sale, the Trustee shall sell the Real Property and Improvements in compliance with the applicable laws in effect with respect to the exercise of powers of sale contained in deeds of trust as of the date of the commencement of the proceeding. The Grantor agrees that in the event of sale hereunder, the Beneficiary shall have the right to bid thereat. The Trustee may require the successful bidder at any sale to deposit immediately with the Trustee cash or certified check in an amount not to exceed twenty-five percent (25%) of the bid, provided notice of such requirement is contained in the advertisement of the sale. The bid may be rejected if the deposit is not immediately made, and thereupon the next highest bidder may be declared to be the purchaser. Such deposit shall be refunded in case a resale is had; otherwise, it shall be applied to the purchase price.

3.3 Following a foreclosure sale, the Trustee shall deliver to the purchaser the Trustee's deed conveying the property so sold without any covenant or warranty, expressed or implied. The recitals in the Trustee's deed shall be prima facie evidence of the statements made therein. The Trustee shall apply the proceeds of such sale in the following order: (a) to all costs and expenses of the sale, including but not limited to, the Trustee's commission of five percent (5%) of the highest bid; (b) to all sums secured by this Deed of Trust in such order as the Beneficiary shall determine; and (c) the excess, if any, to the person or persons legally entitled thereto.

3.4 If a foreclosure proceeding is commenced by the Trustee but terminated prior to its completion, the Trustee's commission will be two percent (2%) of the Loan obligation if the termination occurs prior to the first public auction sale and three percent (3%) if the termination occurs after the first public auction sale.

3.5 As to any Personal Property conveyed herein, the Trustee may, upon request of Beneficiary, sell such Personal Property as a part of the Real Property and Improvements and subject to the laws respecting foreclosure sales, or the Beneficiary may proceed separately against the personal property and in doing so, shall have all of the rights and be subject to all of the obligations set forth in the Uniform Commercial Code as adopted in North Carolina (the "UCC"). If the Personal Property is sold with the Real Property and Improvements, the Personal Property need not be at the place of sale. The published notice, however, shall state the time and place where such personal property may be inspected prior to sale.

ARTICLE IV

Additional Rights and Remedies of the Beneficiary

4.1 Upon the occurrence of a default, the Beneficiary, immediately and without notice and without liability therefor to the Grantor may do or cause to be done any or all of the following: (a) enter and take physical possession of the Trust Estate; (b) exercise its right to collect the rents and profits derived from the Trust Estate; (c) continue or complete construction of the Improvements; (d) enter into contracts for the construction repair or maintenance of the Improvements; (e) expend any rents, income and profits derived from the Trust Estate or other funds for payment of any taxes, insurance premiums, assessments and charges for repair and maintenance of the Improvements and the preservation of the Deed of Trust or the Trust Estate; (f) enter into leases demising the Trust Estate or any part thereof; (g) take such steps to protect and enforce the specific performance of any covenant, condition or agreement in the Note, or this Deed of Trust or to aid the execution of any power herein granted; (h) exercise any other rights which Beneficiary has by virtue of this Deed of Trust and (i) generally, supervise, manage and contract with reference to the Trust Estate as if the Beneficiary was the equitable owner of the Trust Estate. Any of the foregoing rights and remedies of the Beneficiary may be exercised at any time independently of the exercise of any other such rights and remedies. The Beneficiary may continue to exercise any or all such rights and remedies until the default or defaults of the Grantor are cured with the consent of the Beneficiary or until foreclosure and conveyance to the high bidder pursuant to Article III hereof, or until the Loan is otherwise satisfied or paid in full.

4.2 Upon the occurrence of a default, the Beneficiary shall be entitled, without notice and without regard to the adequacy of any security for the Loan or the solvency of any party bound for its payment, to the appointment of a receiver to take possession of and to operate the Trust Estate, and to collect the rents, issues, profits and income thereof, all expenses of which shall be added to the Loan and secured hereby.

4.3 No waiver of any default shall at any time thereafter be held to be a waiver of any rights of the Beneficiary or Trustee stated anywhere in the Note or this Deed of Trust. No waiver of a prior default shall operate to waive any subsequent default or defaults. All remedies provided in this Deed of Trust, in the Note, and any other agreement or document providing security for any indebtedness from Grantor to Beneficiary are cumulative and may, at the election of the Beneficiary,

be exercised alternatively, successively, or in any manner and are in addition to any other rights provided by law.

ARTICLE V

General Conditions

5.1 The Beneficiary shall at any time have the irrevocable right to remove the Trustee herein named without notice or cause and to appoint his successor by an instrument in writing, duly acknowledged, in such form as to entitle such written instrument to record in the State of North Carolina. In the event of the death or resignation of the trustee herein named, the Beneficiary shall have the right to appoint his successor by such written instrument. Any trustee so appointed shall be vested with the title to the property hereinbefore described and shall possess all the powers, duties and obligations herein conferred on the Trustee in the same manner and to the same extent as though he were named herein as trustee.

5.2 All the fixtures and Personal Property which comprise a part of the Trust Estate shall, as far as permitted by law, be deemed to be affixed to the Real Property and conveyed herewith. As to the balance of the fixtures and Personal Property, this Deed of Trust shall be deemed to be a security agreement, as that term is used in the UCC, creating and granting a security interest in such fixtures and Personal Property for the benefit of the Beneficiary. In that regard, the Beneficiary shall have all of the rights and remedies of, and be subject to the duties imposed upon, a secured party under the UCC.

5.3 The singular used herein shall be deemed to include the plural; the masculine deemed to include the feminine and neuter; and the named parties deemed to include their heirs, successors and assigns.

5.4 Any notice, request, demand, instruction or other communication required by this Deed of Trust to be given to Grantor or Beneficiary shall be in writing and shall be either (i) personally delivered to the parties named below by a commercial messenger service regularly retaining receipts for such delivery or (ii) sent by registered or certified mail, return receipt requested, shall be effective upon receipt and shall be addressed to the parties at the address stated on the first page hereof. If Grantor or Beneficiary desires to change its address for the purpose of receipt of notice, such notice or change of address shall be given in the manner specified herein. However, unless and until such written notice of change is actually received, the last address and addressee as stated by written notice, or provided herein if no written notice of change has been received, shall be deemed to continue in effect for all purposes hereunder.

5.6 Invalidity of any one or more of the provisions of this Deed of Trust shall in no way affect any of the other provisions hereof, which shall remain in full force and effect.

5.7 The captions and headings herein are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope of this Deed of Trust nor the intent of any provision hereof.

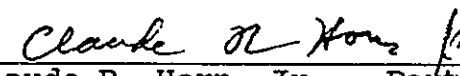
SEE ATTACHED PAGES FOR SIGNATURES TO THIS DEED OF TRUST.

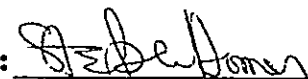
SIGNATURES TO
THAT CERTAIN DEED OF TRUST
FROM TOWERGATE ASSOCIATES
TO SHUGART DEVELOPMENT CO., INC.,
DATED JUNE __, 1986

TOWERGATE ASSOCIATES, a Partnership

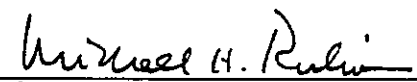
BY: S & A PARTNERSHIP, Partner

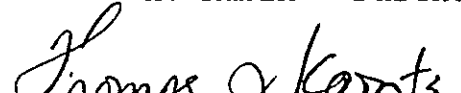
By:  (SEAL)
Partner

By:  (SEAL)
Claude R. Horn, Jr. - Partner


By:  (SEAL)
Stephen H. Homer - Partner

By:  (SEAL)
William Elesha - Partner

By:  (SEAL)
Michael H. Rubin - Partner

By:  (SEAL)
Thomas J. Koontz - Partner


By:  (SEAL)
Richard R. Guidetti - Partner

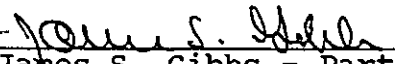
By:  (SEAL)
Paul J. Beerman - Partner

By:  (SEAL)
John E. Phillips - Partner

By:  (SEAL)
Alonzo D. Kornegay - Partner

BY: B & D INVESTMENTS, Partner

By:  (SEAL)
Partner

By:  (SEAL)
James S. Gibbs - Partner

By:  (SEAL)
Richard Adams - Partner

By:  (SEAL)
Elms L. Allen - Partner

(CONTINUED ON FOLLOWING PAGE)

BY: FHS ASSOCIATES, Partner

By: Steph H. H. H. (SEAL)
Partner

By: Gary W. Elliott (SEAL)
Gary W. Elliott - Partner

By: Nancy Southard (SEAL)
Nancy Southard - Partner

By: Philip McKinley (SEAL)
Philip McKinley - Partner

By: Raymond Marshall (SEAL)
Raymond Marshall - Partner

BY: ALL-SOUTH MANAGEMENT COMPANY,
Partner

By: J. B. Wolf (SEAL)
President

ATTEST:

Gully J. Shoop
Secretary



By: Grover F. Shugart, Jr. (SEAL)
Grover F. Shugart, Jr.

(SEE SEPARATE SIGNATURE PAGE FOR ADDITIONAL PARTNER)

STATE OF NORTH CAROLINA - County of Forsyth

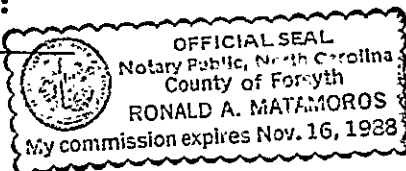
I, Ronald A. Matamoros, a Notary Public of Forsyth County, North Carolina, certify that LARRY ALEXANDER, Partner of S & A PARTNERSHIP, a Partner of TOWERGATE ASSOCIATES, a partnership, personally appeared before me this day and acknowledged the execution of the foregoing instrument for and on behalf of said Partnership.

WITNESS my hand and official stamp or seal, this 7 day of June, 1986.

Ronald A. Matamoros
Notary Public

My commission expires:

NOTARIAL STAMP/SEAL:



STATE OF NORTH CAROLINA - County of Forsyth

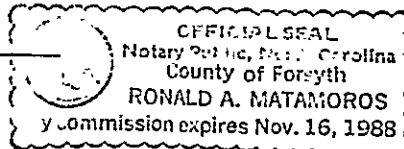
I, Ronald A. Matamoros, a Notary Public of Forsyth County, North Carolina, certify that CLAUDE R. HORN, JR., STEPHEN H. HOMER, WILLIAM ELESHA, MICHAEL H. RUBIN, THOMAS J. KOONTZ, RICHARD R. GUIDETTI, PAUL J. BEERMAN, JOHN E. PHILLIPS, ALONZO D. KORNEGAY, JAMES S. GIBBS, ELMS L. ALLEN, GARY W. ELLIOTT, and NANCY SOUTHARD, Partners of TOWERGATE ASSOCIATES, a partnership, personally appeared before me this day and acknowledged the execution of the foregoing instrument for and on behalf of said Partnership.

WITNESS my hand and official stamp or seal, this 4 day of June, 1986.

Ronald A. Matamoros
Notary Public

My commission expires:

NOTARIAL STAMP/SEAL:



STATE OF NORTH CAROLINA - County of Forsyth

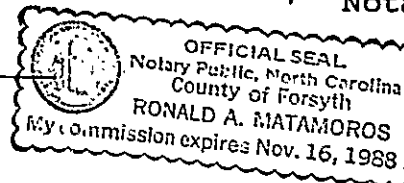
I, Ronald A. Matamoros, a Notary Public of Forsyth County, State of North Carolina, certify that PAUL H. BAILEY, Partner of B & D INVESTMENTS, a Partner of TOWERGATE ASSOCIATES, a partnership, personally appeared before me this day and acknowledged the execution of the foregoing instrument for and on behalf of said Partnership.

WITNESS my hand and official stamp or seal, this 4 day of June, 1986.

Ronald A. Matamoros
Notary Public

My commission expires:

NOTARIAL STAMP/SEAL:



STATE OF NORTH CAROLINA - County of Inde

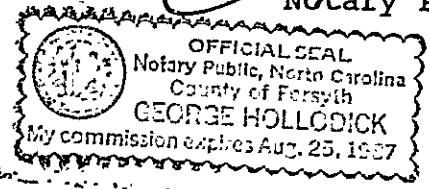
I, George Hollobeck, a Notary Public of Forsyth County, State of North Carolina, certify that RICHARD ADAMS, Partner of TOWERGATE ASSOCIATES, a partnership, personally appeared before me this day and acknowledged the execution of the foregoing instrument for and on behalf of said Partnership.

WITNESS my hand and official stamp or seal, this 6 day of June, 1986.

[Signature]
Notary Public

My commission expires:

NOTARIAL STAMP/SEAL:



STATE OF NORTH CAROLINA - County of Forsyth

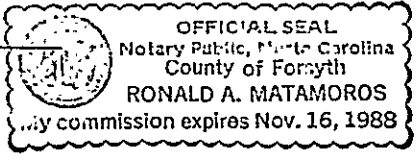
I, Ronald A. Matamoros, a Notary Public of Forsyth County, State of North Carolina, certify that Stephan H. Homan JOHN E. PAULK, Partner of FHS ASSOCIATES, Partner of TOWERGATE ASSOCIATES, a partnership, personally appeared before me this day and acknowledged the execution of the foregoing instrument for and on behalf of said Partnership.

WITNESS my hand and official stamp or seal, this 7 day of June, 1986.

[Signature]
Notary Public

My commission expires:

NOTARIAL STAMP/SEAL:



STATE OF NORTH CAROLINA - County of Forsyth

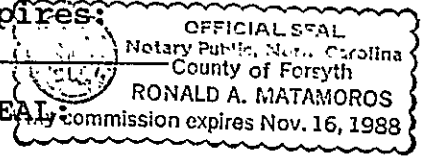
I, Ronald A. Matamoros, a Notary Public of Forsyth County, State of North Carolina, certify that RAYMOND A. MARSHALL, Partner of TOWERGATE ASSOCIATES, a partnership, personally appeared before me this day and acknowledged the execution of the foregoing instrument for and on behalf of said Partnership.

WITNESS my hand and official stamp or seal, this 7 day of June, 1986.

[Signature]
Notary Public

My commission expires:

NOTARIAL STAMP/SEAL:



STATE OF NORTH CAROLINA - County of Forsyth

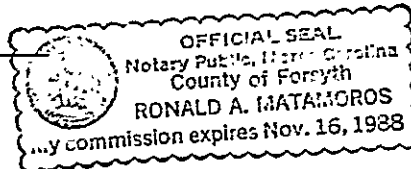
I, Ronald A. Matamoros, a Notary Public of Forsyth County, State of North Carolina, certify that PHILIP H. MCKINLEY, Partners of TOWERGATE ASSOCIATES, a partnership, personally appeared before me this day and acknowledged the execution of the foregoing instrument for and on behalf of said Partnership.

WITNESS my hand and official stamp or seal, this 4 day of June, 1986.

RH A M
Notary Public

My commission expires:

NOTARIAL STAMP/SEAL:



STATE OF NORTH CAROLINA - County of Forsyth

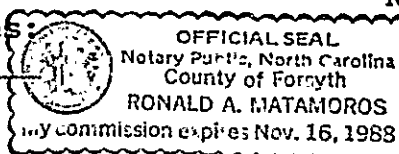
I, Ronald A. Matamoros, a Notary Public of Forsyth County, North Carolina, certify that Billy J. Shoaf personally appeared before me this day and acknowledged that (s)he is the Secretary of ALL-SOUTH MANAGEMENT COMPANY, a corporation and a Partner of TOWERGATE ASSOCIATES, a Partnership, and that by authority duly given and as the act of the corporation on behalf of the Partnership, the foregoing instrument was signed in its name by its Billy J. Shoaf President, sealed with its corporate seal Billy J. Shoaf and attested by Billy J. Shoaf as its Secretary.

WITNESS my hand and official stamp or seal, this 4 day of June, 1986.

RH A M
Notary Public

My commission expires:

NOTARIAL STAMP/SEAL:



STATE OF NORTH CAROLINA - County of Forsyth

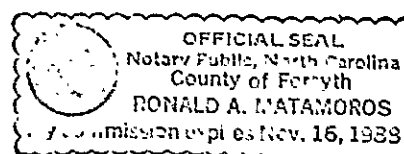
I, Ronald A. Matamoros, a Notary Public of Forsyth County and State aforesaid, certify that GROVER F. SHUGART, JR. personally appeared before me this day and acknowledged the due execution of the foregoing instrument for and on behalf of said Partnership.

WITNESS my hand and Notarial Seal or Stamp, this the 4 day of June, 1986.

Partner of RH A M
Towergate Associate Notary Public

My Commission Expires:

NOTARIAL SEAL/STAMP:



TOWERY.RAM/hlm

BOOK 1546P0842

SEPARATE SIGNATURE PAGE
TO DEED OF TRUST
FROM TOWERGATE ASSOCIATES
TO FIRST FINANCIAL SAVINGS & LOAN ASSOCIATION, INC.
DATED JUNE 3, 1986

Brady Warner (SEAL)
Brady Warner - Partner

STATE OF CALIFORNIA

COUNTY OF Santa Barbara

I, Cay Walton, a Notary Public of
Santa Barbara County, California, certify that BRADY
WARNER, Partner of TOWERGATE ASSOCIATES, a Partnership, personally
appeared before me this day and acknowledged the execution of the
foregoing instrument for and on behalf of said Partnership.

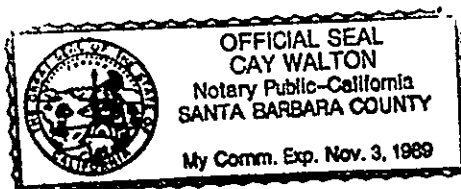
WITNESS my hand and official stamp or seal, this 3 day of
June, 1986.

Cay Walton
Notary Public

My Commission Expires:

11-3-89

NOTARIAL STAMP OR SEAL:



STATE OF NORTH CAROLINA-Forsyth County

The foregoing (or annexed) certificate of Ronald A. Matamoros, George Holodick Notaries Public
(here give name and official title of the officer signing the certificate passed upon)
Forsyth Co. N.C. & Cay Walton N.P. Santa Barbara Co. Calif.

is (are) certified to be correct. This the 6 PRESENTED FOR June 19 86
REGISTRATION
AND RECORDED

L. E. Speas, Register of Deeds

Jun 6 4 55 PM '86

By Lynn Johnson Deputy Assistant

Probate and Filing Fee \$ 30.50 paid to LEE SPEAS
REGISTER OF DEEDS
FORSYTH CITY, N.C.

CC

1546P0843

EXHIBIT A

BEING all that property designated as "Section Three Towergate,"
and being recorded in Plat Book 30, Page 190, Forsyth County
Registry of Deeds.

Tower1.ram/hlm

1546P0844