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C. NORMAN HOLLEMAN
REGISTER OF DEEDS
BY: C MCCUMMINGS
DPTY**BK: RE 2971****PG: 1526-1538**

STATE OF NORTH CAROLINA

COUNTY OF FORSYTH

FUTURE ADVANCE DEED OF TRUST

Prepared by: Julian Robb, Attorney
After recording, mail to: Box 36

THIS FUTURE ADVANCE DEED of TRUST is dated as of October 21, 2010. In this Future Advance Deed of Trust,

- The "Grantor" is: V. Salem Development Corporation, a North Carolina corporation, whose address is: 275 Executive Park Boulevard, Winston-Salem, NC 27103;
- The "Trustee" is: Julian P. Robb, Esq., whose address is: 110 Oakwood Drive, Suite 300, Winston-Salem, NC 27103;
- The "Lender" is Michael Brian Touby, whose address is: 1920 Dunmore Lane, Clemmons, NC 27012
- The "Borrower" is each person or entity that signs, assumes, or is otherwise obligated to pay the Secured Obligation identified in Section 2 of this Deed of Trust.

FOR GOOD AND VALUABLE CONSIDERATION, including the obligations now or hereafter to be secured by this Deed of Trust and the sum of ten dollars and other good and valuable consideration paid to Grantor by Trustee and Lender, the receipt and sufficiency of which are hereby acknowledged, Grantor agrees and covenants with Trustee and Lender as follows:

1. Maximum Principal Amount Secured. This is a Future Advance Deed of Trust subject to the provisions of Article 7 of Chapter 45 of the North Carolina General Statutes, as the same may be amended from time to time. This Deed of Trust is given wholly or partly to secure (i)

Borrower's present obligations to Lender identified in Section 2 of this Deed of Trust, and (ii) Borrower's future obligations to Lender which may, from time to time, be incurred hereunder. Future obligations secured by this Deed of Trust may be incurred by Borrower within a period of 1 year from the date of this Deed of Trust.

- The maximum principal amount, including present and future obligations, which may be secured by this Deed of Trust at any one time is: \$350,000.00. The amount of present obligations secured by this Deed of Trust is the sum identified in Section 2 of this Deed of Trust. This Deed of Trust secures all of the Secured Obligation identified in Section 2 of this Deed of Trust. However, if at any time the outstanding principal balance of the Secured Obligation exceeds the maximum principal amount that may be secured by this Deed of Trust at any one time as stated above, the excess shall not be secured by this Deed of Trust. Nothing in this Deed of Trust shall be construed as a commitment to make additional or future loans or advances in any amount. Any such commitment shall require a separate writing signed by Lender.

2. Obligation Secured. Subject to the maximum principal amount which may be secured by this Deed of Trust at any one time as stated in Section 1 above, this Deed of Trust secures the following obligation, the terms of which are incorporated herein by reference:

A. That Note in the original principal amount of \$274,464.13 dated October 21, 2010 (or if date omitted, of even date herewith) payable to the order of Lender and signed by the following as maker: V. Salem Development Corporation.

In addition, this Deed of Trust secures (a) all extensions, renewals, modifications, amendments, restatements, consolidations, substitutions or refinancings of or for any or all of the foregoing Secured Obligation, (b) the performance by Grantor of Grantor's obligations under this Deed of Trust, and (c) all payments made, sums advanced and expenses incurred by Lender (i) to protect its interest under this Deed of Trust, (ii) to preserve and protect the value or condition of the collateral, or (iii) to perform any of Grantor's covenants, agreements or obligations contained in this Deed of Trust. Future advances need not be evidenced by written instruments or notations signed by Borrower stipulating that such advances are secured by this Deed of Trust. This Deed of Trust secures an obligation incurred for the construction of an improvement on land.

3. Modifications, etc. Grantor agrees that the Secured Obligation may be changed from time to time by agreement between the holder(s) thereof and the party or parties primarily obligated thereon. Changes may include the extension, renewal, modification, amendment, restatement, consolidation, substitution or refinancing of the obligation. For example, the holder(s) and party or parties primarily obligated thereon may agree to (a) increase or decrease the interest rate, (b) convert the obligation to or from a closed-end or open-end obligation, (c) convert the obligation to or from a fixed interest rate obligation or an adjustable interest rate obligation, (d) increase or decrease the payment amount, (e) change the payment schedule, (f) extend or shorten the time during which future advances may be made, (g) amortize a balloon payment, (h) extend or shorten the maturity date, and/or (i) any combination of the foregoing. The Secured Obligation as changed from time to time shall continue to be secured hereby with a priority as of the date of the recording of this Deed of Trust. However, the outstanding

principal balance of the Secured Obligation shall not, at any one time, exceed the maximum principal amount stated in Section 1 above. In addition, Grantor's obligations under this Deed of Trust shall not be diminished or cancelled by any extension, change or modification in the terms, time, manner or method of payment of the Secured Obligation or by the release of any collateral or of any obligor, guarantor, or endorser of the Secured Obligation, whether or not such changes or actions are consented to by Grantor. Grantor specifically waives any right Grantor has or may hereafter acquire to be released from liability, to the release of any or all of the premises from the lien of this Deed of Trust or to marshal assets pursuant to Section 45-45.1, Section 25-3-605 or Chapter 26 of the North Carolina General Statutes. Payments received by Lender on the Secured Obligation and the proceeds from any foreclosure sale or other disposition of the premises described in this Deed of Trust may be applied to the Secured Obligation and other obligations secured by this Deed of Trust in such manner and in such order as Lender, in its absolute discretion, deems appropriate. Lender shall not be required to apply any such payment or proceeds in a ratable or pro rata manner.

4. Conveyance. For the consideration and for the purposes recited above, Grantor does hereby bargain, sell, grant and convey to Trustee and Trustee's heirs, personal representatives, assigns and successors in trust, all of that real property described below:

Being known and designated as Lot No. 4, as shown on a map entitled, "Partition of Lots 1, 102, and 103," prepared for Dr. Blucher E. Taylor, by Phillip R. Ball, Registered Land Surveyor, being recorded in Plat Book 42, Page 158, as revised in Plat Book 49, Page 191 and Plat Book 52, Page 117, in the Office of the Register of Deeds of Forsyth County, North Carolina, reference to which is hereby made for a more particular description.

Together with (i) all timber "standing and cut," crops, crop allotments, crop contracts, government support payments, payments in kind and other similar contracts and payments made to crop producers; (ii) all buildings, structures, and improvements now or hereafter affixed to or placed or erected on the property; (iii) all fixtures, equipment and improvements now or hereafter acquired, attached to or reasonably necessary to the use of such property; and (iv) all easements, rights of way, hereditaments and appurtenances thereunto belonging, all of the said real and personal property being hereinafter referred to collectively as the "premises."

TO HAVE AND TO HOLD the same, with all rights, privileges and appurtenances thereunto belonging, to the said Trustee and said Trustee's heirs, personal representatives, assigns and successors in trust, upon the trusts, terms and conditions and for the uses and purposes set forth in this Deed of Trust.

5. Warranty of Title. Grantor warrants that (i) Grantor holds good and marketable title of record to the premises in fee simple, free and clear of all liens and encumbrances other than those set forth in the description of the premises or in any title insurance policy, title report or final title opinion issued in favor of, and accepted by, Lender in connection with this Deed of Trust, (ii) Grantor has the full right, power and authority to execute and deliver this Deed of Trust to Lender, and (iii) Grantor will warrant and defend the title to the premises against the lawful claims of all persons. If any action or proceeding is commenced that questions Grantor's title, the interest of Trustee or Lender in or to this Deed of Trust or the priority of the lien of this

Deed of Trust, Grantor shall defend the action at Grantor's expense. Grantor further warrants that the premises and Grantor's use of the premises comply and, at all times shall comply with all applicable laws, ordinances and regulations of governmental authorities and all applicable restrictive covenants.

6. Payment of Secured Obligations. Grantor, if a Borrower, shall pay and perform the Secured Obligation as and when due. Any Grantor that is not a Borrower executes this Deed of Trust solely to convey Grantor's interest in the premises as security for the Secured Obligation, and by signing this Deed of Trust such Grantor assumes no personal liability for payment of Borrower's debts or for the performance of Borrower's obligations. Nothing in this Deed of Trust, however, diminishes, limits or affects Grantor's liability to Lender under any separate guaranty or any other instrument. Grantor agrees that Lender and any Borrower may extend, modify, forbear, or make any other accommodations with regard to the terms of the Secured Obligation without Grantor's knowledge or consent and without releasing Grantor or diminishing, modifying or affecting Grantor's obligations under this Deed of Trust.

7. Taxes and Other Charges. Grantor shall pay all taxes, assessments, fines, impositions and charges that are or may become a lien on the premises and all leasehold payments and ground rents, if any (collectively, the "charges") when due and before any penalty or interest shall be charged thereon. If Lender requires, Grantor shall furnish to Lender certificates or receipts showing full payment of such charges. If Grantor fails to pay such charges as and when due, Lender may, at its option, advance the funds necessary to pay such charges.

8. Insurance and Casualty Loss.

A. Grantor shall keep all buildings and other improvements now existing or hereafter installed, placed or erected on the premises continuously insured against loss by fire, theft, malicious mischief, vandalism, hazards included within the term "extended coverage" and any other hazards, including floods and flooding, for which Lender requires insurance. This insurance shall be maintained in an amount equal to the maximum insurable value of the improvements or such lesser amount as may be approved by Lender, but in any event in an amount sufficient to avoid application of any coinsurance provision. All insurance policies and renewals shall include a stipulation that coverage will not be cancelled or diminished without at least 15 days' prior written notice to Lender. If it is determined at any time that all or any part of the premises is located within a special flood hazard area as determined by the Federal Emergency Management Agency, Grantor shall obtain and maintain such Federal Flood Insurance as may be required by Lender. If Lender requires, Grantor shall promptly give to Lender all receipts of paid premiums and renewal notices. If Grantor fails to maintain insurance coverage as required herein, Lender may (but shall not be required to) obtain insurance coverage to protect Lender's rights in the premises and/or advance funds necessary to pay Grantor's insurance premiums. Lender shall not be liable to Grantor, Borrower or any other person if Grantor (or Lender) fails to procure and maintain casualty, flood or any other insurance, even if such insurance is required by law.

B. In the event of any casualty loss, Grantor shall give prompt written notice thereof to the insurance carrier and Lender. Lender may make proof of loss if not made promptly by Grantor. Lender shall have the right to claim, receive and collect any proceeds of such insurance, and

Grantor hereby assigns to Lender all rights to such insurance proceeds. Unless all of the conditions specified below are continuously met, the insurance proceeds may be applied by Lender, at its option, to the satisfaction of the Secured Obligation or to the restoration and repair of the damaged premises. However, if all of the following conditions are continuously met, the insurance proceeds shall be deposited in a special escrow account under Lender's exclusive control to be applied by Lender to the restoration and repair of the damaged premises:

1) Grantor notifies Lender in writing of Grantor's desire and intent to restore and repair the damaged premises.

2) There exists no event of default or any other event or condition which, on the giving of notice or the passage of time, or both, would constitute an event of default under the terms of this Deed of Trust or the Secured Obligation.

3) No lease of the premises or any part thereof has terminated or may be terminated by reason of the casualty loss or the restoration and repair of the damaged premises.

4) Lender did not pay the insurance premium or advance the insurance premium on Grantor's behalf, regardless of whether the amount paid or advanced by Lender is added to the indebtedness secured hereby (i.e., the insurance premium must have been paid by Grantor).

5) If the insurance proceeds deposited to the escrow fund are insufficient to pay the anticipated cost of restoring and repairing the damaged premises in full, Grantor shall from time to time deposit to the escrow account such additional sums as may be required by Lender to pay the anticipated costs of the restoration and repair of the damaged premises in full. Funds deposited by Grantor may, at Lender's option, be applied to the restoration and repair of the damaged premises before insurance proceeds.

6) Grantor presents evidence satisfactory to Lender that (i) such restoration and repair are economically feasible, (ii) Lender's security is not and will not be impaired thereby, (iii) Borrower has the ability and willingness to repay the Secured Obligation during the period of restoration and repair, and (iv) the resulting value of the premises following the restoration and repair of the premises will not, in Lender's sole judgment, be less than the value of the premises before the casualty loss.

7) Grantor submits plans and specifications, the identity of any proposed contractor(s) and each contract for the repair and restoration of the damaged premises to Lender for Lender's approval. All such plans and specifications, the contractor(s) and each contract or agreement for the repair or restoration of the damaged premises shall be subject to Lender's written approval. However, in no case shall Lender be required to be a party to any such contract or agreement.

8) Lender shall not incur any liability to any other person as a result of such use or release of insurance proceeds.

9) The restoration and repairs commence, progress, and are completed within a reasonable period of time, as determined by Lender in its sole discretion.

Any funds remaining in the escrow account after restoration and repair of the damaged premises may be applied by Lender toward the satisfaction of the Secured Obligation, regardless of whether the same are then payable. The application of insurance proceeds toward the satisfaction of the Secured Obligation shall not extend or postpone the due date of payments due under the terms of the Secured Obligation.

In the event of a foreclosure of this Deed of Trust, a deed in lieu of foreclosure, or any other transfer of title to the premises in satisfaction of any indebtedness or obligation secured hereby, all right, title and interest of Grantor in any insurance policies then in force and any insurance proceeds resulting from damage to the premises which occurred prior to such foreclosure or transfer, shall pass to Lender or its grantee or to the purchaser of the premises, as the case may be.

9. Condemnation. If the premises or any part thereof is taken under power of eminent domain, Grantor shall give immediate written notice to Lender and Lender shall have the right to receive any award or damages (direct or consequential) payable by reason of such taking. The right to such award or damages is hereby assigned by Grantor to Lender. Lender may, at its option, apply the amount so received, or any part thereof, toward the satisfaction of the Secured Obligation or toward the alteration, repair or restoration of the premises.

10. Occupancy, Repairs and Maintenance. Until an event of default occurs under this Deed of Trust, Grantor may (i) remain in possession and control of the premises, (ii) use, operate and manage the premises, and (iii) collect rents from the premises. Grantor shall keep all buildings and improvements now or hereafter included in the premises in good order and repair and shall comply with all applicable restrictions and governmental regulations respecting the premises and their occupancy and use. Grantor shall not destroy, damage or impair the premises, allow any improvements on the premises to deteriorate, or commit or permit any waste. Grantor shall not cut or permit the cutting of any timber or alter, add to, or remove any of the buildings or improvements on the premises without Lender's written consent. Grantor shall comply fully with all leases affecting the premises. Lender and its agents may make reasonable entries upon and inspections of the premises.

11. Collateral Assignment of Leases, Rents, Issues and Profits. Grantor hereby assigns to Lender as additional security for the Secured Obligation all of Grantor's right, title and interest in and to any and all (i) existing or future leases affecting the premises ("leases") and (ii) rents, issues, profits and emoluments from the premises ("rents"). Grantor hereby authorizes Lender and Lender's agents upon the occurrence of any event of default to (i) enter upon and take possession of the premises or any part thereof, (ii) collect all rents, (iii) rent the premises for the account of Grantor at any rental rate satisfactory to Lender, (iv) deduct from such rents all necessary and reasonable costs and expenses of collection and administration, and (v) apply the remainder of such rents toward the satisfaction of the Secured Obligation. In addition to the foregoing, immediately upon default hereunder, or upon proceedings being commenced for the foreclosure of this Deed of Trust, Lender may, at its option, apply *ex parte* for, and as a matter of right be entitled to, the appointment of a receiver of the rents, without notice and without

reference to the value of the premises or the solvency of any persons or entities liable hereunder.

12. Security Agreement; Financing Statements. To further secure the repayment and performance of the Secured Obligation, Grantor hereby grants to Lender a Uniform Commercial Code security interest in all building materials, building supplies, fixtures, inventory and equipment (other than household goods) now owned or hereafter acquired by Grantor, together with all attachments, accessories and accessions thereto and replacements thereof, located at or upon or intended for use, used, or useable in the construction, occupancy, operation or maintenance of improvements constructed or to be constructed on the real property described or identified in Section 4 of this Deed of Trust. With respect to such personal property, Lender shall have all the rights of a secured creditor under the Uniform Commercial Code as adopted and amended from time to time in the State of North Carolina. In addition to recording this Deed of Trust Lender may, at any time and without further authorization from Grantor, file such financing statements as Lender deems appropriate to perfect its security interest in the personal property described in this section.

13. Hazardous Materials.

A. For purposes of this Deed of Trust, (i) "Hazardous Materials" means materials that may cause or pose a present or potential threat to human health or the environment because of their quantity, concentration or physical, chemical or infectious characteristics, including, without limitation, flammable, explosive or radioactive materials, petroleum products, asbestos and any hazardous, toxic or dangerous waste, substance or material identified as hazardous by the Environmental Protection Agency or defined as such in (or for purposes of) any Environmental Laws; (ii) "Environmental Laws" means any current or future governmental law, regulation, ruling or order relating to the protection of human health or the environment; and (iii) "on the premises" includes in, on, at, under, from or in any way affecting the premises.

B. Grantor represents, warrants, covenants and agrees that:

1) To the best of Grantors knowledge, no Hazardous Materials have been used or placed on the premises in violation of any applicable Environmental Laws.

2) The premises are presently in compliance with all Environmental Laws, no notice has been received with regard to any Hazardous Materials on the premises, and no action, investigation or proceeding is pending or, to Grantor's knowledge, threatened that seeks to enforce any right or remedy against Grantor or the premises under any Environmental Laws.

3) Grantor shall not cause or permit (i) the installation, storage, treatment, manufacture, or use of Hazardous Materials on the premises in violation of Environmental Laws, or (ii) the disposal, discharge or release of Hazardous Materials on the premises.

4) Grantor shall (i) cause the premises to comply at all times with applicable Environmental Laws, (ii) keep the premises free and clear of any liens imposed pursuant to any Environmental Laws, and (iii) obtain, maintain, and at all times comply with all licenses, permits and other governmental or regulatory actions necessary for the premises to comply with applicable Environmental Laws.

5) Grantor shall (i) give Lender prompt written and oral notice if Grantor receives any notice with regard to Hazardous Materials on the premises, (ii) conduct and complete all investigations, sampling and testing, and all remedial, removal and other actions necessary to clean up and remove all such Hazardous Materials on the premises in accordance with all applicable Environmental Laws, and (iii) provide to Lender, and has an ongoing obligation to provide to Lender, copies of all information in its possession, under its control, or available to it concerning the environmental condition of the premises and property adjacent to the premises.

6) Grantor shall notify Lender of any material change in Grantor's activities or operations on the premises and permit Lender and Lender's agents to go on the premises to conduct such investigations, tests, and inspections as Lender deems appropriate to ensure Grantor's continued compliance with the requirements of this section and with all applicable Environmental Laws.

C. Lender may take such actions and advance such sums as it deems necessary or appropriate to prevent or to remedy any activity, operation or occurrence on the premises which constitutes or may constitute a breach of this section and/or to prevent or remedy the disposal, discharge or release or the threatened disposal, discharge or release of Hazardous Materials on the premises. Sums paid by Lender under this section shall be deemed advances authorized and made under Section 14 of this Deed of Trust.

D. Grantor agrees to indemnify Lender and Trustee and hold Lender and Trustee harmless from and against all costs, expenses, losses, liabilities, damages, injuries and claims of any kind or nature arising out of, with respect to, or as a direct or indirect result of: (i) the presence on the premises or the escape, spillage, discharge or release on or from the premises of any Hazardous Materials, whether or not caused by Grantor, (ii) the violation of any Environmental Laws applicable to the premises, whether or not caused by Grantor, (iii) the failure by Grantor to comply fully with the terms and provisions of this section, or (iv) any representation made by Grantor under this section being false or untrue in any material respect. This indemnity and hold harmless provision extends, without limitation, to (i) any diminution in the value of the premises, (ii) damages for the loss or restriction on use of the premises or any portion thereof, (iii) damages arising from adverse impact on the marketing of the premises or any portion thereof, (iv) damages to natural resources, personal injuries, and sums paid in settlement of claims, court costs, attorneys' fees, and fees for consultants or experts, and/or (v) costs incurred in connection with the investigation of site conditions, sampling and testing, and any remedial, removal, or other cleanup work required by any governmental agency or entity because of the presence of Hazardous Materials on the premises.

E. The obligations and liabilities of Grantor under this section shall survive the foreclosure of or the exercise of a power of sale under this Deed of Trust, the delivery of a deed in lieu of foreclosure, the cancellation or release of record of this Deed of Trust, the release of any or all of the premises from the lien of this Deed of Trust, or the payment and cancellation of the Secured Obligation.

14. Advances and Expenses. Without regard to whether (a) an event of default has occurred under this Deed of Trust, (b) the Grantor has performed Grantor's obligations under this Deed of Trust, or (c) there is a legal proceeding threatened or pending that may affect the validity or priority of the lien of this Deed of Trust, Lender may do and pay for whatever it deems necessary or appropriate to (i) satisfy any or all of Grantor's obligations under this Deed of Trust, (ii) preserve and protect the value and condition of the premises, (iii) protect Lender's rights under this Deed of Trust, and (iv) sustain the lien of this Deed of Trust and its priority. Lender's actions may include (but shall not be limited to) the payment of sums to (i) pay insurance premiums, taxes, assessments, fines, impositions, charges, leasehold payments and ground rents relating to the premises, (ii) pay any lien or claim of lien that has, may have or may obtain priority over this Deed of Trust, (iii) prosecute or defend any legal action or proceeding relating to the premises, the lien of this Deed of Trust, or the Secured Obligation, (iv) obtain periodic updates of appraisals or new appraisals of the premises, (v) obtain environmental studies and assessments including, without limitation, sampling and testing, (vi) enter upon the premises and inspect, protect, preserve, repair and/or restore the premises, (vii) comply with all legal and regulatory requirements imposed upon Lender to protect the premises as collateral or to analyze the value or condition thereof, and (viii) pay reasonable attorneys' fees and other costs, fees and expenses incurred on behalf of Lender and/or Trustee arising from any of the foregoing. All costs, fees and expenses actually incurred by Lender and/or Trustee and payments made by Lender pursuant to this section shall (i) be deemed necessary expenditures made for the preservation of the security, (ii) be secured by this Deed of Trust, (iii) bear interest at the same rate as the principal indebtedness secured hereby, and (iv) be payable immediately upon demand or otherwise as Lender may determine. Nothing herein shall be construed to allow Lender to collect any costs, fees or expense otherwise prohibited by applicable law. After any such advances are made, Lender may apply any funds received hereunder to advances, principal, or interest as Lender may determine. Lender shall not be held to have waived any rights accruing to Lender by payment for Grantor of any sum hereunder.

15. Due on Sale Provision: Acceleration. Lender may, at its option, require the immediate payment in full of the Secured Obligation and all other sums secured by this Deed of Trust upon the sale, transfer, conveyance or encumbrance of all or any part of the premises or any legal or beneficial interest in the premises without Lender's prior written consent, whether voluntary, involuntary, by operation of law or otherwise, but excluding (i) the voluntary creation by Grantor of a lien or encumbrance subordinate to this Deed of Trust, (ii) the creation of a purchase money security interest for household appliances, and (iii) the grant of any leasehold interest of three (3) years or less duration which does not contain an option to purchase. If the premises include Grantor's residence, this section shall be subject to any applicable restrictions imposed by federal law or regulation (including 12 CFR Part 591) upon Lender's right to accelerate under this due-on-sale clause.

If Lender exercises this option, Lender shall give Grantor (and Borrower, if different) notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is given within which the Secured Obligation and other obligations secured by this Deed of Trust must be paid in full. If such sums are not paid in full prior to the expiration of that period, the obligations shall be deemed in default for failure to pay the obligations as and when due, and Lender may invoke the remedies permitted by this Deed of Trust (including foreclosure) without further notice or demand. Lenders option to accelerate under this section may be exercised for any reason, including for the sole purpose of increasing the interest rate on the Secured Obligation, but it may not be exercised if prohibited by any applicable law or regulation. Any acceleration of the indebtedness secured hereby may, at Lender's option, be rescinded by Lender's written acknowledgment to that effect. Any partial payment accepted by Lender after acceleration of the indebtedness secured hereby shall be applied toward the satisfaction of the Secured Obligation and other obligations secured by this Deed of Trust but shall not operate as a waiver or rescission of the acceleration without Lender's express written consent.

16. Default. This Deed of Trust shall be in default upon the happening of any of the following "events of default":

A. The Secured Obligation is not paid or performed as and when due or is otherwise in default.

B. Grantor fails to keep, perform or observe any covenant, agreement, term or condition that Grantor is required to keep, perform, or observe under this Deed of Trust, or Grantor fails to perform any of Grantor's obligations or duties under the terms of this Deed of Trust.

C. An event or condition occurs that would allow Lender to accelerate the Secured Obligation or would constitute a default or an event of default under the terms of (i) the Secured Obligation, (ii) any loan agreement, security instrument, or other document evidencing, guaranteeing or securing the Secured Obligation, or (iii) any prior or subordinate deed of trust affecting the premises.

D. Unless known and approved by Lender at the time this Deed of Trust is recorded, the existence of any lien, charge or encumbrance that impairs the validity of this Deed of Trust or has priority over the lien of this Deed of Trust.

E. Any proceeding is instituted to enforce any lien, charge or encumbrance against any of the premises, whether such lien has priority over or is subordinate to the lien of this Deed of Trust.

F. The cutting of any timber on the premises or the actual or threatened removal, demolition or waste of any of the buildings or improvements now or hereafter included in the premises without Lender's prior written consent.

G. Any civil or criminal forfeiture action or proceeding is begun that, in Lender's good faith judgment, could result in forfeiture of the premises or any part thereof or otherwise materially impair the lien or the priority of the lien of this Deed of Trust.

H. Grantor abandons the premises, is declared bankrupt or insolvent, or dissolves, liquidates or ceases to exist as a legal entity.

I. The actual or threatened presence, use, disposal, discharge or release of any Hazardous Materials on the premises in violation of this Deed of Trust or any applicable Environmental Laws.

Except as provided below, if an event of default is curable and no notice has been previously given by Lender of the same or any other event of default within the preceding 12 months, Grantor shall have 30 days following Lender's giving of written notice of default within which to cure the default. If the default is curable but cannot reasonably be cured within the 30-day cure period, and if Grantor commences to cure the default during the 30-day cure period and diligently proceeds thereafter to cure such default, then the cure period shall be extended for a reasonable time not to exceed an additional 30 days (for a total of 60 days) in order to provide Grantor the opportunity to cure the default. However, Grantor shall not be entitled to notice of default or the opportunity to cure a default if Lender has previously given notice of a default within the preceding 12 months or if the default occurs because of (i) failure to pay or perform the Secured Obligation as and when due, (ii) failure to keep any insurance on the premises required by this Deed of Trust continuously in full force and effect, or (iii) the occurrence of any waste, damage or injury to the premises that substantially reduces the value of the premises, or the immediate threat of any such waste, damage or injury. If Grantor is not entitled to notice of default and the opportunity to cure, or if the default is not cured during any applicable cure period following the giving of any required notice of default, Lender may invoke the remedies permitted by this Deed of Trust (including foreclosure) without further notice or demand.

17. Power of Sale. If any event of default occurs for which Grantor is not entitled to notice of default and the opportunity to cure, or if any event of default occurs that is not cured during any applicable cure period following the giving of any required notice of default, Lender may request Trustee to exercise this power of sale. Upon such request, it shall be lawful for and the duty of Trustee, and Trustee is hereby authorized, empowered and directed, to sell the premises or any part thereof (in one or more parcels) at public sale to the highest bidder for cash in compliance with all of the then applicable requirements of North Carolina law governing the exercise of powers of sale contained in deeds of trust. Trustee shall commence such foreclosure proceedings, give such notices, obtain such findings or leave of court, advertise the time and place of such sale and conduct the sale in such a manner as may then be required by applicable law. Upon such sale, the Trustee shall collect the proceeds of sale and convey title to the portion of the premises sold to the purchaser or purchasers thereof. Trustee shall apply the proceeds of sale in the following order of priority:

A. To pay all costs and expenses incident to the foreclosure sale, including a commission for the Trustee's services as set forth below and including the reasonable attorneys' fees actually incurred by Trustee for legal services actually performed;

B. To pay all taxes or assessments then constituting a lien against the premises other than those advertised and sold subject to;

C. To pay the Secured Obligation and other obligations secured by this Deed of Trust; and

D. The balance to the person or persons entitled thereto, to the Clerk of Court of the county in which the foreclosure proceeding is instituted, or as then may be authorized or directed by applicable law.

For a completed foreclosure, Trustee's commission shall be the greater of 5% of the gross sale proceeds or \$250. If foreclosure is commenced but not completed, Grantor shall pay Trustee all costs and expenses incident to the foreclosure, including a Trustee's commission equal to (i) 2.5% of the outstanding balance of all obligations secured by this Deed of Trust if the Trustee has filed a notice of hearing but the foreclosure proceeding is terminated prior to any hearing then required by applicable law, (ii) 3.75% of the outstanding balance of all obligations secured by this Deed of Trust if the foreclosure proceeding is terminated after such hearing but before any sale under this Deed of Trust, and (iii) 5% of the outstanding balance of all obligations secured by this Deed of Trust if the foreclosure proceeding is terminated at any time after such sale but before the foreclosure is completed, together with reasonable attorneys' fees incurred by Trustee for legal services actually performed to the date of such termination and reasonable attorneys' fees, if any, as provided in the Secured Obligation. All such costs and expenses and Trustee's commission shall constitute a lien on the premises immediately upon the Lender's request of sale.

18. Notices. Notices required or permitted by this Deed of Trust must be given in writing. Any notice to Grantor shall be deemed given when (i) mailed by first class or certified mail to Grantor at an address Lender has for Grantor in Lender's records, or (ii) when actually received by Grantor, whichever first occurs. Notice to any Grantor shall constitute notice to all Grantors.

Any notice to Lender shall be delivered or mailed to Lender at Lender's address stated in this Deed of Trust but will not be deemed "given" until the notice is actually received by Lender.

19. Release. Upon payment in full of the Secured Obligation, Lender or Trustee shall cause the cancellation of this Deed of Trust. Grantor shall pay any recording fees incident to such cancellation.

20. Substitution of Trustee. Lender may, from time to time and without notice to Grantor, remove any Trustee or substitute trustee and appoint a successor trustee or trustees by an instrument recorded in the Office of the Register of Deeds of the county in which this Deed of Trust is recorded. Without conveyance of the premises, each successor trustee shall succeed to all the rights, title, powers and duties conferred upon Trustee herein and by applicable law.

21. No Waiver. No waiver by Lender of any default shall operate as a waiver of any other default or of the same default on a future occasion. No delay or omission by Lender in exercising any right, option, power or remedy shall impair any such right, option, power or remedy or operate as a waiver thereof. Any such right, option, power or remedy may be exercised from time to time as often as Lender may deem expedient.

22. Terms: Governing Law. Each reference to "Grantor," "Trustee," "Borrower" and "Lender" herein shall include, individually and collectively, jointly and severally, all parties so designated, whether one or more and whether individual, corporate or otherwise, and their respective heirs, personal representatives, successors and assigns. Such references shall include the singular, plural, masculine, feminine or neuter as the context may require. The term "Lender" shall include any lawful owner or holder of the Secured Obligation. This Deed of Trust will be governed by, construed and enforced in accordance with federal law and the laws of the State of North Carolina.

IN WITNESS WHEREOF, each of the undersigned has hereunto set his or her hand and seal or caused this Deed of Trust to be signed and sealed in its name by a person or persons duly authorized, all as of the date of this Deed of Trust.

GRANTOR:

V. SALEM DEVELOPMENT COMPANY,
a North Carolina corporation

By: _____ (SEAL)

Name: Vahid Salem-Naraghi

Title: President

STATE OF NORTH CAROLINA

COUNTY OF FORSYTH

I, Kathy J. Adams, a Notary Public of the County of Forsyth and State of North Carolina, certify that Vahid Salem-Naraghi, either being personally known to me or proven by satisfactory evidence (said evidence being Driver License), personally appeared before me this day and acknowledged that he is President of V. Salem Development Corporation, a North Carolina corporation, and that he, as President, being authorized to do so, voluntarily executed the foregoing on behalf of the corporation for the purposes stated therein.

Witness my hand and Notarial stamp or seal this 2/5th day of October, 2010.

Kathy J. Adams
Notary Public
Name: Kathy J. Adams
My Commission Expires: 8/23/2013

